annual report 2003

gimv

Let's build companies

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2. Key figures

Consolidated annual accounts (limited consolidation)

(in EUR 000)

	2003	2002	2001	2000	1999
Equity	625 376	602 044	919 387	855 327	806 326
Financial fixed assets	674 649	731 268	686 040	633 619	564 457
Cash investments and cash at bank and in hand	26 166	14 242	195 202	202 454	275 267
Net debt[1]	55 763	119 821	- 189 415	- 199 994	- 259 039
Balance sheet total	752 825	787 451	1 001 084	925 602	915 706
Net result before amortisation of goodwill (group's share)	44 201	- 292 670	100 225	81 846	110 945
Net result (group's share)	40 476	- 300 612	96 394	79 935	110 945
Total gross dividend	17 150	16 223	32 446	31 024	29 258
Net asset value	914 196	819 243	1 178 373	1 578 000	1 926 000
Investments during the year in financial fixed assets	67 697	158 472	210 569	235 712	200 670
Number of employees	72	76	75	80	50

Key figures per share

(in EUR)

	2003	2002	2001	2000	1999
Equity	27	26	41	37	35
Net result before amortisation of goodwill (group's share)	1.9	- 12.6	4.3	3.5	4.8
Net result (group's share)	1.7	- 13.0	4.2	3.4	4.8
Gross dividend	0.74	0.70	1.40	1.34	1.26
Net asset value	39.5	35.4	50.8	68.1	83.1
Share price	26.5	18.8	31.9	48.3	71.9
Total number of shares	23 176 005	23 176 005	23 176 005	23 176 005	23 176 005

Ratios

	2003	2002	2001	2000	1999
Pay-out ratio[2]	38.8%	NR	32.4%	37.9%	26.4%
Return on equity[3]	7.3%	- 31.8%	10.5%	9.6%	13.8%
Net debt to equity[4]	8.9%	19.8%	- 19.9%	- 23.4%	- 32.1%
Premium (-)/Discount(+) versus net asset value[5]	32.9%	46.7%	37.3%	29.1%	13.5%

[1] Amounts payable after one year (including the current portion of amounts payable after one year), plus financial debts payable within one year, less cash investments and cash at bank and in hand.
[2] Total gross dividend / net profit before goodwill (group's share).
[3] Net profit before goodwill (group's share) / equity (at the start of the year).
[4] Net debt / equity (after result appropriation) + minority interests.
[5] (Net asset value – share price) / net asset value.

NOTE TO THE READERS THROUGHOUT THE ANNUAL REPORT: the decimal character in numbers is a full stop; thousands are separated by a space.

3. Net asset value

Equity (limited consolidation)[1]								642.526
Listed shareholdings	Bloomberg Symbol	Holding in %	Total no. of shares in 000	Holding in no. of shares	Price[2] in EUR	Value before EVCA discount in EUR 000	EVCA[8] discount	Value after EVCA discount in EUR 000
Aclara Biosciences[4]	ACLA US	0.72%	35 901 175	257 269	2.89	744	-	744
Barco[3]	BAR BB	29.60%	12 413 902	3 674 921	69.50	255 407	25%	191 555
BMT[3]	BMT BB	12.51%	759 860	95 089	81.00	7 702	25%	5 777
Carestel[3]	CARB BB	16.92%	8 882 601	1 502 809	2.98	4 478	25%	3 359
Crucell[5]	CRUC NA	2.43%	36 005 000	874 999	4.80	4 200	-	4 200
Emme[6]	EMME FP	5.70%	2 198 000	125 188	9.44	1 182	25%	886
Ever Shine Textile[7]	ESTI IJ	4.67%	2 015 209 000	94 190 410	0.01	-	25%	-
Exelixis[4]	EXEL US	0.76%	71 295 105	540 364	5.58	3 016	-	3 016
Flanders Language Valley Fund[3]	FLV BB	2.81%	20 604 495	578 158	0.29	168	25%	126
Keyware[3]	KEYW BB	7.22%	35 879 000	2 588 913	0.27	-	25%	-
Kinepolis[3]	KIN BB	9.91%	6 930 778	686 860	15.45	10 612	25%	7 959
LSG[3]	LSG BB	16.32%	8 264 842	1 348 777	5.75	7 755	25%	5 817
Option[3]	OPTI BB	16.72%	9 285 231	1 552 291	8.55	13 272	25%	9 954
Serviceflats bevak[3]	SER BB	0.60%	10 000	60	8 800	528	25%	396

Market value of listed shareholdings	233 788
Book value of listed shareholdings	82 790
Market value of unlisted shareholdings	711 804
Book value of unlisted shareholdings	591 859
Market value of cash investments, cash at bank and in hand	26 894
Book value of cash investments, cash at bank and in hand	26 166
Total net asset value GIMV	914 197
Net asset value per GIMV share	39.45
GIMV share price	26.48
Discount (+) / Premium (-) versus net asset value	32.9%

Valuation rules

By tradition, in its annual report GIMV not only presents its consolidated (statutory) financial statements and the limited consolidation, but also the group's net asset value as calculated. This net asset value is calculated by increasing the equity of the limited consolidation by the differences between the market value and the book value of the shareholdings included under financial fixed assets, and of the listed shares and fixed interest securities included under cash investments.

General principles

The general rules for determining the market value are summarised below.

- All shareholdings are individually revalued based on the valuation rules as set out below.
- Amounts receivable are not revalued.
- Funds are revalued only when a market value calculation is available.
- All shareholdings taken in the past year remain valued at the lower of their entry price or book value until 12 months after investment date.
- The net asset value calculation is based on GIMV's limited consolidation. This means that subsidiaries not included in the limited consolidation are not revalued as shareholdings.
- For the application of the valuation rules, investments are divided into three categories: listed shareholdings, unlisted venture shareholdings, unlisted growth financings and buy-out shareholdings.
- Where a fixed repurchase commitment exists, the valid exit price is taken, subject to the exit conditions and the solvency of the counterparty.
- Where these valuation rules are not applicable for a particular participation, they may be deviated from in favour of a more cautious valuation.

Listed shareholdings

These are valued at the **closing price** of the last trading day of **December**. A **discount may or may not** be applied. Following the March 2001 EVCA guidelines, a discount is applied to the market price of the shares as a function of liquidity. A discount is also applied where GIMV's trading of the shares is subject to limitations.

The discount applied as a function of the liquidity is dependent on the quarterly trading volume of the share concerned and on the number of shares held by GIMV. If the number of shares held comes to less than 10 percent of the quarterly volume, no discount is applied. Where the number of shares held amounts to between 10 and 30 percent of the quarterly volume, a discount of 15 percent is applied. In all other cases, a discount of 25 percent is applied.

Unlisted venture shareholdings

Venture shareholdings are valued at the lower of acquisition or book value, except where a higher valuation is justified in the following circumstances:

A higher valuation may be applied when:

(i) a substantially higher value is placed on the shareholding by an independent third party itself contributing to a new financing round in which a substantial investment is raised. In that case the valuation is based on the transaction value. This transaction value will, however, where necessary, be adjusted to reflect changes in market situation between the transaction date and the valuation date;

(ii) valuation at acquisition value is not longer justifiable as the net equity value clearly exceeds the acquisition cost. In that case the valuation is based on the corresponding portion of the equity value;

(iii) valuation at acquisition value is no longer justifiable because the company is profitable and/or is generating a positive cash flow. In this case the market value is calculated based on stock market ratios (price/cash flow, price/earnings, EV/EBITDA and EV/EBITDA and EV/EBIT) of comparable listed enterprises, or on a Dividend Discount Model. A 25 percent illiquidity discount is applied to the value obtained in this way.

A lower valuation may be applied when:

(i) considerably lower than predicted earnings have produced a decrease in value;

(ii) the company is confronted with serious structural problems, calling for additional financing;

(iii) a transaction takes place in which an independent third party involved in the transaction places a value on the company that is lower than the original acquisition value.

Following EVCA guidelines, write-downs are always applied in multiples of **25 percent** with a **minimum of 25 percent.**

Holdings in growth financings and buy-outs

All shareholdings taken after 2001 are revalued. All shareholdings taken before 2001 having an investment value or expected value of over EUR 3.75 million or which have been revalued to more than this amount in a previous report are individually revalued based on the valuation rules as set out below.

These investments are valued at market value. In this case the market value is calculated based on stock market ratios (price/cash flow, price/earnings, EV/EBITDA and EV/EBIT) of comparable listed enterprises, or based on a Dividend Discount Model. A **25 percent illiquidity discount** is applied to the value obtained in this way. Where in the past year an independent third party entered the capital in the context of share transactions between private parties, the valuation is checked against the price applied at that time. Transactions with industrial partners are not taken into account for determining a higher market value.

[1] Equity before dividend payment
[2] Closing price on 31 December 2003
[3] Euronext Brussel
[4] Nasdaq
[5] Euronext Amsterdam
[6] Euronext Paris
[7] Jakarta Stock Exchange
[8] In accordance with the EVCA guidelines of March 2001 a discount is applied as a function of the liquidity of the share concerned.

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Let's build companies

Dear Shareholder,

After a very difficult 2002, the first year in our history for which we reported a loss, it is a real pleasure to be able once again to present good results for 2003. Unlike other private equity providers we have not only held our own in an adverse market, but have staged a remarkable recovery, ending the year with a group net result of EUR 40.5 million. EUR 142.5 million of divestments produced a net capital gain of EUR 71.0 million. Investments of EUR 67.7 million were lower than in previous years, but follow the trend on European markets after the sharp stock market falls of 2002. The net asset value (NAV) of our portfolio begins to rise upward again to EUR 945.6 million (before deduction of debts) at 31 December 2003 or EUR 39.5 per share after deduction of debts.

It was only at the end of 2003 that the European private equity and venture capital markets began to recover. Provisional figures from the European Venture Capital Association (EVCA) show investments falling in 2003 and specialist funds collecting less capital for financing projects. Again according to EVCA statistics, the European venture capital sector produced better figures in 2003 than in 2002, but the final result remained poor. In the meantime provisional figures show that private equity in Europe produced a negative return of -4.1 percent in 2003, whilst even on pure venture capital the return was -11.6 percent negative. Despite this the sector holds out good long-term prospects. Since 1980 it has produced an average return of around 9.7 percent, which is a very respectable result when compared with other investments. With these long-term results the private equity sector should be able to continue to play its strategic role in the growth of the European economy.

GIMV's strength becomes visible when we compare our 2003 results and our long-term returns with the above-mentioned provisional results for the European sector. In 2003 GIMV achieved a combined return (rise in NAV plus dividend) of 13.6 percent. Since we were founded in 1980 we have achieved an average annual return of 13.2 percent, which compares very favourably again with the sector average of 9.7 percent for the same period. And even compared with the top quartile of the sector, which has earned an average return of 10.9 percent since 1980, this remains an outstanding score. It is this excellent performance as a capital provider that enables us to continue to play our role of company builder in our home market and foreign markets.

Our annual strategy review gave no grounds for adjustments. The emphasis remains on providing private equity in the heart of the European market. This European dimension is vital. As became very clear last year, Flemish companies are becoming increasingly international, whilst more and more foreign venture capitalists are plying our home market, seeking both buyout and venture capital investment business. Either we operate internationally or we miss the boat. We are also keeping our sights sharply on the American market both for technology in general and for life sciences in particular.

At the end of 2003 over 80 percent of our portfolio was invested in Europe, of which about half in Belgium. The spread of our portfolio and our investments over *cor-*

porate investments in the Benelux countries and Germany, and *venture capital* investments in *information and communication technology* and *life sciences* remains unchanged. These branches have differing patterns of development, which allow us to offset favourable market conditions in one branch against unfavourable conditions in another. For this reason GIMV seeks to maintain half its portfolio in more traditional investments and to distribute the balance between ICT and life sciences.
Strategically the emphasis in 2003 was on divestments. This is nothing unusual for GIMV: creating capital gains through divestments is essential for results. Greater attention to *exits* increased our return, providing resources with which to invest and also reduce our debt position. At the end of 2003 GIMV owed just EUR 31.2 million, compared with a net asset value of EUR 914 million.

In 2003 we also launched our Halder-GIMV Germany fund in cooperation with other investors in order to be in a position to finance more investments in Germany. This allows costs to be shared, with a multiplier effect on earnings. GIMV is very pleased that a number of well-reputed venture capital investors have joined the fund. Experience with this fund should provide a basis for further steps in this direction. We would also point to the fact that GIMV currently manages around EUR 275 million of resources from other investors, bringing the total amount of resources under GIMV management to EUR 1.2 billion.

The introduction of the *corporate governance* law in 2003 has forced GIMV to make certain changes to its management structures. CEO Dirk Boogmans, who until then led the management teams with the official status of director-general, was appointed managing director. Mr Urbain Vandeurzen, a director since 1995, resigned in 2003. Our board of directors has expressed its great debt of gratitude to Mr Vandeurzen for his contribution to GIMV's strategic growth.

Good corporate governance is a critical matter for the GIMV board of directors. It was therefore cause for great satisfaction and a great stimulus to learn that GIMV had been nominated by the Institute of Directors for the 2003 Best Boards Awards. At the end of the year *Deminor Rating,* an agency that specializes in assigning *corporate governance ratings* to European enterprises, gave GIMV a score of 7.5. These assessments by the Institute of Directors and Deminor Rating are no reason for GIMV to sit on its laurels, but serve rather as encouragement to press forward on the path of good corporate governance.

2003 was a good year for GIMV, but it was not an easy one for our employees. The pressure of market and organisational changes were very severe. The board of directors wishes therefore to express its esteem for all their efforts. The directors would also like to thank shareholders for their continued confidence in GIMV. With markets now seriously on the turn, we should be able to reap the fruits of our labours.

Herman Daems
Chairman of the Board of Directors

5 MANAGEMENT

5.1 I Board of Directors[1]

Chairman
Herman Daems

Vice-Chairmen
Leo Victor
Jacques Laverge

Managing Director
Dirk Boogmans

Directors
Marina Heyvaert
René Mannekens
Frank Meysman
Marc Ooms
Martine Reynaers
Annemie Roppe
Eric Spiessens
Marc Stordiau
Marc Vanhoey

In an advisory capacity
Marc Vercruysse

Secretary
Dirk Beeusaert

Honorary Chairman
Raynier van Outryve d'Ydewalle

Honorary Vice-Chairman
Clair Ysebaert

Hans De Smet, CEO Omnistor Accessories (left), Alain Keppens, Executive Investment Manager GIMV (middle) and Kris Van Look, Executive Investment Manager GIMV

"Our cooperation with GIMV is a cross-fertilisation that does not stop at the Board of Directors." – Hans De Smet

5.2 I Executive Committee[2]

Managing Director
Dirk Boogmans

Members
Dirk Beeusaert
Alex Brabers
Paul Deiters
Paul De Ridder
Guy Mampaey
Patrick Van Beneden
Marc Vercruysse

5.3 I Board of Auditors[3]

B.C.V Ernst & Young Bedrijfsrevisoren (B160) , represented by :
Rosita Van Maele

C.B.V. Van Passel, Mazars, Guérard & Co Bedrijfsrevisoren (B021), represented by :
Hugo Van Passel

5.4 I Committees

For an overview and discussion of the various committees (Audit Committee, Remuneration Committee, Nomination Committee), the reader is referred to sections 10.4 et seq.

[1] Honorary members do not take part in Board meetings or undertake any duties or mandates for the company. See also 10.3.

[2] See also 10.5.

[3] See also 10.8.

6

OUR PROFILE

Since its foundation in 1980, GIMV has grown into the largest venture capital provider in Flanders and the largest individual Belgian player on the private equity market[1]. Our position as a well-regarded player on European and American markets enables us to gather the know-how which we then make available to starting and growing local enterprises.

In 2003, nearly one euro in four (22 percent) invested in Belgium by Belgian venture capitalists came from GIMV. In the same year GIMV provided over forty percent of all venture capital supplied by Belgian players anywhere in the world.

The keywords in GIMV's **investment strategy** are specialisation, value creation and internationalisation.
We specialise in three fields: information & communication technology, life sciences and corporate investment. In each of these areas we track down promising companies and help promote their successful growth with our financial support and transfer of knowledge, so as to create maximum value in the companies in which we invest.
GIMV is centrally positioned in Flanders and is part of a close-knit network with a solid presence in Europe. The acquisition of Halder, an investment company with offices in Frankfurt and The Hague, has further boosted our international impact.
Our organisational structure is based on five separate business units (GIMV Life Sciences, GIMV ICT, GIMV Corporate Investment Belgium, GIMV Corporate Investment Netherlands and GIMV Corporate Investment Germany), each responsible for strategic choices in its respective field.

For its **shareholders,** GIMV strives to maximise the return on their investment. Not only do our specialisation, international presence and value creation skills enable us to achieve attractive results as a partner to business companies, but our investment strategy also bears fruit for investors. With a portfolio of over 110 listed and unlisted companies and fifty shareholdings in specialised private equity funds, the GIMV share represents a particularly flexible investment in private equity, guaranteeing investors both a wide spread of risk and good returns.

Our Board of Directors has formulated **corporate governance** rules that reflect GIMV's ambition to be a pioneer in this area. The Belgian Institute of Directors rewarded our corporate governance efforts last year with a nomination for the Best Board Award 2003. Moreover, Deminor also assigned GIMV a high score for corporate governance. Private and institutional investors and other stakeholders can all count on a high degree of policy transparency, good practices and well-considered business decisions, in conformity with the principles of sound corporate governance.

[1]Investing in the capital of unlisted companies.

7 OVERVIEW

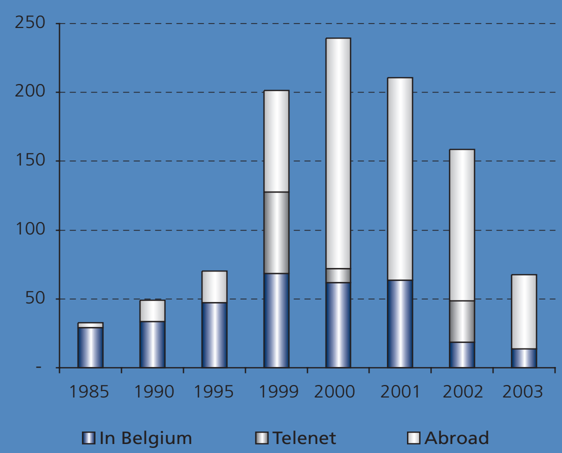
7.1 I Activities

In 2003 GIMV invested a total of EUR 67.7 million. Following reduced investment volumes in the first half, GIMV went on to take advantage of the strengthening recovery to invest EUR 44.2 million in the second half.

EUR 56 million, or 82 percent of the total EUR 67.7 million, was invested in existing shareholdings (EUR 28 million) and funds (EUR 28 million). The message is clear: as well as seizing new investment opportunities, GIMV is looking to finance the growth of its existing portfolio companies with follow-on investments. The balance of EUR 11.4 million was invested in new shareholdings like Holonite, Xanthus Life Sciences and Elixent.

In 2003 the ICT business unit invested EUR 14.9 million and the Life Sciences business unit EUR 20.8 million. The remaining EUR 32.1 million was invested by the Corporate Investment Belgium, Germany and Netherlands business units.

Investments in an historic perspective
(in EUR million)



Investments in 2003 (in EUR million)

Region / Business unit	Corporate investment	ICT	Life Sciences	Total
Belgium	*9.5*	*4.3*	-	*13.8*
Rest of Western Europe	*20.7*	*5.1*	*10.9*	*36.6*
Western Europe	30.2	9.4	10.9	50.4
Central & Eastern Europe	1.9	-	-	1.9
Asia	-	0.3	-	0.3
USA	-	5.2	9.9	15.2
Total	32.1	14.9	20.8	67.7

7.2 I Results

In 2003 GIMV recorded a net group profit of EUR 40.5 million (limited consolidation), compared with a group loss of EUR 300.6 million in 2002. This turnaround is due to the fact that GIMV took full advantage of reviving stock markets. In the meantime, the first signs of a cautious recovery of the private equity market, that we already announced at the end of the first half, were confirmed during the second half of 2003. Having weathered the market downturn, thanks among other things to its strong balance sheet, GIMV is now well placed to take full advantage of the expected market recovery.

In 2003 GIMV achieved a total income of EUR 102.1 million from its portfolio, EUR 70.7 million in the form of net capital gains and EUR 31.4 million as dividends and interest. The net capital gains consisted of EUR 71.3 million of capital gains and EUR 0.6 million of capital losses. These capital gains and losses on disposals come from the divestment of GIMV's participations in Mobistar at the start of 2003 and, later on in the year, of the shareholdings in Werf & Vlasnatie, Cappelle Pigments and Matrix Integrated Systems, as well as selling down a part of the Barco shareholding.

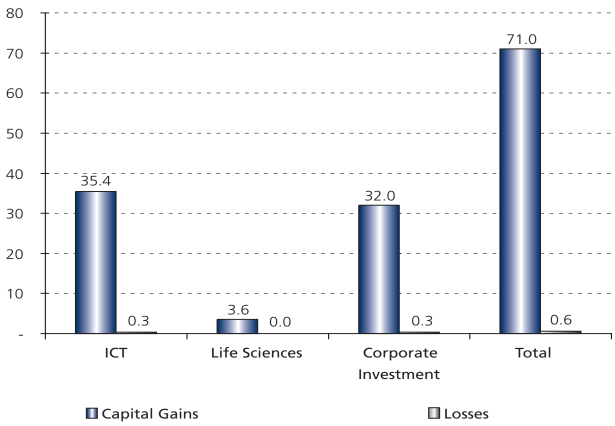
Offsetting the EUR 102.1 million of income from the portfolio were EUR 42.8 million of net write-downs.

These net write-downs consist of unrealised write-downs of EUR 82.3 million and of EUR 39.5 million of write-backs. EUR 14.7 million of the write-downs were occasioned by lower valuations of individual portfolio companies in new capital rounds. Despite rising stock markets during the second half, valuations of the unlisted participations remained for the time being under pressure. GIMV has taken advantage of this situation in follow-on investments to increase its shareholdings at lower valuations, and in so doing significantly increase its potential capital gains on subsequent exits. EUR 12.7 million of the write-downs, or 15.4 percent of the total, were caused by exchange rate effects (primarily the falling dollar), expressed mainly in the Life Sciences portfolio.
The remaining EUR 54.9 million derive from the half-yearly revaluation of the unlisted shareholdings in our portfolio. All unlisted GIMV shareholdings are revalued on a half-yearly basis, at 30 June and 31 December, even in the absence of any follow-on investments. Based on this revaluation, GIMV records unrealised write-downs or write-backs on its shareholdings.

In this way GIMV recorded write-backs of EUR 39.5 million on the occasion of the two half-yearly revaluations. For example, following favourable commercial and financial developments at cable company Telenet, and in accordance with the customary valuation procedures,

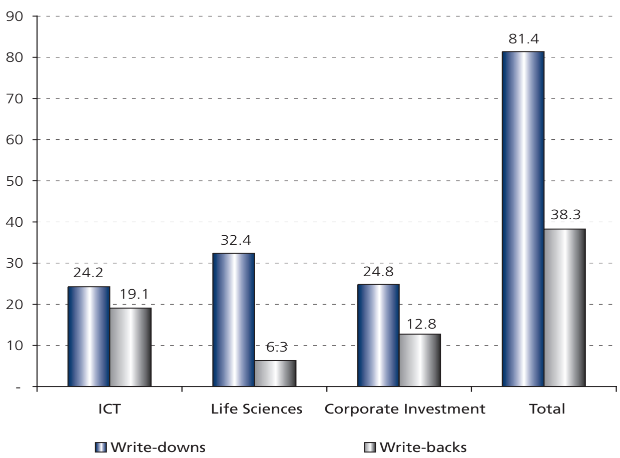
Breakdown of capital gains and losses on financial fixed assets

(in EUR million)



Breakdown of write-downs and write-backs on financial fixed assets

(in EUR million)



EUR 10.9 million of previous write-downs on this shareholding were written back. These write-backs once again point to the conservative nature of the valuation policy applied at GIMV in recent years and that continues to be applied.

In the present consolidated figures, upward adjustments to the value of the portfolio are limited to write-backs of earlier write-downs. With the shift to international IAS-IFRS accounting standards in 2005, both positive and negative fluctuations in the value of the portfolio will be recorded in the profit and loss account, increasing the volatility of results. With a view to the future introduction of IAS-IFRS, GIMV will be publishing, along with its first half results, information on the impact of IAS-IFRS on the opening balance for 2004 and on the principal components of its consolidated result.

7.3 I Balance sheet

The balance sheet total amounted as at 31 December 2003 to EUR 752.8 million, down slightly on the 2002 year-end figure of EUR 787.5 million. Financial fixed assets at 31 December 2003 stood at EUR 674.6 million or 90% of total assets.
Equity rose to EUR 625.4 million or 83% of total liabilities, compared with 76% at 31 December 2002.
The gearing ratio (net financial debt / equity) amounted to 8.9% at the end of 2003 as against 19.8% the year before. As a result of the consolidation process, EUR 20.4 million of buy-out debts are included in this net financial debt figure. These debts are not direct liabilities of GIMV NV, but of the companies serving as take-over vehicles. Without them GIMV's gearing ratio would stand at 5.6 percent.

7.4 I Net asset value

Following a period of decline and stabilisation, GIMV's net asset value once again grew significantly to EUR 914.2 million at 31 December 2003 as against EUR 819.2 million at 31 December 2002. Taking into account the EUR 16.2 million dividend paid in mid-2003, this means that value of EUR 111.2 million was created in 2003. >

This positive trend has been further confirmed in the first weeks of 2004. The net asset value of the GIMV portfolio amounted to EUR 932.6 million or EUR 40.24 per share on 16 February 2004. With the share price standing at EUR 29.75 on the same date, this means that GIMV is trading at a discount of 26.07 percent.

Net asset value (in EUR million - on 31/12/2003)

Business area / Type	Corporate Investment	ICT	Life Sciences	Telenet	Barco	Total portfolio	Net cash & other	Total
Listed shareholdings	32.6	11.0	9.9	-	191.6	245.0		
Unlisted shareholdings	354.3	91.6	147.0	107.6	-	700.6		
Total portfolio	386.9	102.6	156.9	107.6	191.6	945.6		
Net cash & other							- 31.4	
Total								914.2

Eric Ignoul, CEO IP Global Care (right) and Marc Wachsmuth, Senior Investment Manager GIMV.

"GIMV represents strong added value in both the financial and industrial fields." – Eric Ignoul.

7.5 I Total funds under management

In 2003 GIMV announced the first closing by the Halder-GIMV Germany Fund, as part of its effort to expand its position on its key markets. The Halder-GIMV Germany Fund has been set up to invest in management buy-outs of so-called mid-market companies in Germany. Various institutional investors from Germany, the US and Japan subscribed to this first closing.

In addition to the Halder funds and the recently launched Halder-GIMV Germany Fund, GIMV also manages funds in Russia and the Czech Republic. This form of fund management offers GIMV the perspective of increased future profitability. These funds represent assets under management of EUR 275 million. In this way, taken together with its own portfolio, GIMV manages a capital of over EUR 1.2 billion.

7.6 I Proposed appropriation of the result

Last year GIMV set a dividend that can act as the starting point for steady dividend growth. From this point of view the Board of Directors will be proposing to the General Shareholders' Meeting a dividend of EUR 0.74 (net 0.555) to be paid. This is 5.7% higher than the dividend for 2002. The dividend will be payable as from 1 June 2004 at Bank Degroof, Dexia and Petercam.

Net asset value (in EUR million – on 31/12/2003)

Business area / **Region**	Corporate Investment	ICT	Life Sciences	Telenet	Barco	Total portfolio	Net cash & other	Total
Belgium	*131.0*	*56.4*	*14.8*	*107.6*	*191.6*	*501.5*		
Rest of Western Europe	*234.3*	*26.0*	*61.0*	*-*	*-*	*321.3*		
Western Europe	365.3	83.1	75.8	107.6	191.6	822.8		
Central & Eastern Europe	14.9	-	-	-	-	14.9		
Asia	3.9	3.4	-	-	-	7.3		
USA	2.9	16.7	81.1	-	-	100.7		
Total portfolio	386.9	102.6	156.9	107.6	191.6	945.6		
Neto cash & other							-31.4	
Total								914.2

7.7 I Major events

2003

January

• GIMV closes a EUR 50 million, five-year credit facility, repayable in four annual capital instalments of EUR 12.5 million from 2005 onwards. The interest rate is hedged for the first four years.

• The worsening economic situation leads Sofitex, 3S, Europeloan, Europesave and xCA to file for bankruptcy.

February

• GIMV follows the majority of the financial consortium and sells its interest in Mobistar. A capital gain of EUR 34.7 million is realised on this transaction. The sale also has a EUR 11.5 million positive impact on GIMV's net asset value (i.e. the 25 percent illiquidity discount applied to the valuation of this holding as at 31 December 2002) or EUR 0.5 per GIMV share.

March

• GIMV launches a new website as part of ongoing efforts to meet demand for greater transparency. GIMV uses this launch to present its new logo and corporate housestyle.

June

• GIMV announces that it is working on establishing a buy-out fund targeting medium-sized buy-outs on the German SME market.

July

• GIMV participates as lead investor in a USD 10 million capital round for British company Elixent, which is developing a new-style reconfigurable chip technology for high-end consumer products.

• GIMV sells its shareholding in Matrix Integrated Systems, a supplier of dry etching equipment, to Nasdaq-quoted Axcelis Technologies. Total income for GIMV amounts to approximately USD 3.5 million.

September

• GIMV sells part of its interest in Cappelle Pigments, a producer of pigments for paints, printing inks and plastics, to the other existing shareholders. This sale increases GIMV's net asset value by around EUR 3.0 million.

• With the other shareholders, GIMV reaches agreement to sell its entire holding in Nieuwe Havema, a logistics services supplier in the port of Antwerp, to Katoen Natie.

• GIMV reports the unsuccessful ending of negotiations for the sale of its shareholding in the German company Konrad Hornschuch, which it announced in mid-August.

Phil Church, CEO ORM Vision (left) and Rudi Severijns, Executive Investment Manager GIMV.

"GIMV gave me access to a network of contacts I could otherwise never even have dreamed of." - Phil Church

November

• Via its Halder facility in the Netherlands, GIMV invests around EUR 5 million in the Dutch company Holonite Holding, which produces prefabricated composite stone finishing elements for the construction industry.

• The Halder-GIMV Germany fund, a buy-out fund directed at the German SME market, announced in June, undertakes its first closing in an amount of EUR 78 million.

December

• Cable company Telenet restructures its debt by successfully placing a EUR 500 million ten-year bond and a USD 320 million zero-bond. Telenet thereupon repays a shareholder advance of EUR 15 million received from GIMV.

• American company Xanthus Life Sciences completes a EUR 30.8 million capital round with an international syndicate in which GIMV participates. Xanthus develops personalised cancer treatment drugs.

• GIMV has been named as a defendant in a lawsuit filed by Dictaphone Litigation Trust, along with 42 other parties, relating to the take-over of Dictaphone by Lernout & Hauspie Speech Products in May 2000.

2004

January

• GMV acquires 479 811 additional shares in listed company Option, following the conversion of a subordinated loan issued in 2001.

• Deminor Rating assigns GIMV a corporate governance score of 'DR 7.5'. This score reflects GIMV's strong performance in the fields of organisational structure and operations.

February

• IMEC's President and CEO Gilbert Declerck joins the advisory board of GIMV's ICT business unit.

March

• Together with two other private equity companies, GIMV purchases all the shares of Microtherm Group, a producer of high-temperature insulation material.

7.8 I Outlook for 2004

The cautious recovery of the private equity market that we noted in the second half of 2003 appears to be gathering pace this year, offering the prospect of attractive investment opportunities in 2004. Stock markets also remain buoyant and the revival of IPO markets, which became visible from the third quarter of last year, appears to be continuing. We observe that a number of life sciences companies in the portfolio are keen to make use of this opportunity.

As an investment company, GIMV's results are more or less exclusively determined by the realisation of capital gains and losses, as well as by write-downs. It is therefore virtually impossible to forecast results already at the beginning of the year. These depend on exit opportunities and on how the stock market develops. Past results demonstrate GIMV's ongoing ability to achieve attractive capital gains from its well-diversified portfolio. We therefore expect to be able to continue this trend in the years to come.

8.1. I Operational structure and organisation chart

CORPORATE INVESTMENT NETHERLANDS

Vice-President:
Paul Deiters

Ward Bouwers
Rombout Poos
Sander van Vreumingen
Ivo Vincente
Simon Vogel
Hans Zitman

LEGAL DEPARTMENT

Vice-President:
Dirk Beeusaert

Edmond Bastijns
Leen Druyts

CORPORATE INVESTMENT BELGIUM, CENTRAL & EASTERN EUROPE

Vice-President:
Guy Mampaey

Belgium:
Alain Grillaert
Alain Keppens
Peter Kloeck
Kris Van Look

Central & Eastern Europe:
Jan Dewijngaert

ICT

Vice-President:
Alex Brabers

Steven Coppens
Bart Diels
Elderd Land
Rudi Severijns
Eline Talboom
Marc Wachsmuth

MANAGING DIRECTOR AND CHAIRMAN OF THE EXECUTIVE COMMITTEE

Dirk Boogmans

CORPORATE INVESTMENT GERMANY

Vice-President:
Paul De Ridder

Gerard Oertel
Beate Pelz
Suzanne Quint
Marcel van Wijk
Michael Wahl

FINANCE & ADMINISTRATION

Vice-President:
Marc Vercruysse

Investor Relations & Corporate Communications:
Frank De Leenheer
IT & Facility:
Rudi Hillaert
Fund Management & Listed Portfolio:
Raf Kiss
Finance, Administration & Personnel:
Frank Peeters
Finance, Portfolio Valuation & IFRS:
Chris Pollie

LIFE SCIENCES

Vice-President:
Patrick Van Beneden

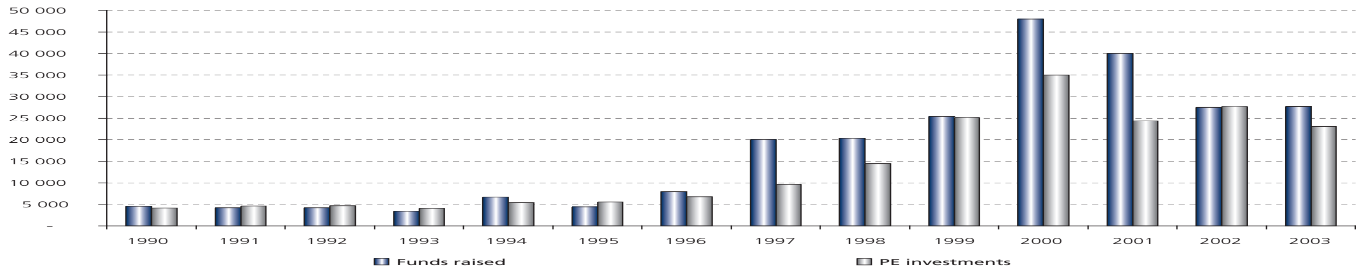
Frank Bulens
Jim Van heusden

There are five operational business units within GIMV: Corporate Investment Belgium, Corporate Investment Netherlands, Corporate Investment Germany, ICT and Life Sciences. In addition to the operational business units, the organisational structure also has two organisation support units: Finance & Administration and the Legal Department.
The Managing Director is supported in carrying out his tasks by an Executive Committee made up of the managers of both the operational business units and the organization support units.

8.2 THE EUROPEAN PRIVATE EQUITY MARKET

Funds raised and private equity investments in Europe

(in EUR million – preliminary figures for 2003 – source: EVCA)



Provisional EVCA figures show that total capital raised ***(fundraising)*** in 2003 stabilised at the same level as in 2002. There are various reasons for this. Institutional investors whose asset allocation is out of balance do still not tend to invest large new amounts. A weak exit-environment in 2003 meant few distributions by existing funds. On top of this the geopolitical climate casted a long shadow over all investment decisions. Once again it were buy-out funds that succeeded in garnering the lion's share of resources (with a shift towards more country-specific funds), and like last year venture capital was the greatest victim of risk aversion (see 8.6.1 below).

Again a number of venture capital funds reduced the size of their funds. For several leading U.S. funds, among them well-known names like Atlas Venture, Redpoint Ventures, Accel Partners, Walden International and Mohr Davidow, this was the second time they decided to return excess capital to investors. Since the bursting of the investment bubble, funds worldwide have returned over USD 5 billion to their investors.

Contrary to the trend perceived in 2002, total private equity ***investments*** fell last year by 16 percent in absolute figures. For the sake of caution we should add here that these are still provisional figures. It is still quite possible that final figures will come out at the same level as 2002. With a much steeper fall in the number of investments (-37 percent), the average investment amount increased to EUR 3.66 million (+36 percent). In 2003 the majority of investments once again found their way into buy-outs (67 percent).

The total value of ***M&A***[1] activities in Europe reduced by around 23 percent[2]. Signs of improvement only appeared in the last quarter of the year. With weak competition from industrial buyers and with transaction values unchanged in deals involving private equity players, the latter succeeded in increasing their relative market shares.

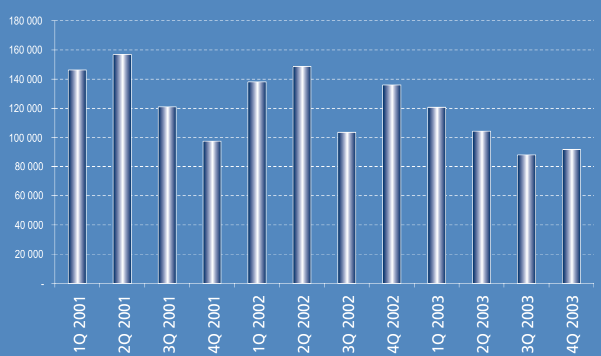
Provisional figures from the Centre for Management Buyout Research (CMBOR) show that the total value of buy-outs completed in 2003 fell to EUR 35.9 billion from EUR 43.9 billion in 2002. The number of buy-outs also decreased from 536 to 333, bringing the average size of European buy-outs for the first time above the EUR 100 million mark (EUR 107.9 million). This strong increase was boosted by the growing number of mega 'club deals', including a number of headline-making transactions (Seat Pagine Gialle, Debenhams, BertelsmannSpringer, Celanese, Fiat Avio, etc.).

In 2003 ***exits*** were driven by the growing market for secondary buy-outs and by the eagerness of banks to refinance earlier buy-out transactions. If the economic revival continues, then the situation looks brighter in any case for both valuations and exit opportunities. In addition both the growth of the IPO market – a barometer for the general state of health of the share market – and the return of industrial buyers can only have a positive effect on exit opportunities.

Divestments in the form of IPOs and trade sales increased in 2003 by 8.5 percent, with sales of shareholdings to other private equity players providing the main source of liquidity. Write-downs fell by over 50 percent to more 'normal' proportions, though still carrying the marks of the bursting of the financial bubble.

European M&A-activity

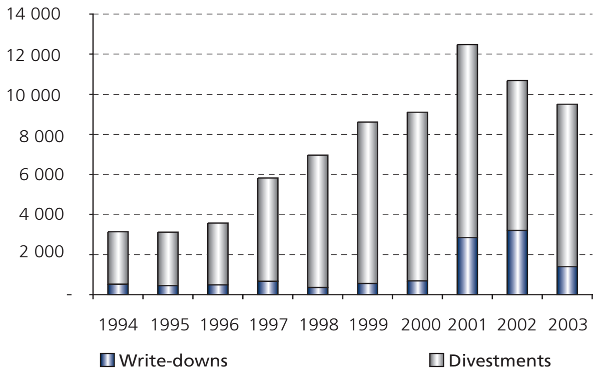
(in EUR million – source: Mergermarket)



[1] Mergers & Acquisitions
[2] Source: Mergermarket

Divestments and write-downs in Europe

(in EUR million – preliminary figures for 2003 – source: EVCA)



Despite these promising figures, the private equity sector continued to produce negative short-term ***returns*** in 2003. Once again the worst performers were investments in early stage companies, suggesting that these are still the greatest victims of the post-bubble write-downs. Only growth capital appeared capable last year of producing positive results. Valuations of buy-out investments also appear to have stood their ground fairly well. These returns are in stark contrast to the positive returns available on public markets, which is not surprising given the more late-cyclic character of the private equity sector.

On 31/12/2003	Early stage	Venture capital	Growth Capital	Buy-outs	Private equity
IRR - 1 year	-13.4%	-11.6%	2.4%	-1.8%	-4.1%
IRR - 10 years	1.5%	8.3%	14.7%	12.5%	11.7%
IRR - 20 years	2.0%	7.1%	9.2%	12.1%	9.7%

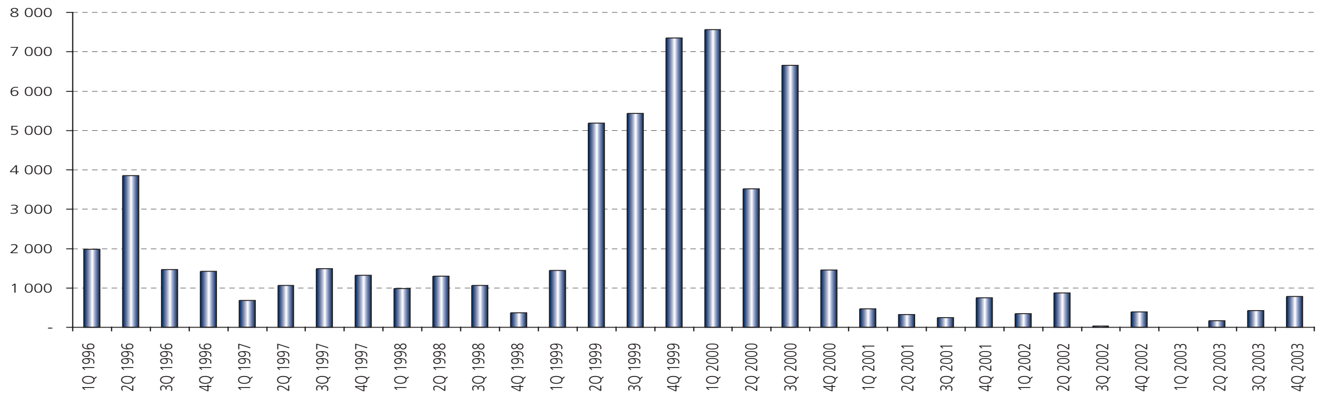
Source: EVCA, Thomson Venture Economics VentureXpert Database – provisional figures

In the long term, however, private equity continues to provide attractive returns in comparison with other asset classes.

The industry faces two major ***challenges*** today. The first is the introduction of IAS-IFRS, which will not only increase earnings volatility but will also, owing to the consolidation requirements, open the door to misinterpretations of the true state of health of enterprises in the private equity sector. The second is the introduction of the Basel II standards, which threaten to relegate private equity to the highest risk category. This will impact the future financing of SMEs and indirectly also investments by private equity enterprises. In the run-up to the Basel II standards, the number of venture capital providers held by financial institutions ("captives") has fallen.

Venture-backed IPOs in the United States

(in USD million – source: Venture One)



corporate investment 8.3

Jörn Vogt, CEO Microtherm (right) and Peter Kloeck, Executive Investment Manager GIMV.

"Our financial investors offer us a correct financial framework and leave us free to evolve within it." - Jörn Vogt

gimv Corporate Investment

8.3 I 1. Introduction and review of the sector

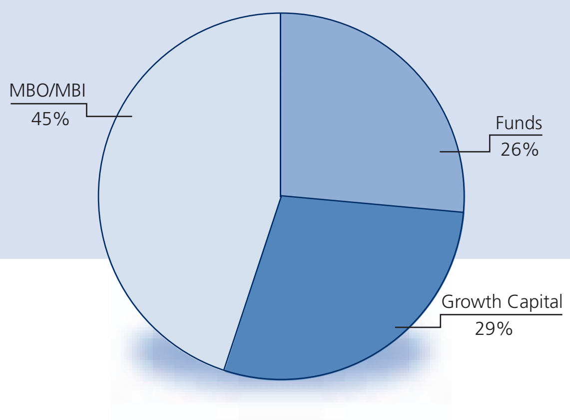
The Corporate Investment activity includes the Corporate Investment Belgium, Corporate Investment Netherlands and Corporate Investment Germany business units.

It focuses on buy-out/buy-in financing (MBO/MBI) and growth capital. GIMV's growth capital approach is to take minority stakes, without fundamentally changing the company's shareholder structure. In contrast, with an MBO/MBI a new shareholder structure is created, with GIMV itself possibly acquiring the majority of the company.

In 2003 Corporate Investment invested EUR 32.1 million in 22 companies and funds and divested EUR 43.2 million (book value). The net asset value of the portfolio (excluding Barco) amounts to EUR 386.9 million.

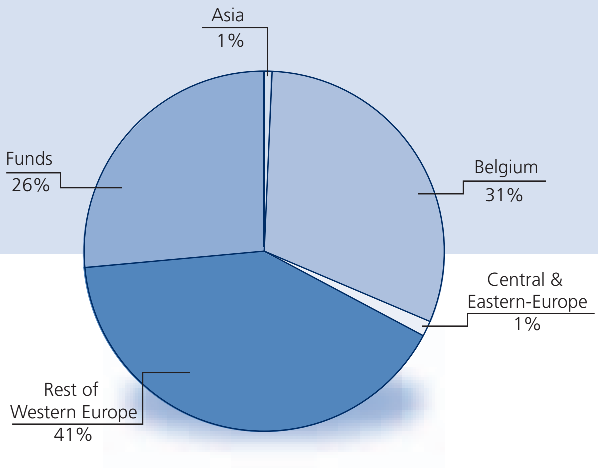
Corporate Investment portfolio according to activity

(based on net asset value at 31/12/2003 - excluding Barco)



Geographic distribution of the Corporate Investment portfolio

(based on net asset value at 31/12/2003 - excluding Barco)



8.3 I 2. Investment strategy

GIMV invests in companies supported by strong management, a proven good track record, turnover and profitability growth prospects, a capacity to innovate and the ability to respond to the market and to seize opportunities.

Financing management buy-outs/buy-ins is primarily directed towards medium-sized companies with a strong market position and/or growth prospects. Companies in this target group have a turnover of EUR 20 to 200 million.

GIMV injects risk capital into companies which operate in rather traditional sectors in the form of growth capital. GIMV is prepared to support the company's growth in various phases of its life cycle, from start-up to pre-IPO. In this instance, a minimum investment of EUR 2.5 million in one or more phases is contemplated.

8.3 I 3. Corporate Investment Belgium

Corporate Investment Belgium is predominantly active in the more traditional sectors. The only slowly recovering economic situation also led to greater caution in this traditional market segment in 2003. Partly due to financial institutions' more restrictive attitude and the unclear prospects of economic recovery, senior managements were more concerned with reorganising balance sheets than with making significant investments.

In these circumstances the opportunities available were rather limited and not of the highest quality. Growth capital experienced a further fall at Belgian level, reaching barely a quarter of the level of the top year 1999 and the sector returning to 1998 investment figures. In Belgium buy-out activity experienced a further increase both in terms of number of transactions and transaction volume. It should be pointed out here that a small number of larger buy-out transactions (Aliplast, UCB Methylamines, etc.), which fall outside the GIMV target group, distorted the global market figures. In these continuing less favourable circumstances a number of market players stopped their private equity activities, while others reoriented themselves towards larger files. Despite significant fluctuations on international stock markets in the first half and a modest economic recovery in the second half, GIMV Corporate Investment Belgium succeeded in making major divestments.

8.3 I 3 I 1. Investments

In 2003 a total of EUR 9.4 million was invested in the form of follow-on investments. The most important of these are Alfacam, Carestel, Ecuhold, Food Partners and Mondi Foods.

• **Alfacam** has expanded to become one of the leading European TV services providers. Alfacam specialises in ‘high-definition TV’ and is a regular supplier of top events such as European and world championship soccer, the New Year’s concert in Vienna, the Olympic Games, etc. Against the background of Alfacam’s strong organic growth, the takeover of the German company EuroTV and the establishment of the first European high-definition TV station (Euro 1080), GIMV underwrote a loan with warrants worth EUR 1.5 million.

• **Carestel:** as part of the restructuring of its activities Carestel arranged a subordinated loan of EUR 10 million, subscribed by its reference shareholders and management. The proceeds of the subordinated loan combined with a deferment of capital repayments on bank debts until 30 June 2004 and the proceeds from the sale of Restel Résidences have enabled Carestel to finance the investment and expansion programme for its core activities. GIMV subscribed EUR 2 million of the loan.

• **Ecuhold** is the overall holding company for the Ecu Line group, a freight transporter that specialises in transporting relatively small quantities of cargo. Although all means of transport are used here (air, road, railway and sea transport), the main emphasis is on sea transport. With a network of offices across more than 50 countries, Ecu Line has expanded to become one of the world’s largest freight transporters. To support this growth, GIMV subscribed EUR 1 million of a subordinated convertible bond issued by the group.

• **Food Partners** is the absolute market leader in the United Kingdom in pre-prepared sandwiches for the food service segment. The group annually produces more than 50 million sandwiches for corporate canteens, airlines, coffee shops, etc. As part of Food Partners’ restructuring of its finances after an intensive acquisition policy, GIMV subscribed a convertible loan of EUR 2.6 million.

• **Mondi Foods,** with headquarters in Rijkevorsel (Belgium), is a specialist producer of red fruit ingredients for the food industry. The company supplies fruit purees, fruit concentrates and deep-frozen fruit to the preserves, dairy, juices and prepared foods industries. In 2003 GIMV, together with the Buy Out Fund, made additional resources available to the company to support its growth strategy and to develop its presence in Poland and Serbia (backward integration).

The business unit not only invests directly in companies, but also in third party funds. The motives for such shareholdings are the transfer of know-how concerning new financing techniques, the pursuit of co-investments in certain regions or sectors where GIMV is less active, or increasing the deal flow. Such co-operation with a fund always goes further than a passive shareholding. GIMV plays an active role with its staff variously taking on a mandate in the fund’s management team, being part of the fund’s investment committee or sitting on the fund’s board of directors. In such cases GIMV often acquires a part of the carried interest and/or exclusive co-investment rights.

GIMV Corporate Investment did not invest in new funds in 2003, but fulfilled its earlier commitments in West-Private Equity, Buy Out Fund, Nova Polonia, European Pre Flotation II and DKB Emerging Europe L.P. with additional investments of EUR 17.4 million.

8.3 I 3 I 2. Divestments and write-downs

As we already commented, we succeeded in making major divestments. Corporate Investment Belgium divested EUR 42.3 million (at book value).

A full exit was achieved from Acomo, Navis, Nieuwe Havema and Portinvest.

• **Acomo** is a producer of baths in which GIMV still held a 10 percent minority shareholding after the entry of Villeroy & Boch in 2001. By exercising its put option GIMV sold its remaining interest to Villeroy & Boch in November 2003.

• **Navis Fonds,** a private-equity fund in South-East Asia, received a commitment of USD 5 million from GIMV in 1999. This shareholding had originally been taken with a view to developing a network of relations with local investment teams in South-East Asia. With GIMV’s decision at the beginning of 2002 not to expand further its activities in the Far East, an agreement was reached with the management team and institutional investors to take over the GIMV shareholding.

• **Nieuwe Havema,** the holding company of Werf- & Vlasnatie, was sold in full to Katoennatie. Werf- & Vlasnatie operates in logistic services such as storage and distribution, transport and goods handling, forwarding and industrial sub-contracting in the port of Antwerp. The company primarily focuses on the chemicals sector. Since the 1999 management buy-out GIMV had been a shareholder in Werf- & Vlasnatie together with management and Mercator. During this period the company experienced very attractive growth, both in terms of turnover and profitability. The shareholders decided to sell to a large industrial group such as Katoennatie as offering the best guarantee for the company’s further growth.

• **Portinvest** is the Zeebrugge port investment company, in which GIMV had held a 40 shareholding since 1987. Given GIMV’s time frame for its investments, exit discussions were held in 2003, leading to a sale to Maatschappij van Brugse Zeevaartinrichtingen (MBZ).

A number of partial exits were also undertaken. These related to both listed companies such as Barco (see above), Cemex, Mitiska, LSG (repayment of convertible bond) and Kinepolis as well as private companies including Cappelle Pigments.

• **Cappelle** produces pigments for paint, printing inks and plastics. Since the entry of GIMV in 1986 Cappelle's turnover has grown by 258 percent from EUR 25.7 million to 66.3 million. At the beginning of September 2003 GIMV sold a part of its shareholding in Cappelle Pigments nv to the remaining shareholders, reducing its holding from 31.25 percent to 8.17 percent.

Write-downs of EUR 23.8 million were also recorded, reflecting both lower stock market prices and the difficult situation in which certain companies find themselves.

8.3 I 4. Corporate Investment Netherlands (Halder Holdings B.V.)

Although the number of new investments in the Dutch market as a whole increased slightly in 2003 compared with the previous year, it still remained historically low. As in previous years the number of transactions was limited by major differences in vendors' and sellers' price expectations. However, Corporate Investment Netherlands' deal flow was higher in 2003 than in 2002. Corporate Investment Netherlands was able to evaluate approximately half of the number of realised transactions in the Dutch market. Moreover investment possibilities were evaluated very strictly. Corporate Investment Netherlands also participated in one new investment, Holonite Holding BV.

• **FCS Control Systems,** in which a 25 percent shareholding was taken at the end of 2002, took over a US company to occupy a larger space on the American market.

• **Holonite,** established in 1969, develops and produces prefabricated composite stone elements for building. Its applications in home and utility constructions and the extensive renovation market include threshold systems, window seats, window sills and wall covers. With its broad client portfolio Holonite is the market leader in the threshold sector in the Netherlands. The outstanding product characteristics were highlighted through Holonite's inclusion in the Dutch 'National Sustainable Construction Package'. GIMV has invested approximately EUR 5 million in the Dutch firm Holonite Holdings via its Corporate Investment Netherlands business unit. In addition to GIMV, Rabo Participaties has also invested in the company.

8.3 I 5. Corporate Investment Germany (Halder Beteiligungsberatung GmbH)

After a very limited growth in 2002, the German economy slipped into recession at the beginning of 2003. The number of insolvencies reached a new record, which contributed to poor earnings in the banking sector. As a result of this the banks further tightened their lending conditions. As of May 2003 the business cycle indicator showed a substantial improvement, partly due to a number of stimulating measures adopted by the German government. Write-downs on German venture capitalists' portfolios were also much lower in 2003 than in 2002, pointing to a cautious recovery in the private equity market. In the first nine months of last year losses from insolvencies amounted to EUR 217 million in comparison to EUR 595 million in the first nine months of 2002. Economic growth of 1.4 percent is expected in Germany in 2004. Moreover, both deal flow and investment prospects are quite favourable at the moment.

The portfolio managed by Halder in Germany, both for the Halder Investments IV fund (8.3.6 below) and GIMV, has developed very well despite the difficult market situation. In the case of **Single Temperiertechnik** (temperature regulation systems) a new factory was opened to meet rising demand. A follow-on investment was made at **Wichard** (sailboat accessories) to finance a second takeover in as many years. At **Konrad Hornschuch** (artificial leather and self-adhesive foils) the record result of 2002 was almost equalled, including an attractive rise in the order book in the last quarter of 2003. Further growth of almost 30 percent was reached at **Gealan** (PVC window profiles) in 2003 following growth of approximately 20 percent in 2002.

November 2003 saw the announcement of the first closing by the Halder-GIMV Germany fund (8.3.6. below), a buy-out vehicle set up by GIMV that specifically targets the German SME market.

8.3 I 6. Halder managed funds

The managed investment funds consist of the existing Halder Investments IV programme, which targets Benelux and Germany, and the new Halder-GIMV Germany programme, which will invest in Germany.

Halder Investments IV, which has capital of EUR 115 million, built up a well diversified portfolio of sixteen shareholdings between 1998 and 2000. Due to the declining economic situation in recent years the results of a number of companies remained below expectations. Adjustments in policy were implemented in various companies through intensive management of the shareholdings. Partly as a result of this, most companies developed well in 2003, which led to better results. Moreover the market for exits became more active. In 2003 the 50 percent interest in the Belgian curtain materials producer Tissage de Kalken NV was sold. An agreement in principle was also reached on the sale of the Dutch company Muelink & Grol Holding B.V., which specialises in fume removal and ventilation systems. This transaction was completed at the beginning of 2004. The returns achieved were in accordance with expectations. Once the proceeds from both transactions have been paid out, the investors in Halder Investments IV will have already received back 27 percent of the capital contributed by them. Further divestments are expected in 2004.

At the end of June 2003 GIMV announced that it was working on setting up a programme that would focus on the German SME market via small and medium-sized buy-outs, a market for which GIMV had noted clear institutional investor interest. On the one hand there is still no strong revival on the horizon for the German economy in the short term, while on the other banks are operating more restrictive lending policies under the impetus of Basle II. Both elements are placing additional pressure on companies to restructure and consolidate, with resulting prospects for buy-outs in the SME segment.

With the takeover of Halder in 2000 GIMV acquired extensive know-how and experience in the areas of fund management and buy-outs. Halder Germany, with a local team based in Frankfurt, has also operated in the medium-sized buy-out segment since the early 1990s, achieving an average annual internal rate of return (IRR) of 28 percent on all transactions. Indeed, this strategic expertise was one of the core motivations for GIMV to acquire the Halder group.

In November 2003 GIMV announced the first closing for this Halder-GIMV Germany programme amounting to EUR 78 million. In the period up to the first closing a first group of reputed institutional investors from Germany, the United States and Japan subscribed. GIMV acts as the sponsor of the programme and has committed itself to investing EUR 30 million. A group of other investors is in an advanced phase of due diligence. It is expected that the total targeted amount of EUR 150 million will be reached in the first half of 2004 and that the first investment in Germany with this fund will take place.

The principal characteristics of the programme are:
- intended scale: EUR 150 million;
- minimum investment: EUR 5 million;
- investment by Halder and GIMV 'key persons': 1.2 percent of the total programme;
- duration: 10 years, with a possible extension of 2 years;
- management fee: 2.25 percent to EUR 150 million, above that 1.75 percent;
- carried interest: 20 percent.

8.3 I 7. GIMV activities in Central and Eastern Europe

Corporate Investment also manages approximately EUR 141 million in private equity in the Central and Eastern Europe region, of which EUR 36 million of GIMV fund investments. Third party funds managed by GIMV are invested in the Czech Republic, Slovakia, Russia and Kazakhstan. GIMV also has a stake in Nova Polonia, a Polish fund, and in Dresdner Kleinwort Benson Emerging Europe, a regional fund.

In mid 2000 GIMV set up two funds for the Czech Republic and Slovakia. By doing so GIMV was looking to take advantage of the improved economic climate in these countries and their approaching entry into the European Union.

The first fund, **GIMV Czech Ventures** takes shareholdings of between EUR 1 and 4 million as a rule and also focuses primarily on companies operating in traditional sectors. GIMV Czech Ventures' capital amounts to EUR 20.5 million of which EUR 15 million has been allocated by GIMV. The other investors are Fortis Private Equity and Dresdner Kleinwort Wasserstein. At the end of 2003 the fund had taken two stakes worth a total of EUR 7 million.

GIMV Czech & Slovak SME Fund, the second fund, limits itself to financing smaller transactions (up to EUR 1 million). GIMV Czech Ventures and the European Bank for Reconstruction and Development (EBRD) have each invested EUR 6 million in this fund. At the end of 2003 this SME fund had taken three shareholdings worth a total of EUR 2.1 million.

Eagle Venture Partners manages three venture capital funds in Russia and one in Kazakhstan. The four Eagle funds together invested approximately USD 82 million in 27 companies between 1995 and 2002. In addition, there is also the small existing portfolio of the Corpeq Urals fund, of which it took over the management at the end of 1998. These resources come from the EBRD, but GIMV also invests directly or indirectly via annex funds in deals contributed by Eagle Venture Partners. The four Eagle funds are almost fully invested and can now only make follow-on investments. Attention has been shifted for some time to achieving exits. 2003 was very successful here, with no fewer than seven companies sold for a total amount of USD 38.9 million, representing a multiple of 1.6 relative to the original cost of investment. One shareholding, the entire acquisition price of which had already been written off, was sold for a symbolic amount. Returns of between 13 and 43 percent were achieved on the six other shareholdings. After the sales of the previous financial year 15 shareholdings remain in the portfolio representing an invested amount of USD 51 million. Exits are expected for most of these during this year.
Eagle Venture Partners is 50.01 percent owned by GIMV. The other shareholders are Corpeq, Rabobank, EWIC West and Sigefi.

At the beginning of 2001 GIMV took a USD 5 million stake in **Dresdner Kleinwort Benson Emerging Europe Fund.** The fund is active in the Czech Republic, Slovakia, Poland, Hungary, Serbia and Croatia. This is a USD 225 million fund with Dresdner Kleinwort Wasserstein and Calpers as the main sponsors. At the end of 2003 approximately USD 78 million was invested in seven companies.

In 2000 GIMV took a participation of EUR 10 million in the Polish fund **Nova Polonia,** giving it a total capital of EUR 58 million. The main sponsor is AIB Capital Markets, a subsidiary of Allied Irish Bank. This fund had EUR 21 million invested in five companies at the end of 2003.

8.3 I 8. Outlook for 2004

Corporate Investment primarily focuses on Euroland, where the economic growth expectations for 2004 are moderately positive. The first signs of a cautious economic recovery are visible. Moreover, with companies still keeping costs strictly under control, profits could increase rapidly when income recovers. Rising stock markets mean that investors' risk aversion has fallen to more normal levels. These factors may encourage the investment climate but are probably still too uncertain to achieve a significant increase in demand for growth capital. In contrast, an upward trend exists in the MBO/MBI market and buyers' and sellers' price expectations have grown towards each other. We also expect the number of secondary buy-outs to increase. Our attention will also be paid to monitoring the existing portfolio and completing a number of divestments. Moreover, GIMV's strong balance sheet structure leaves it well placed to take advantage of quality investment opportunities.

8.3 I 9. GIMV Corporate Investment's ten largest unlisted shareholdings

At the end of 2003 the total net asset value of the ten largest unlisted GIMV Corporate Investment shareholdings amounted to EUR 194.5 million, representing 50.3 percent of the total net asset value of all Corporate Investment shareholdings (excluding Barco).

These shareholdings are in Arcomet, DEME, Dujardin Foods, European Bulk Terminals, FCS Control Systems, Gealan, Impression Group, Konrad Hornschuch, Macrae Food Group and Omnistor Accessories.

• **Arcomet** develops, produces, sells and hires out tower cranes and self-assembling cranes. In recent years, the company has gradually transformed itself into a service company, where the importance of hiring out cranes in combination with an offer of logistics and high added value services is increasing. Thanks to its focus on the still fragmented tower-crane market, Arcomet has grown to become the most important European player in this segment. The group has facilities in Belgium, the Netherlands, France, the United Kingdom and Germany and also operates in various European countries via alliances.

• **DEME (Dredging, Environmental and Marine Engineering n.v.)** is a holding company involved in dredging, hydraulic engineering, maritime and offshore activities, environmental technology, salvage and wreck removals, and gravel extraction, in which GIMV has a 3 percent shareholding. The group is a leading international player. In 2003 turnover will be higher than in 2002, despite the continuing dispute with the Indonesian authorities over sand extraction rights, which has negatively impacted land recovery work in Singapore. As a result earnings will be lower than in 2002. In addition to the DEME shareholding GIMV also has a 40 percent stake in Dredging Offshore Holding, a company that operates a number of stone dumping vessels (used for precision stone dumping at great depths).

• **Dujardin Foods** is one of Europe's leading producers of frozen vegetables, with a particularly strong position in wholesale distribution. Dujardin has made a number of investments in recent years to increase profitability, taking strategic positions in rapidly growing segments such as frozen herbs and broccoli, but also undertaking a number of steps to increase internal efficiency, including investing in a fully automated refrigerated store. Although most investments have proved successful, one major investment, in Biopolis Germany, has gone sour. The extraordinary write-downs on this investment placed 2003 earnings under pressure. However, Dujardin's future prospects are favourable.

• **European Bulk Terminals (EBT)** is the overall holding company for the Sea-Invest group, which manages bulk terminals (pit coal, iron ore, etc.) and fruit handling via **Universal Fruit Operators (UFO).** Further work was carried out during 2003 in the bulk segment on diversifying towards the handling of other raw materials. Activities were streamlined in France, where the company operates in several harbours, and Sogema was taken over. Universal Fruit Operators, which coordinates the fruit handling activities in Belgium and South Africa, experienced a slight fall in turnover. Its subsidiary De Weide Blik took over Hot Cuisine from Carestel n.v.

• **FCS Control Systems** develops, assembles and sells mechatronics products that imitate power, position and acceleration characteristics very closely and are used for simulation and test purposes. The company originates from Fokker and emerged as an independent company by means of a management buy-out. Its products are used in the aviation and automotive industries. 2003 was a special year for the company with the takeover of a US company enlarging its access to the American market.

• **Gealan** is an innovative and rapidly growing German manufacturer of plastic profiles for window and door systems. The company achieved turnover of EUR 94 million in 2002 with 561 employees. In 2003 the group managed to grow by 30 percent on top of the 20 percent growth in 2002. In addition to its important position in Germany Gealan is also the market leader in Romania and the Baltic States.

• **Impression Group** is Europe's largest printing group, specialising in advertising posters and 'point of sale' material. The group is the market leader in France (via Affiche Européenne), in Benelux (via Hecht) and in Eastern Europe. The primary focus of the group's attention in 2003 was on the further integration of Eclipse, a company taken over in 2002.

• **Konrad Hornschuch** produces design and functional films and decorative table cloths under the well-known brand name D-C-Fix. It also manufactures (foam) films and various coverings for the furniture, fashion, automotive and construction industries (most important brand: Skai). With a headcount of approximately 780 and around eighty representative offices across the world the company produced a total turnover of almost EUR 120 million in 2002. The record profit of 2002 was nearly equalled in 2003, with also an attractive increase in orders in the last quarter of 2003.

• **Macrae Food Group** is part of Pan European Sea Food Holding and is the United Kingdom market leader in the delicatessen fish dishes sector, in particular for Scottish smoked salmon. As part of its buy & build strategy, Macrae took over a large part of the fish division of the defunct Albert Fisher (the plant is located in Fraserburgh, UK) in August 2002. Thanks to this acquisition the group achieved a turnover of more than EUR 80 million in 2003 and Macrae is taking on a leading position with top British retailers.

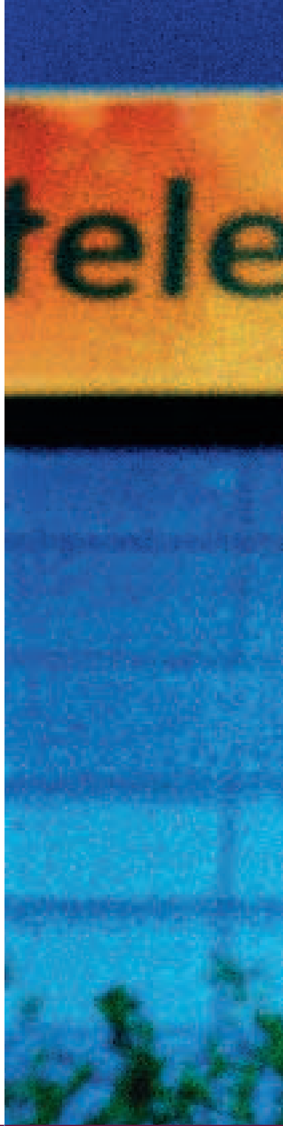
• **Omnistor Accessories** is the European market leader in accessories for caravans and motor-homes, principally sun-protection awnings. The range also includes bicycle carriers, roof compartments, steps and roof ventilators. The company succeeded in continuing its past strong growth in 2003, passing the EUR 30 million turnover mark.

8.3 I 10. Overview of major shareholdings in the GIMV Corporate Investment portfolio

Name	Website	Country	Activity	Entry
BMT	www.bmt.com	Belgium	Metal processing	1981
Barco	www.barco.com	Belgium	Professional visualisation systems	1981
Cappelle	www.cappelle.be	Belgium	Colour pigments	1989
Finimmo	no website	Belgium	Property leasing	1989
Deme	www.deme.be	Belgium	Dredging company	1991
Ebt	www.sea-invest.be	Belgium	Bulk terminal	1992
Domus Flandria	no website	Belgium	Loan company – social housing	1992
Tops Foods	www.topsfoods.com	Belgium	Pre-prepared meals	1993
Ipem	no website	Belgium	Project developer	1994
Carestel	www.carestel.com	Belgium	Catering and hospitality group	1995
Ufo	www.sea-invest.be	Belgium	Fruit terminals	1995
Serviceflats	no website	Belgium	Service apartments	1996
Balmain	www.balmain.com	Belgium	Fashion clothes	1997
Ellimetal	www.ellimetal.com	Belgium	Silo manufacturer	1997
Pauwels Groep	www.pauwels.com	Belgium	Transformers	1997
T-industrie	www.theuma.com	Belgium	Interior doors	1997
Kinepolis Groep	www.kinepolis.com	Belgium	Cinema	1997
Westerlundasia holding	no website	Asia	Stowing of forest products	1997
BEM	www.bem-fcic.com	Belgium	Co-financing of construction projects in Central & Eastern Europe	1997
Alfacam	www.alfacam.com	Belgium	TV facilities and HDTV	1998
LSG	www.lsg.be	Belgium	Industrial laundry systems	1998
Anaf products	www.anaf.be	Belgium	Supplier of plastic and aluminium cabinet work (mainly doors)	1998
Deme-offshore	www.deme.be	Netherlands	Stone dumping vessels	1998
Eye-D	www.eye-d.tv	Belgium	Facilities	1998
Boortmalt	www.boortmalt.be	China	Malt-house	1998
INVE	www.inve.be	Netherlands	Fish farming – feed components	1999
Marco Polo Holding	no website	Belgium	Food broker	1999
Ecu Line	www.eculine.net	Belgium	Transport	2000
Dujardin Foods	www.unifrost.be	Belgium	Deep-frozen vegetables	2000
Next Century	www.la-gym.be	Belgium	Fitness	2000
Skyline Entertainment	www.tvskyline.com	Belgium	Production house	2000
Pandora	www.ozana.com	France	Cost management services	2000
Evershine	www.evershine.com	Singapore	Textiles	2000
Cemex	www.cemex.com	Singapore	Cement production	2000
Kazintel	www.kazintel.net	Kazakhstan	Telephone company	2000
AEH	www.affice-europeenne.com	Belgium	Poster printing	2000
DTS	www.dtselec.fr	France	Safety lighting	2000
Financière C10	www.sedis.com	France	Industrial chains	2000
Pan European Sea Food Holding	no website	Belgium	Pre-prepared fish	2000
Chilled Investments	no website	Belgium	Chilled foods	2000
Pan European Health Food	www.kigroup.com	Luxembourg	Biological foods	2000
Arcomet	www.arcomet.com	Belgium	Crane production and rental	2001
Accessories International	www.omnistor.com	Belgium	Caravan and camper accessories	2001
Mondi Foods Belgium	www.mondifoods.be	Belgium	Producer of red fruit ingredients	2001
Konrad Hornschuch	www.hornschuch.de	Germany	Various foils for the furniture, fashion, automotive and construction industries	2001
Single Temperiertechnik	www.single-temp.de	Germany	Precision temperature control systems	2001
Macrae Food Group	www.macrae.co.uk	United Kingdom	Smoked salmon production	2002
FCS Control Systems	www.fcs-cs.com	Netherlands	Test systems for the aircraft and automotive sectors	2002
Gealan	www.gealan.de	Germany	PVC profiles for door and window systems	2002
Wichard	www.wichard.fr	France	Accessories, mountings and hooks for sailing ships	2002
Holonite Holding	www.holonite.nl	Netherlands	Pre-fabricated stone composite finishing elements for the construction industry	2003

Robert Verhoeven, CEO BMT (left) and Guy Mampaey, Vice-President GIMV Corporate Investment Belgium.

"GIMV is a stable shareholder that can think with you in an industrial environment." – Robert Verhoeven.



ICT 8.4

Duco Sickinghe, CEO Telenet (left) and Alex Brabers, Vice-President GIMV ICT.

"GIMV kept having faith in Telenet even when the telecom market went into crisis." – Duco Sickinghe.

gimv
ICT

8.4 I 1. Introduction and review of the sector

Despite the poor prospects for the ICT world at the start of 2003, stock markets performed excellently during the year, with the Nasdaq Composite Index rising by almost 50 percent. However, 2003 was significantly less rosy in terms of economic growth. Today most market players agree that 2004 will produce a turnaround. Analysts assume that we reached the bottom of the economic recession in 2003, and that 2004 will again be a year of growth and optimism.

For the first time in two years, global ICT expenditures (a major driver for the ICT and venture capital market), did not fall further in 2003. A 5 percent rise in ICT expenditure in the United States is expected in 2004. In Europe this growth will probably occur later and be less robust.

In practice this means that cost savings remain important but are no longer the primary priority. Once more there is room for strategic investments, which is naturally good news for the ICT companies in our portfolio.

However, figures from the venture capital market are not yet positive. Capital investment in European ICT companies fell further in 2003 from an average of EUR 600 million a quarter in 2002 to EUR 360 million in 2003. The number of companies invested in also decreased from an average of 213 per quarter in 2002 to 130 in 2003.

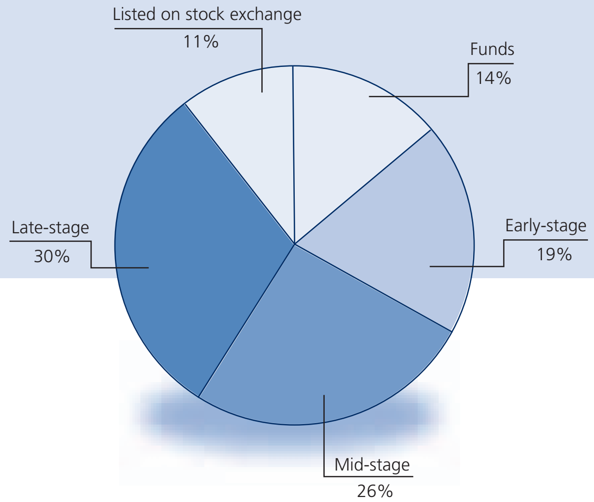
The venture capital market is therefore keeping a tight hold on its purse strings, adopting a wait-and-see attitude and not investing too much. We have noted that many of our investor colleagues, just like GIMV, have assigned priority to follow-on investments and have taken on only a very limited number of new investments.

Valuations of ICT companies have dropped even further during the past year, although admittedly to a very limited degree. A slight upward trend in the third quarter points to cautious optimism in the sector.

To sum up, 2003 can be seen as a transitional year towards a much more positive 2004, in the areas of venture capital, ICT investments and the economy in general.

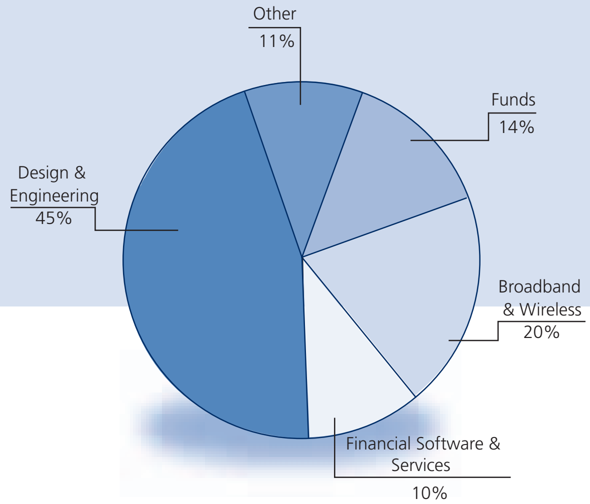
Current stage of development of the ICT portfolio

(based on net asset value at 31/12/2003 – excluding Telenet)



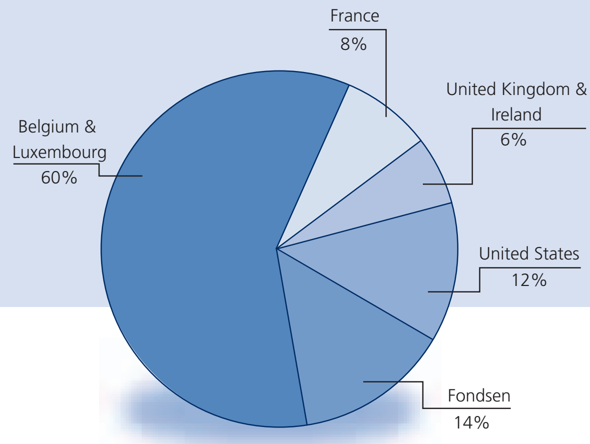
ICT portfolio according to technology

(based on net asset value at 31/12/2003 – excluding Telenet)



Geographic distribution of the ICT portfolio

(based on net asset value at 31/12/2003 – excluding Telenet)



8.4 I 2. Investment strategy

During the previous doldrums GIMV remained loyal to its investment strategy in information & communication technology. Now that the sector is showing the first signs of recovery, we will continue to pursue our strategy. ICT is and remains a driver for innovation in corporate life, regardless of the economic climate.

GIMV ICT is convinced that the following sectors offer the greatest investment potential:

- broadband & wireless
- financial software & services
- design & engineering.

The GIMV ICT team has know-how that differentiates it from the competition in each of these sectors and is well networked with leading firms in them. The current deal flow and the track record of the existing portfolio also confirm our choice of these segments.

Geographically GIMV ICT continues to focus on Europe, with an emphasis on Belgium, the Netherlands, France and Great Britain. Other countries are not excluded, but are not a priority.

8.4 I 3. Investments in ICT companies

In 2003 GIMV ICT invested EUR 2.5 million in a new participation, Elixent.

• **Elixent** is a British company that is developing a new form of chip technology, RAP (Reconfigurable Algorithm Processing), used in high-end electronics products for the consumer market such as PDAs, smartphones and digital cameras. GIMV acted as lead investor in a total financing round of EUR 8.5 million.

Follow-on investments worth a total of EUR 8.9 million were made in the following portfolio companies: Capco, CR2, Cril Telecom Software, Indigo Software, Inside Contactless, Intuwave, ORMVision, Proficient and Telos.

Overall follow-on investments of EUR 3.5 million were also made in venture capital funds in 2003, namely AIC, Allegis III, Alta Berkeley VI, Charles River 9-10-11, Galileo II-III, IT Partners, Pacven Walden IV-V and Sofinnova V.

8.4 I 4. Divestments and write-downs

Despite the weak economic climate GIMV ICT undertook **divestments** worth EUR 69.3 million in 2003.

This substantial amount was realised by selling the remaining participations in Mobistar and FICS-S1 on the stock market, and also by selling the participation in Matrix Integrated Systems to Nasdaq-listed Axcelis Technologies. Like Matrix, Axcelis is an 'equipment' company (dry strip equipment) for the semiconductor sector which has reinforced its market position through the acquisition of Matrix. Furthermore GIMV also received partial repayment of a loan previously granted to Telenet.

In 2003 GIMV ICT recorded net write-downs on financial fixed assets (write-downs – write-backs of write-downs) of EUR 5.1 million.

One company in the portfolio was declared bankrupt (xCA), while a number of other participations were sold for a symbolic amount.

8.4 I 5. Outlook for 2004

In contrast to last year, indicators today are pointing towards an improvement in the ICT market, in particular with a relaunch of ICT investments in 2004. Although the US will be in advance of Europe here, various analysts are also predicting a favourable development for Europe.

GIMV ICT will also monitor its portfolio companies closely in 2004 and attempt to develop these further to achieve greater returns.

Moreover, we expect to undertake other new investments in this improving market within our target segments (broadband & wireless, financial software & services and design & engineering) and are also working proactively on this. For example, GIMV is one of the preferred partners for IMEC, the largest independent European research centre in the field of microelectronics, nanotechnology, design methods and technologies for ICT systems. GIMV ICT is also engaged in active dialogue with Swift, one of the global leaders in financial information exchange.

8.4 I 6. GIMV ICT's ten largest unlisted participations

At the end of 2003 the total net asset value of the ten largest unlisted shareholdings amounted to EUR 169.7 million or 80.8 percent of the total net asset value of the entire GIMV ICT portfolio (including Telenet). In addition to the previously discussed participation in Elixent this includes:

• **Business Architects International (BAI),** founded in 1997 and located in Belgium, is a leading European software company offering a wide range of credit and asset management solutions incorporating process models, financial components and software packages to banks and asset managers. The product range includes eXimius, a front and mid office software product that groups portfolio management and CRM (Customer Relationship Management), and ComponentBanker Loans, a successful solution for managing retail bank credits. With offices in seven countries, BAI has grown to become an established European player with a suitable range of products for the various countries concerned.

• **CoWare,** originally a spin-out from the IMEC research centre, provides Electronic Design Automation (EDA) software for the rapid and precise design of systems-on-chip (SoC). These products and services aim to facilitate the customer's transition from traditional, inefficient design methods to a completely new methodology required to continue fulfilling the demands of a very complex and integrated SoC market. CoWare has raised a total of USD 55 million in 5 capital rounds, with GIMV participating in all 5 rounds.

• **Intuwave** from London (UK) is a software company that was set up in 1999. The company is a market leader in software and services aimed at the rapid creation and rollout of modernising interactive applications for the new generation of mobile telephones. Intuwave's 'm-Network' is a software application platform that makes it possible to exploit the functionality and advantages of these devices and data-oriented mobile networks (GPRS, 3G) as fully as possible.

GIMV invested in a third financing round for the company as co-lead investor.

• **LMS International (LMS)** offers its customers, leading companies in the automotive and aviation sectors, technical solutions for accelerated product development via simulations on virtual prototypes and via laboratory tests in the prototype phase of the hardware. LMS concentrates on crucial factors such as comfort, noise quality, durability, operating safety, controllability and dynamic driving behaviour. The combination of physical test systems and virtual simulations enables LMS customers to map product development problems more quickly and to solve them earlier in the process, thus providing a strategic advantage for the customer. LMS, with headquarters in Leuven (Belgium), is a rapidly growing high-technology company that currently has more than 550 employees, spread across sixteen facilities in Europe, the United States, Japan and South-East Asia.

• **Maximiles-Dateos** combines technological and marketing expertise in a unique way to create and manage loyalty and incentive schemes for third parties. Dateos also owns and operates France's largest online-loyalty programme "Maximiles". With more than a half million members, 60 partners and strategic cooperation with the SNCF (French railways), Maximiles is planning to expand into the offline world, and is hoping to recruit 4 million members in the near future.
Maximiles has obtained a total of EUR 20 million in three financing rounds, with GIMV participating in each instance.

• **Metris**, a spin-off from the University of Leuven, develops and sells software applications for quality control and reverse engineering. With the help of a targeted takeover, Metris has also developed into one of the leading producers of 3-D laser scanning sensors, which means the company can now offer its customers a total solution. Metris is thus fundamentally changing how quality control is carried out in production environments associated with complex 3-D geometry, such as in the automotive and aviation industries. Metris has introduced this new model successfully, and can now be viewed as the technological leader in this niche. Metris is currently trying to convert this into market leadership through rapid growth and having its technology accepted as the industry standard.

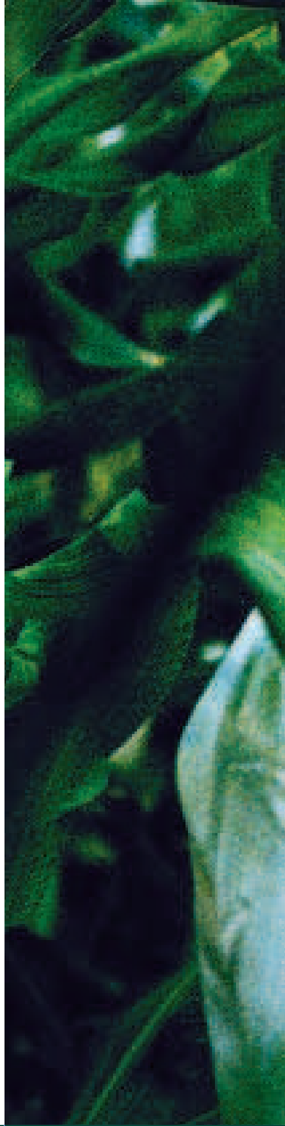
• **ORMvision** is a Belgian company set up in 2000, develops and sells an innovative software platform (OSS/BSS) that translates, improves and accelerates the reciprocal processes, transactions and communication between telecom operators and between various business units in the same company. The most significant advantages of its platform are increased turnover potential, reduced loss of customers and lower operating costs. The company has raised a total of EUR 4 million in 3 financing rounds.

• **Proficient** is an American software company which brings the Internet and the offline world closer together with software solutions that enable sales persons to approach website visitors pro-actively. Surfers are analysed on the basis of their click behaviour and matched with the appropriate sales associate. Proficient's customers are primarily financial institutions and technology companies which also sell complex products or services via the web.
Proficient has obtained a total of USD 17 million in four financing rounds, with GIMV taking part each time.

• 2003 was a record year for **Telenet**. Despite an extremely demanding and competitive market, the cable company experienced significant growth in numbers of customers both for broadband Internet (+39 percent) and telephony (+16 percent). Telenet also managed to attract new customers in a de facto saturated cable TV market. In addition to this internal expansion, the company also experienced major external growth. Firstly, there was the takeover of Codenet which supplies specialist data and speech services to companies and government services. In addition, Telenet took over the Flemish activities of the pay-TV channel Canal+. This strong operational performance was also translated in an improvement of the financial results, with the company being free cash-flow positive since mid 2003. Telenet also established another milestone in its history at the end of 2003 with a very successful restructuring of its debts with the placement of a EUR 500 million 10-year bond and a EUR 320 million zero coupon bond. Telenet thereupon repaid a shareholder loan of EUR 15 million received from GIMV. Moreover, Telenet's shareholder base was simplified, increasing future possibilities.

8.4 I 7. Overview of the global GIMV ICT portfolio

Name	Website	Country	Activity	Entry
LMS International	www.lmsintl.com	Belgium	Hard and software for computer testing and virtual prototypes	1991
Option	www.option.com	Belgium	Mobile data solutions	1994
Ecophos	www.ecophos.com	Belgium	R&D company in the phosphate industry	1996
Keyware	www.keyware.com	Belgium	Smartcard applications	1996
Scia	www.scia-online.be	Belgium	CAD/CAE/CAM software for the construction industry	1996
Telenet	www.telenet.be	Belgium	Broadband cable operator	1996
Coware	www.coware.com	United States	Chip design software (EDA)	1997
Emme Interactive	www.emme.com	France	CD-ROM publisher	1997
Voxtron	www.voxtron.com	Belgium	Computer, telephone, web and speech technology integration	1997
Business Architects	www.baiworld.be	Belgium	Financial services software	1998
Inside Contactless	www.insidefr.com	France	Smartcard design	1998
Capco	www.capco.com	Belgium	E-solutions for financial services	1999
Captor	www.captorgroup.com	Belgium	Data collection and time registration systems	1999
CR2	www.cr2.com	Ireland	Financial channel management software	2000
Indigo	www.indigosw.com	United States	Business communication software solutions based on SIP	2000
L&C	www.landc.be	Belgium	NLP-based software solutions	2000
LibertyTV.com	www.libertytv.com	Luxembourg	B2C, B2B travel website	2000
Maximiles	www.maximiles.com	France	Online loyalty programmes	2000
Metris	www.metris.be	Belgium	Quality control and reverse engineering software and hardware	2000
Telos Technology	www.telostechnology.com	United States	Mobile softswitch	2000
Interwise	www.interwise.com	United States	Enterprise communication platform via the internet	2001
Intuwave	www.intuwave.com	United Kingdom	Mobile middleware platform	2001
ORMvision	www.ormvision.com	Belgium	Software solutions for Business Process Translation and acceleration (OSS / BSS)	2001
Cril Telecom Software	www.criltelecom.com	France	Network planning, implementation and optimisation software	2002
Tinubu Square	www.tinubusquare.com	France	Automated credit management solutions	2002
IP Global Care	www.ipglobalnet.com	Belgium	Call centre services	2002
Proficient	www.proficient.com	United States	Online agent-assisted software solutions	2002
Elixent	www.elixent.com	United Kingdom	Semicon IP and solutions for the system-on-chip industry	2003



life sciences 8.5

Karl-Peter Schlichting, CEO CropDesign (left) and Patrick Van Beneden, Vice-President GIMV Life Sciences.

“GIMV’s biotech expertise raises our cooperation onto a higher level.” - Karl-Peter Schlichting.

gimv
Life Sciences

8.5 I 1. Introduction

The life sciences sector went through further consolidation in 2003 with a series of mergers and acquisitions. The most conspicuous transactions included the takeover of SangStat Medical by Genzyme, the British company PowderJect Pharmaceuticals by Chiron and in particular the merger between Biogen and Idec, two of the larger players in the biotechnology sector.

According to BioWorld Financial Watch some USD 16.4 billion was invested in biotechnology firms last year or slightly over a third more than in 2002, when global financing transactions generated USD 10 billion. Financing of private companies remained on almost the same level as in 2002 at approximately USD 3.3 billion.

This means that we can ascribe the rise in investments over 2003 almost fully to transactions among companies already listed on the stock market. In contrast to 2002 a limited number of initial public offerings (IPOs) were arranged in 2003, but the window for IPOs remains for the time being limited to the United States, and to a select group of biotech companies with late-stage clinical pipelines.

Although the biotech indexes for listed companies rose sharply over 2003 (more than 40 percent), the private market remained subdued due to serious price pressure and continuing low valuations for both European and American companies.

However, we can assume that if the stock market recovery continues in 2004, this will gradually lead to a rise in the valuations of private companies.

The fundamental prospects for the biotechnology sector nonetheless remain very promising:

• pharmaceutical companies remain substantially dependent on biotech companies for filling their product pipelines,

• the ageing population is expanding the potential market for new treatments,

• the continuous need for more effective drugs with fewer side-effects.

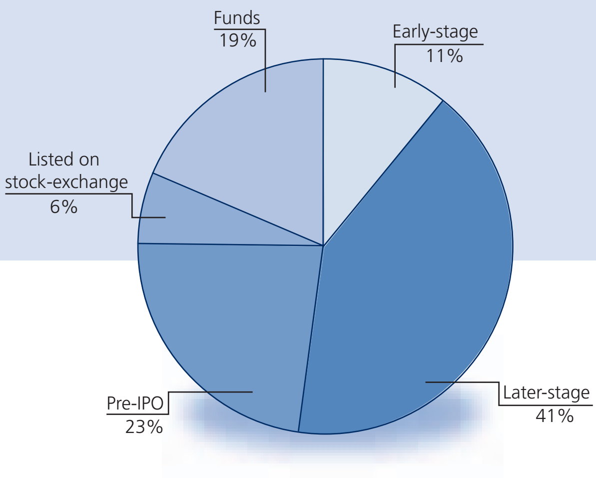
In principle investments in biotech companies are possible in all stages of development, ranging from seed money and early stage financing to growth capital and even in listed companies (e.g. Private Investments in Public Equity, also known as PIPEs).

Given the current climate in the financial markets, where later-stage transactions are being financed at conditions usually more typical of younger firms, the main focus of attention is right now on investment opportunities with a more mature profile. Such companies often not only enjoy attractive valuations, but also demonstrate a lower risk profile, meaning that a potential exit can be achieved within a reasonable time-frame. However, this does not detract from GIMV Life Sciences' long-term policy of jointly starting up and financing young and highly promising entities.

GIMV Life Sciences' portfolio is relatively young, with a substantial number of shareholdings dating from only 2000 and later. Nonetheless, many investments have already moved into a later phase of the corporate cycle with a number of possible IPO candidates and a limited number of already-listed companies.

Current stage of development of the Life Sciences portfolio

(based on net asset value at 31/12/2003)



8.5 I 2. Investment strategy

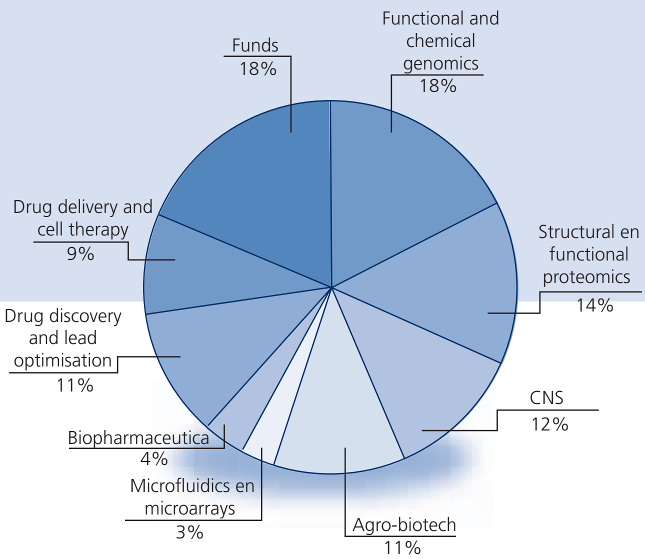
GIMV Life Sciences concentrates on innovative biotechnology companies that develop new products with high added value for growth markets. It does so based on a long-term vision. This is important because the biotech sector is highly cyclical and the period between investment and potential exit can often be quite long, unpredictable and capital intensive.

At management level the business unit strives to pursue a proactive hands-with approach: together with management and co-investors the GIMV Life Sciences team contributes to creating value within the company in order to maximise the return on investment.

GIMV Life Sciences aims to have a diversified portfolio. The shareholdings cover a broad range of activities with investments in companies developing drugs for the central nervous system (CNS), cancer treatment, antiviral drugs, etc. But the field of attention also includes agrobiotechnology and advanced technologies for the development of new products.

Life Sciences portfolio according to technology

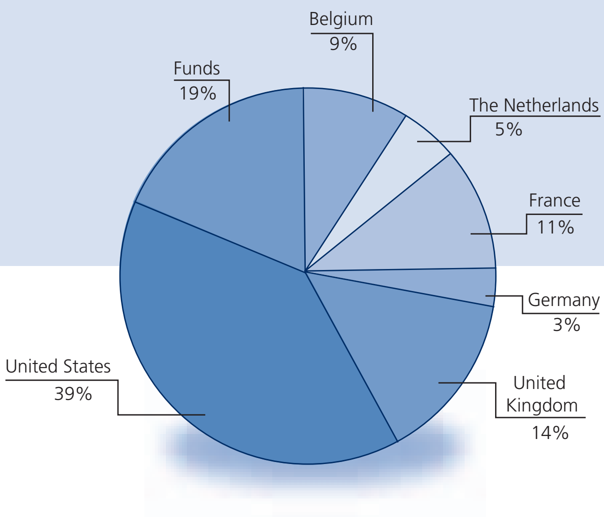
(based on net asset value at 31/12/2003)



GIMV has also opted for a geographically balanced portfolio with an approximately even distribution of the number of investments between Europe and the United States.

Geographic distribution of the Life Sciences portfolio

(based on net asset value at 31/12/2003)



Various shareholdings attained major commercial, scientific and financial objectives in 2003:

• **Ambit Biosciences** started technological pilot projects with GlaxoSmithKline (GSK), among others;

• **ArQule** took over Cyclis Pharmaceuticals, an American company with a focus on oncology and initiated clinical studies for its key product. The company also received additional capital from Pfizer under a cooperation agreement signed in December 2001;

• **Astex Technology** acquired the German company metaGen Pharmaceuticals and concluded cooperation agreements with AstraZeneca and Schering, among others;

• **Devgen** signed a research contract with Sumitomo and Pioneer, and the existing cooperation contract with FMC Corporation was extended;

• **Diatos** entered into a licence agreement to develop and market a substance originating from Medarex;

• **Exelixis** extended and expanded the existing cooperation agreement with Bristol-Myers Squibb (worth approximately USD 100 million), and submitted an application for phase 3 clinical studies of its key anti-cancer drug to the American Food & Drug Administration (FDA). The company also raised USD 75 million in new funds via a public capital increase;

• **Innate Pharma** entered into a cooperation contract with Novo Nordisk;

• **Isotis** successively merged with the Swiss firm Modex Therapeutics and the Canadian company GenSci OrthoBiologics;

• **Memory Pharmaceuticals** expanded its strategic alliance with Roche (potential value of USD 150 million). At the end of December the company filed for IPO with the American Securities and Exchange Commission (SEC);

• **Neurogenetics** signed a licence agreement with Eli Lilly for a pain reliever in the clinical phase,

• **Pamgene** sold additional rights to Olympus Optical to market its technology;

• **Plexxikon** entered into research agreements with Genentech and Phenomix Corporation;

• The takeover of **Triangle Pharmaceuticals** by the American firm Gilead Sciences was completed during 2003.

8.5 I 3. Focus on follow-on investments

In 2003 the business unit received almost 240 investment proposals, which is lower than in 2002 (350), but matches the level of 2001. GIMV Life Sciences' deal flow continues to have a strongly international character. Approximately half of the proposals came from Europe (of which only a dozen from Benelux), the remainder principally from the United States.

These investment opportunities cover a wide spectrum of technologies, ranging from drug development, agro-biotechnology and medical devices to diagnostics, healthcare management and specialist services.

One new participation, Xanthus Life Sciences, was added to the portfolio in 2003.

• **Xanthus Life Sciences** (Cambridge, US) is dedicated to developing new drugs for personalised treatment of cancer. Functional tests that measure the differences between patients are used to ensure that each patient receives the correct dosage, thereby maximising the therapeutic effect of a treatment whilst minimising the risk of harmful side-effects. Xanthus Life Sciences is currently testing various drugs on patients with breast, prostate and other cancers. At the end of 2003 GIMV participated in a total financing round of USD 30.8 million. The other investors are Oxford Bioscience Partners, Caisse de Dépôt Capital, Hambrecht & Quist Capital Management, Genechem, CDIB, Yasuda, HealthCare Ventures, Still River Fund and Kestrel Management.

In addition, GIMV Life Sciences allocated EUR 11 million to follow-on investments in 11 existing shareholdings: Ambit Biosciences, Arrow Therapeutics, Astex Technology, CareX, Diatos, Genicon Sciences, Hypnion, Nereus Pharmaceuticals, Neurogenetics, Neurotech and Pamgene.

No new commitments were made in 2003 to specialist venture capital funds. However, a further EUR 6.9 million were paid in under existing obligations to funds managed by Oxford Bioscience Partners, Sofinnova, Abingworth and Forward Ventures.

Approximately 60 percent of the invested amount went to European companies and the remaining 40 percent to American firms. Continuing the policy of previous years, one half of the transactions were geographically located in Western Europe (3 in France, 2 in the United Kingdom, 1 in the Netherlands) and the other half in the United States (4 on the American west coast and 2 on the east coast).

8.5 | 4. A limited number of exits from the existing portfolio

No IPOs were possible in 2003 due to the continuing slump in the stock market. A portion of the listed portfolio was cut back through partial exits at Aclara BioSciences, ArQule and Exelixis. The cash takeover of Triangle Pharmaceuticals by Gilead Sciences, announced at the end of 2002, was completed at the beginning of 2003.

The entire shareholding in Isotis was also sold on the stock market with a limited capital gain. The participation in Genicon Sciences was transferred to two other biotech companies for a symbolic amount.

Write-downs worth EUR 15.7 million were also recorded on the existing portfolio in 2003, due to lower valuations at the occasion of new financing rounds and the influence of the dollar depreciation on the valuation of American shareholdings.

In contrast EUR 5.6 million in earlier write-downs were written back.

8.5 | 5. Outlook for 2004

Although expectations are generally positive for both a continued improvement of the stock market climate and potential IPOs of biotech companies, an amount of crystal-ball gazing remains. External factors (the development of the economic situation, international tensions, terrorist threats, etc.) abound can influence this process negatively.

In the case of favourable market circumstances the remaining listed companies in the GIMV Life Sciences portfolio may well be sold in the course of 2004. As regards other exits, the possibility of takeovers by other biotech or pharmaceutical companies is being considered and IPOs are also possible if the stock market develops favourably.

In terms of investments we expect that follow-on investments in existing participations will continue to make up the bulk of GIMV Life Sciences' total budget. As regards new investments the emphasis may be on somewhat more mature companies in the sector.

8.5 | 6. GIMV Life Sciences' ten largest unlisted shareholdings

At the end of 2003 the total net asset value of the ten largest unlisted shareholdings amounted to EUR 80.3 million or 63 percent of the total value of all GIMV Life Sciences' shareholdings. These shareholdings are:

• **Arrow Therapeutics** focuses on developing new anti-infection therapeutics. The most important antiviral projects are directed against Hepatitis C and the Respiratory Syncytial Virus. Phase 1 clinical studies were recently launched for the latest project. The company also specialises in creating antibiotics based on new biochemical mechanisms. By using novel targets, which are totally different from the targets against which existing therapeutics operate, Arrow is attempting to avert the growing danger of resistance. Arrow Therapeutics also cooperates with the Japanese company Toyama Chemicals to develop new anti-fungal products.

GIMV participated in the latest GBP 22 million investment round led by Atlas Venture. This was one of the largest financing rounds arranged by a biotech firm in the United Kingdom. The other investors include NIF Ventures, ITX, Scottish Widows, Alta Partners, TVM, 3i, Northern Venture Managers and Unibo.

• **Astex Technology** is a structure-based drug discovery company which uses high-throughput X-ray crystallography to identify new drug candidates.

Astex has so far signed cooperation contracts with Mitsubishi, Boehringer Ingelheim, Fujisawa, Schering, AstraZeneca and Aventis.

The take-over of metaGen Pharmaceuticals, a German-based oncology specialist, was announced at the end of 2003. Following on this the existing shareholders were investing GBP 8 million.

• **Avalon Pharmaceuticals,** which was set up at the end of 1999 with seed money from OBP and GIMV among others, unravels genetic pathways which play a role in the emergence and development of cancer. In 2001, the company completed a second financing round of USD 70 million, one of the largest private transactions in the biotech sector in that year. Last year Avalon made substantial progress in projects related to breast cancer and intestinal cancer and an initial cooperation contract was concluded with Aventis.

The other investors include OBP, Forward Ventures, EuclidSR Partners, CDP, Hambrecht & Quist, MDS Capital, AIG and the Royal Bank of Canada.

• **Ceres** was set up by Walter De Logi (ex-Plant Genetic Systems), Bob Goldberg (University of California) and Oxford Bioscience Partners. Ceres applies a total genomic approach and has submitted patents for more than 100 000 plant sequences. With its extensive patent portfolio, the company can develop new agronomic characteristics for different varieties. Ceres has already raised a total of more than USD 100 million from various investors. In addition to GIMV these include Oxford Bioscience Partners, Artal-Invus, Hambrecht & Quist, Soros, Oppenheimer and KBC Investco. In April 2002 Ceres signed the largest ever cooperation agreement in agrobiotechnology with Monsanto. This USD 137 million deal, spread over 5 years, also provides for substantial royalties on products developed.

• **Devgen** uses the C. elegans worm as a model organism to carry out functional genome research. The company currently has cooperation agreements with FMC Corporation, Sumitomo and Pioneer in the agro-biotechnology domain. Internal research and development is oriented towards new therapies for metabolic and cardiovascular diseases with human beings and nematode and insect resistance in plants.

Up to now Devgen has raised approximately EUR 37 million in resources from external investors and has generated approximately EUR 30 million in income. At the end of last year the company received major additional funding from the IWT (an institute that promotes scientific and technological innovation in Flanders) for its research programmes with regard to the action mechanism in drugs.

• **Diatos** is developing a peptide technology for the intracellular and intranuclear supply of therapeutic agents and a tumour-selective prodrug technology to treat cancer. The main product, DTS-201, a doxorubicin prodrug is currently in the late stage of preclinical development. Diatos was set up in 1999 as a spin-off from the Pasteur Institute in Paris. Diatos raised EUR 13 million in new capital in 2003.

• **Innate Pharma** in Marseilles is developing a new generation of immunomodulatory molecules to treat cancer. In 2003 Innate Pharma took its second product into a phase 1 clinical study and entered into a cooperation agreement with Novo Nordisk to develop antibodies to treat specific cancer disorders. Innate Pharma has obtained a total of EUR 24.5 million from an international syndicate of investors including GIMV, Sofinnova Partners, Alta Partners, Gilde and Axa Private Equity.

• **Inpharmatica** focuses on the in-silico specification of the structure and function of proteins. In 2001 the company raised Series B financing of GBP 32 million led by Dresdner Kleinwort Wasserstein with Abingworth, Gilde Investments, Genentech and the existing investors GIMV, 3i and Unibio. Inpharmatica had already entered into agreements with Genentech, Celera, Daiichi Pharmaceuticals in the past and recently also with Galapagos Genomics, Riken and UCB Pharma. In 2003 the licensing agreement with Pfizer was extended and the cooperation with Serono was expanded. Inpharmatica also took over the European ADME-Tox activities of ArQule and entered into agreements on this technology with Ionix Pharmaceuticals and British Biotech during 2003.

• **Nereus Pharmaceuticals** focuses on developing new drugs based on oceanic micro-organisms. The ocean, the largest source of microbial biodiversity, gives Nereus Pharmaceuticals a major competitive advantage in the discovery of new chemical structures. Nereus Pharmaceuticals selects these for the treatment of infections, cancer and inflammatory ailments. In an additional financing round in 2003 Nereus Pharmaceuticals obtained USD 6.0 million from the existing syndicate including GIMV, Alta Partners, Forward Ventures and Pacific Venture Group.

• **Neurogenetics** develops new drugs against neurodegenerative diseases, with Alzheimer's disease forming the main focus. The company has obtained exclusive rights to the research results of Dr. Tanzi at the Massachusetts General Hospital. The co-operation agreement with the Japanese pharmaceutical company Eisai was extended and expanded in 2002. In 2003 Neurogenetics signed a licensing agreement with Eli Lilly for the use of a candidate substance against certain forms of pain. This substance has already completed phases 1 and 2 of the clinical tests for specific applications.

The investment syndicate is made up of Advent International, GIMV, Alta Partners, SR One, Novartis Fund and Eisai.

8.5 I 7. Overview of the global GIMV Life Sciences portfolio

Name	Website	Country	Activity	Entry
Exelixis	www.exelixis.com	United States	Functional genomics and genetics	1996
Crucell	www.crucell.com	Netherlands	Biopharmaceuticals / antibodies	1996
Devgen	www.devgen.com	Belgium	Functional genomics	1997
Ceres	www.ceresbiotechnology.com	United States	Agrobiotechnology / genomics	1998
Crop Design	www.cropdesign.com	Belgium	Agrobiotechnology / genomics	1998
Memory Pharmaceuticals	www.memorypharma.com	United States	Development of drugs to treat memory dysfunction	1998
Neurotech	www.neurotech.fr	France	Cellular therapeutics	1998
Inpharmatica	www.inpharmatica.co.uk	United Kingdom	Bio-informatics	1999
Aclara Biosciences	www.aclara.com	United States	Microfluidics	1999
X-ceptor	www.x-ceptor.com	United States	Orphan receptor drug screening	1999
Agy Therapeutics	www.agyinc.com	United States	CNS therapeutics	1999
ArQule	www.arqule.com	United States	Drug discovery	1999
Nereus Pharmaceuticals	www.nereuspharm.com	United States	Therapeutics development	2000
Avalon Pharmaceuticals	www.avalonrx.com	United States	Cancer/genomics	2000
Innate Pharma	www.innate-pharma.fr	France	Immuno modulation	2000
Neurogenetics	www.neurogeneticsinc.com	United States	Alzheimer’s	2000
Arrow Therapeutics	www.arrowt.co.uk	United Kingdom	Anti-infection therapeutics	2000
Diatos	www.diatos.com	France	Drug delivery systems	2000
Hypnion	www.hypnion.com	United States	Sleep disorders	2000
Psychiatric Genomics	www.psygenomics.com	United States	Therapeutics for treating mental disorders	2000
Pamgene	www.pamgene.com	Netherlands	Microarrays	2000
Astex Technology	www.astex-technology.com	United Kingdom	Structure-based drug design	2001
Graffinity Pharmaceuticals	www.graffinity.com	Germany	Chemical proteomics	2001
AbLynx	www.ablynx.com	Belgium	Antibody technology	2001
Xantos Biomedicine	www.xantos-bio.be	Germany	Functional genomics	2001
Ambit Biosciences	www.ambitbio.com	United States	Functional proteomics	2002
Carex	www.carex.fr	France	Therapeutics for the treatment of metabolic disorders	2002
Plexxikon	www.plexxikon.com	United States	Structure-driven chemistry	2002
Xanthus Life Sciences	www.xanthus.com	United States	Personalized cancer treatment	2003

Dr. Mark Vaeck, CEO Ablynx (right), Patrick Van Beneden, Vice-President GIMV Life Sciences (middle) and Dr. Frank Bulens, Executive Investment Manager GIMV.

"GIMV is a loyal partner with a long-term commitment, something that is essential in a high risk sector like biotech." - Mark Vaeck.

INVESTMENTS IN VENTURE CAPITAL FUNDS

8.6 I 1. Introduction

The consequences of the bursting of the financial bubble, with a long-drawn-out stock market crash as its most visible phenomenon, can still be felt.

Nor did the private equity markets escape the downward spiral. At present provisional EVCA figures point to a stabilisation of collected funds, although other specialists (including Initiative Europe and Alt Assets) are talking of a fall.

This is explained by:

1) a lack of liquidity among investors (over-allocation due to lower public markets);

2) a weak exit environment (few distributions by existing funds);

3) the general economic and financial uncertainty that characterised the previous year. Moreover, the geopolitical climate cast a shadow over investment decisions in the first half of the year.

In addition to this fall (or perhaps stabilisation), this trend was also expressed in the type of fund which succeeded in gathering money. More than 75 per cent of the money collected was for buy-out funds (with an emphasis on mid-market and country-specific funds), clearly illustrating investors' continuing avoidance of more risky venture capital investments, with IT as the biggest victim.

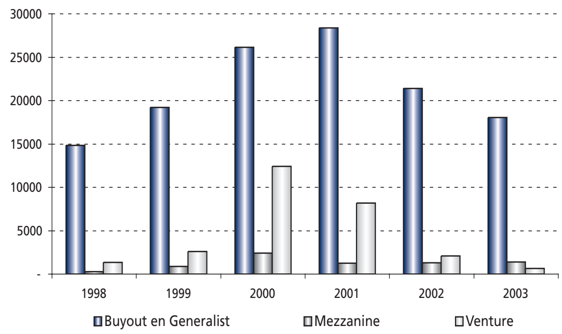
Despite this, 2003 was also a year of records, with Permira succeeding in collecting an astronomical EUR 5.1 billion for its Permira Europe III fund. However, this success conceals the generally difficult climate that most funds had to contend with. Where the custom was previously to hold the first closing on reaching half of the total resources target, we saw many funds holding a first closing when still well off their total objective. Even large and reputed names held first closings far below their capital targets. On top of this, the waning interest of institutional investors had a paralysing effect on teams with fundraising ambitions.

With a lack of exits, investors had to evaluate funds primarily according to their managerial competence and potential future returns, which extended the due diligence process substantially.

However, the revival of the stock exchanges produced a number of attractive IPOs and trade sales, which leads us to suppose that the fundraising climate will be supported by increased distributions. Moreover the higher valuation of public markets again frees up room in institutional portfolios. With many teams set to take their former fundraising plans out of the freezer, the second half of 2004 promises to be very busy. One thing is certain: there will be inadequate capital to meet this collective need. As a result, the average fund will need more time to collect the necessary resources, and the threshold in terms of transparency and external reporting will be set even higher. Teams characterised by stability and a consistent track-record and strategic action will come out ahead.

Funds raised in Europe

(in EUR million – source: Initiative Europe)



The business units not only invest directly in companies, but also in third party funds. Such shareholdings are motivated by the transfer of know-how concerning new financing techniques, the endeavour to undertake co-investments in certain regions or sectors where GIMV is less active, acquiring a better view of the entire market, taking advantage of certain trends or increasing the dealflow. Such cooperation always goes beyond passive shareholding. GIMV plays an active role, allowing its investment managers to take on mandates in fund management teams, and to join funds' investment committees and boards of directors. Occasionally GIMV acquires a portion of the carried interest and/or exclusive co-investment rights.

8.6 I 2. Distributions / capital gains realised

During 2003 a total of EUR 6.8 million in cash was distributed by fifteen different funds. A capital gain of EUR 0.8 million was recorded on this. No share distributions took place in 2003.

8.6 I 3. The ten largest fund investments

At the end of 2003 total commitments to venture capital funds amounted to EUR 327.1 million, with EUR 89.9 million still outstanding. At the end of 2003 the net asset value of the ten largest fund investments was EUR 118.1 million or 84.3 percent of the total net asset value of all GIMV investments in venture capital funds. These partners are Abingworth Bioventures Partners, Buy Out Fund, Charles River Ventures Group, IT Partners, Kazakhstan Fund, Oxford Bioscience Partners, Pan European Food Fund, Sofinnova Partners, Czech Fund and West Private Equity.

• GIMV has committed itself for a total of USD 8.0 million to be invested in two out of the three funds managed by **Abingworth Bioventures Partners.** This company operates from the UK and focuses on investing in biotechnology companies in the United States (50 percent), the United Kingdom (30 percent) and continental Europe (20 percent). The funds invest primarily in start-up and young companies with strong management teams and innovative technology.

• The **Buy Out Fund** is a Belgian fund, set up in 1999. The fund has funding of EUR 37.2 million, of which EUR 12.4 million from GIMV. The fund concentrates mainly on buy-out transactions in the Benelux region.

• GIMV has committed itself until now to six funds operated by the **Charles River Ventures group** for a total of USD 18.2 million. These funds focus primarily on investments in the software and communications sectors on the North American market. Charles River Ventures has already operated since 1970, making it not only one of the oldest but also one of the most successful venture capital providers.

• GIMV has agreed to invest EUR 7.4 million in the Belgian venture capital fund **IT Partners**, which has been set up to take shareholdings in the ICT sector. The fund, with a capital of EUR 66.0 million, was set up in September 1997 at the initiative of the leading research institute Imec and with the support of the management of Euroventures Benelux and GIMV. At present this fund is 100 percent invested.

• The **Kazakhstan Fund** was set up by the EBRD and focuses entirely on companies in the same-named republic of the previous USSR. GIMV has committed EUR 2 million here. The fund is fully invested.

• **Oxford Bioscience Partners (OBP)** provides capital financing and management support for start-up and young companies operating in the biotechnology and health care sector. OBP manages more than USD 800.0 million in funds. GIMV has a total commitment of USD 39.8 million to the three active OBP funds, of which approximately 80 percent is paid up.

• GIMV has committed itself to investing EUR 30.0 million in the **Pan European Food Fund,** set up in 1999 and which concentrates on food companies in continental Europe. The fund applies a so-called “buy and build" strategy of following buy-out transactions with strategies to grow the acquired companies.

• GIMV has committed to invest EUR 12.3 million in two funds of **Sofinnova Partners.** These funds invest in companies active in life sciences and information technology and being in a seed, start-up or early stage phase. Geographically the emphasis is primarily on France and to a lesser extent the rest of Europe and the United States.

• The EUR 20.5 million **Czech Fund** was launched in 2000 by GIMV together with Dresdner Kleinwort Capital and Fortis Private Equity. GIMV acts as lead investor with a 73 percent stake. The fund focuses primarily on shareholdings in larger companies in the Czech Republic and Slovakia. In addition to the main fund there is also a EUR 12.0 million annex fund in which the main fund and the EBRD (European Bank for Reconstruction and Development) each have a 50 percent share. This annex fund places greater emphasis on SMEs.

• With EUR 75.0 million, **West Private Equity** represents GIMV’s largest commitment to a fund. This UK-based EUR 294.2 million fund concentrates on management buy-outs, buy-ins and the growth or refinancing of listed or unlisted companies in a wide variety of sectors. The fund is managed by West Private Equity Ltd., which is established in London, and was approximately 79 percent invested at the end of 2003.

8.6 I 4. Global overview of GIMV's fund investments

Name of the Fund	Year	Currency	Total commitment (in FX 000)	Total* commitment (in EUR 000)	Outstanding commitment on 31/12/2003 (in EUR 000)	Book value on 31/12/2003 (in EUR 000)	Net asset value on 31/12/2003 (in EUR 000)
Corporate Investment							
European Pre Flotation I	1996	Eur	1 524	1 524			
Rabo Black Earth	1996	Eur	300	300			
Industri Capital	1997	Eur	3 500	3 500			
Kazachstan fonds	1997	Eur	2 000	2 000			
Nif Asian Pre-Ipo Fund	1997	Usd	1 500	1 326			
Asia Equity Infra Fund	1998	Usd	7 042	6 776			
Buy out Fund	1999	Eur	12 400	12 400			
Corpeq Urals Fund	1999	Eur	1 000	1 000			
European Food Fund	1999	Eur	30 000	30 000			
RENDEX	1999	Eur	3 099	3 099			
Nova Polonia	2000	Eur	10 450	10 450			
Tsjech Fonds	2000	Eur	15 000	15 000			
West Private Equity	2000	Eur	75 000	75 000			
DKB Emerging Europe L.P.	2001	Usd	5 000	4 589			
European Pre Flotation II	2001	Eur	5 000	5 000			
Halder-Gimv Germany A	2003	Eur	15 000	15 000			
Halder-Gimv Germany B	2003	Eur	15 000	15 000			
Total Corporate Investment				201 965	64 859	91 722	96 810
Life Sciences							
OBP II	1996	Usd	1 000	882			
OBP II Adj.	1996	Usd	6 000	5 561			
Abingworth Bio. II	1997	Usd	3 006	4 193			
Sofinnova Venture III	1998	Eur	2 287	2 287			
OBP III	1999	Usd	3 600	3 800			
OBP III Adjunct	1999	Usd	14 400	14 852			
Forward Ventures 4	2000	Usd	5 000	4 652			
Sofinnova Venture IV	2000	Eur	10 000	10 000			
Abingworth Bio. IIIB	2001	Usd	5 000	4 942			
OBP IV	2001	Usd	12 000	10 575			
OBP II Annex	2002	Usd	2 848	3 079			
Total Life Sciences				64 823	15 922	28 122	29 033
Information & Communication Technology							
Paragon	1991	Usd	1 000	844			
Alta Berkeley V	1996	Eur	2 000	2 000			
IT PARTNERS	1997	Eur	7 442	7 442			
MTV I	1997	Usd	5 000	4 556			
Pacven Walden III	1997	Usd	1 000	828			
Charles River 07	1998	Usd	2 500	2 009			
Galileo II	1998	Eur	2 287	2 287			
Pacven Walden IV	1998	Usd	2 000	1 968			
BAEKELANDFONDS	1999	Eur	826	826			
Charles River 08	1999	Usd	2 000	1 827			
Charles River 09	1999	Usd	3 000	3 008			
AIC	2000	Eur	1 250	1 250			
Alta Berkeley VI	2000	Eur	3 000	3 000			
Charles River 10	2000	Usd	6 000	5 835			
Charles River 11	2000	Usd	3 677	3 370			
CHRYSALEAD	2000	Eur	7 685	7 685			
Galileo III	2000	Eur	3 650	3 650			
MTV III GIMV GP	2000	Usd	5 000	2 543			
Sofinnova Venture V (USA)	2000	Usd	3 500	3 322			
Pacven Walden V	2001	Usd	2 400	1 733			
Galileo II B	2002	Eur	360	360			
Total Information & Communication Technology				60 344	9 208	14 107	14 309
Overall total				327 132	89 988	133 952	140 153

* : amounts already paid are recorded at historical exchange rates, amounts still payable are recorded at the exchange rate on 31/12/2003.

8.7 I Social impact

GIMV's investments in growth and innovative companies have a significant positive impact on employment. In 2003 GIMV once again contributed to the creation of new companies through its investments, both in the high-tech sector, for example spin-offs from university research, and in more traditional sectors. EUR 140 million of the EUR 436.8 million that GIMV invested between 2001 and 2003 was in starters and young companies. Through these investments GIMV is helping to create a basis for future prosperity.

Moreover, the guidelines included in the company's code of ethics are the touchstone for deciding whether or not to participate in a particular company or fund:

• no shareholdings in companies which are essentially involved in weapons production and/or trading;

• no shareholdings in companies involved in prostitution, drugs, human trafficking or any other type of organised crime;

• added value on the social level is an explicit decision-making criterion for whether or not to take a particular shareholding.

HUMAN RESOURCES 9

The GIMV group had seventy-two staff members at the end of 2003, four less than at the end of 2002.

Our staff members have an average age of 38.5 years and have worked on average 8.5 years at GIMV, well over the corresponding figure for the sector as a whole.

In 2003 the company spent an average of EUR 1 646 in training costs per employee. Together employees took over 1 000 hours of training. The Executive Committee has decided to pay even greater attention to targeted additional education and training in the coming year.

Since 2000 investment managers and Executive Committee members have received a substantial portion of their total pay in the form of, on the one hand, a variable discretionary bonus and, on the other, a variable exit bonus based on realised capital gains on the portfolio invested before 2001 (excluding Barco). The total discretionary bonus package is determined in relation to the profit. For investment managers and other executives, the actual amount depends entirely on the outcome of their annual assessment. By contrast, the exit bonuses depend entirely on the capital gains and losses realised during the past year, after having achieved a certain level of return on the portfolio concerned.

In addition to these incentives the earlier stock option plans, the most recent dating from 2000, remain in effect (see 10.1.6 below). The Board of Directors has decided not to issue any new tranches for the time being, but to bring the remuneration structure more in line with practice in the sector in which GIMV operates.

A group insurance scheme has also been subscribed for the benefit of all employees, entitling them jointly to an amount of EUR 16 149 197 on retirement and EUR 20 088 215 in the event of death.

Division of staff members into executives/non-executives and men/women

	Total		Male		Female		Of whom part time	
	2002	2003	2002	2003	2002	2003	2002	2003
Executives	44	40	36	34	7	6	0	2
Non executives	32	32	9	8	24	24	5	8
Total	76	72	45	42	31	30	5	10

Division of staff members into business unit and geographical area

	Belgium	Netherlands	Germany	Total
Corporate Investment	9	6	8	23
Information & Communication Technology	8.5	1	0	9.5
Life Sciences	6.5	0	0	6.5
Other	29	4	0	33
Total	53	11	8	72

Division of staff members into function and geographical area

	Belgium	Netherlands	Germany	Total
Members Executives Committee	6	1	1	8
Executive Investment Managers	6	1	2	9
Senior Investment Managers	5	1	0	6
Investment Managers	2	2	3	7
Financial staff employees	6	1	0	7
Legal staff employees	2	1	0	3
Administrative staff employees	26	4	2	32
Total	53	11	8	72

Ton Niessen, CEO Holonite (right) and Ivo Vincente, Investment Manager GIMV (Halder).

"GIMV is supporting us in the investment-directed expansion of our company." – Ton Niessen.

10.1 I Capital

10.1 I 1. Shareholder base

The capital of the company amounts to EUR 220 million and is represented by 23 176 005 fully paid-up shares without nominal value. All shares are listed on Euronext Brussels, have the same rights and fractional value and are fully paid-up.

16 223 205 or 70 percent of the total number of outstanding shares are held by the Vlaamse Participatiemaatschappij (hereafter also "VPM"). The remaining 30 percent are publicly held.

Based on the information available to the company, an estimated 9 percent of this free float is held by institutional investors and 21 percent by private investors.

10.1 I 2. Relationship with majority shareholder

VPM was founded by the Flemish Government on 4 November 1997 and currently owns 16 223 205 shares in the company or 70 percent of the total number of shares issued.

The Flemish Parliament has authorized the Flemish Government to sell shares of the company provided that VPM retains at least 25 percent plus one share of the company (decree of 13 July 1994 and decision of the Flemish Government of 25 July 2000).

Decisions to appoint or dismiss directors are taken by the company's General Shareholders' Meeting. Should VPM reduce its interest in GIMV, as provided for in the above-mentioned decree, it would still be entitled to present candidates for appointment to the posts of chairman and five other members of the company's board of directors. Should VPM make use of this possibility, this would lead to a disproportionate representation of one shareholder in the company's board of directors (see 10.3.1 and 10.10.1 below).

Otherwise no particular rights are attached to the GIMV shares owned by VPM.

10.1 I 3. Article 524 of the Company Code

Decisions of the board of directors of listed companies that could directly or indirectly benefit the assets of a shareholder who exerts a significant influence on the appointment of directors in this company are subject to a special procedure set out in article 524 (since amended) of the Company Code.

During 2003 there were no situations that could have given rise to the application of said article 524 of the Company Code.

Article 524 of the Company Code has been amended by the law of 2 August 2002. This amended provision is effective only as of 1 January 2004.

10.1 I 4. Important participations

The company did not receive any notification from its shareholders during the past financial year indicating that any shareholder(s) had acquired 3 percent or more of the total outstanding shares.

10.1 I 5. Evolution of capital

The company's capital amounts to EUR 220 000 000 and is represented by 23 176 005 shares.

The following capital increases have taken place since 1995 (converted into EUR):

Date	Capital increase		Issue premium	Total number of shares
	Increase	Total		
31/01/1995	672 262.43	102 756 848.68	1 021 820.48	4 145 201
31/07/1995	12 146 782.71	114 903 631.39	37 436 384.32	4 635 201
27/05/1997 *	103 240 216.26	218 146 301.80	–	23 176 005
05/12/2000 °	1 853 698.20	220 000 000.00	–	23 176 005

(* incorporation of issue premium and stock split (1:5))
(° capital increase and conversion into EUR)

Apart from the aforementioned shares and the warrants mentioned hereafter, the company has not issued any securities that on exercise or conversion could have the effect of increasing the number of shares.

10.1 I 6. Warrant plan

A total number of 277 900 warrants have been issued and allocated to company employees (including Executive Committee members). The warrant plan can be summarised as follows:

Year of issue	1998	1999	2000	2000	Total
Maximum for allocation	43 800	67 000	182 450	-	293 250
Allotted	42 200	55 350	174 650	5 700	277 900
Outstanding on 31.12.2003	36 000	49 550	153 300	5 700	244 550
Exercise price	76.92	62.31	69.00	74.01	-
Exercise possible starting	2000	2003	2004	2004	-
Exercise possible until	2008	2009	2010	2010	-

244 550 of these 277 900 warrants were still outstanding at 31 December 2003, of which 85 550 were exercisable (36 000 at an exercise price of EUR 76.92 and 49 550 at EUR 62.31). No warrants have been exercised yet.

If all warrants were to be exercised, the total number of shares would increase from 23 176 005 to 23 420 555, diluting existing shares by 1.04 percent.

10.1 I 7. Authorised capital

Article 7 of the company's articles of association authorises the board of directors to increase the capital of the company in one or more instalments in a total amount of up to EUR 220 000 000.

The Board of Directors can use this authorisation in the following special circumstances:

- when an unforeseen urgent need for financing arises and market conditions do not lend themselves to a public issue;

- where it appears necessary to allow the company to react quickly to market opportunities, especially with regard to full or partial acquisitions of companies, mergers and/or establishing strategic alliances;

- whenever the costs of convening a General Shareholders' Meeting are disproportionate to the amount of the intended capital increase;

- when, owing to the pressing urgency of the particular situation, a capital increase under the authorised capital procedure appears necessary in the interest of the company;

- when the company wishes to issue shares, warrants, options or other instruments for the employees, directors or advisers of the company or of its associated companies;

- and for all transactions related thereto.

The Board of Directors can exercise this authorisation during five years from the publication of the amendment of the Articles of Association decided by the extraordinary General Shareholders' Meeting of 5 December 2000.

The Board of Directors is furthermore especially authorised to use the aforementioned authorised capital in the event of a public take-over bid on securities issued by the company, under the conditions and within the limits set by articles 605, 606 and 607 of the Company Code. The Board of Directors may exercise this authorisation during three years from the publication of the decision of the extraordinary General Shareholders' Meeting of 30 May 2003, i.e. as from 16 June 2003.

The capital increases resolved pursuant to this authorisation can take place in the form determined by the Board of Directors, such as inter alia by contribution in cash or in kind within the limits set forth by the Company Code, or by conversion of reserves and of issue premiums, with or without issuing new voting or non-voting shares, or by issuing subordinated or unsubordinated convertible bonds or by issuing warrants or bonds to which warrants or other marketable instruments are attached, or of other securities, such as shares under a stock option plan.

These powers may be renewed according to the applicable rules of law.

The Board of Directors can, within the limits and in accordance with the conditions prescribed by the Company Code, limit or suspend the preference rights of shareholders in the interest of the company when a capital increase takes place within the limits of the capital authorised by the present article. Such limitation or suspension can also occur in favour of one or more specific persons, including the members of the Board of Directors, the Executive Committee, the employees and advisers of GIMV NV or its associated companies, or by the issuing of shares under a stock option plan.

If an issue premium is paid on the occasion of a capital increase resolved by the Board of Directors or of the conversion of bonds or of the exercise of warrants or of rights to other securities, this premium shall by law be booked on an unavailable "Issue Premium" account that shall, in the same way as the capital of the company, constitute the guarantee for third parties and which, except for the possibility of its conversion into capital, may be appropriated solely according to the conditions for reduction of the capital set by the Company Code; such issue premium cannot be included in calculating the utilisation of the authorised capital.

The Board of Directors is empowered, with the right of substitution, to align the Articles of Association with the new situation of the capital and the shares after each increase of capital within the limits of the authorised capital.

10.1 I 8. Share buy-back

Article 11 of the Articles of Association allows the company to acquire its own shares with due observance of the legal regulations, after a resolution of a General Shareholders' Meeting adopted in accordance with the regulations concerning quorum and majority.

The Board of Directors is authorised to acquire or dispose of company shares for the account of the latter, when such acquisition or disposal is necessary to prevent the company from suffering serious and imminent damage. This authorisation is granted for a period of three years from the publication in the annexe to the Belgian Official Gazette of the decision of the extraordinary General Shareholders' Meeting of 30 May 2003, i.e. as from 16 June 2003. This authorisation can be extended for three year periods. In 2003 the company did not make any use of the possibility of purchasing its own shares.

10.2 I General Shareholders' Meeting

10.2 I 1. One share, one vote

The capital of GIMV amounts EUR 220 000 000, represented by 23 176 005 shares. Each share entitles its owner to one vote. There are no limitations to this principle, i.e. there are no preference shares, no non-voting shares, no multiple voting rights, no limitations on the exercise of voting rights. In addition, each share is entitled to an equal dividend.

10.2 | 2. Invitations to General Shareholders' Meetings

GIMV seeks to provide its shareholders with full and timely information on the items on the agenda of each General Shareholders' Meeting.

Registered shareholders receive an invitation by post at least fifteen days before the General Shareholders' Meeting. In addition to the agenda with the detailed proposals for resolutions, they receive all the documents that the Company Code requires to be communicated. For an ordinary General Shareholders' Meeting, this includes the annual report, a full copy of the consolidated and non-consolidated financial statements and the joint auditors' reports on the consolidated and non-consolidated financial statements.

The complete agenda of the General Shareholders' Meeting, including the proposals for resolutions, are published at least fifteen days before the General Shareholders' Meeting in the Belgian Official Gazette. Moreover, the same agenda, including the proposals for resolutions, is also published twice in two nationally distributed newspapers. The first publication appears at least 23 calendar days and the second at least 15 calendar days before the General Shareholders' Meeting. These periods are further extended if the registration procedure (10.2.4. below) would be applied. The company also makes every effort to ensure that bearer shareholders who announce that they will be attending the General Shareholders' Meeting receive the same advance information as the registered shareholders.

Finally, the company also places the aforementioned information on its website.

All shareholders are of course given an opportunity to ask questions to directors or auditors who are present at the meeting. Shareholders may also submit written questions to the chairman of the board in advance of the General Shareholders' Meeting.

10.2 | 3. Participation in the General Shareholders' Meeting

Every shareholder is entitled to personally attend the General Shareholders' Meeting, providing that he or she meets all the requirements for entry into the meeting (10.2.4 below).

Shareholders may also be represented by a proxy, who may or may not be a shareholder of the company. In this case the proxy form needs to reach the company at least five calendar days before the General Shareholders' Meeting.

All shareholders who so wish may also vote by correspondence on the items on the agenda. The voting form should indicate the shareholders' full identity, the number of shares in respect of which he or she intends to vote, and how the shareholder wishes to vote on each of the agenda items. Shareholders may clarify and give reasons for their voting intentions. In order to validly count in the voting, the voting form must be sent to the company by registered mail with acknowledgement of receipt no later than five calendar days before the General Shareholders' Meeting.

Model proxy and voting forms are sent out together with the invitation to the registered shareholders and to those bearer shareholders who have indicated in good time their intention to attend the meeting. These forms are also placed on the company's website (www.gimv.com).

10.2 | 4. Conditions for access to the General Shareholders' Meeting

In order to be granted access to the meeting, shareholders must fulfil the conditions mentioned in Articles 29 and 30 of the Articles of Association. These conditions are summarised below.

Registered shareholders must inform the company at least three working days before the General Shareholders' Meeting that they wish to take part in the General Shareholders' Meeting (a draft letter is included with the invitation).

Bearer shareholders are admitted to the meeting only if they have deposited or registered their shares. The notice convening the meeting indicates which of these two formalities needs to be fulfilled.

If the Board of Directors decides that the shares have to be deposited, it will indicate in the convening notice those financial institutions where the shares can be deposited. Shares can of course also be deposited at the company's registered office. Shares have to be deposited no later than the third working day before the General Shareholders' Meeting. Shareholders should present the proof of deposit in order to be admitted to the meeting. For dematerialized shares this proof of deposit takes the form of a certificate issued by a recognised custodian or clearing agent.

The amendment to the Articles of Association of 30 May 2003 allows the Board of Directors to opt for a registration of shares, in addition to or instead of the aforementioned deposit procedure. In this case shareholders who at 24.00 on the registration date hold a certain number of shares of the company may take part in the General Shareholders' Meeting in respect of these shares, even if they have already sold these shares by the time of the General Shareholders' Meeting. Where the Board of Directors opts for the registration procedure, shareholders must register their shares at the company's registered office or at the financial institutions mentioned in the notice convening the meeting, and this between the fifteenth calendar day and the fifth working day before the General Shareholders' Meeting.

The possibility for shareholders to be represented by proxy or to vote by correspondence is set out above (10.2.3. above).

10.3 I Board of Directors

10.3 I 1. Number of directors and composition

In accordance with the company's Articles of Association, the Board of Directors consists of thirteen members. Since the company was introduced onto the stock market in July 1997, VPM has nominated eight of the thirteen directors of the company, including the Chairman of the Board. These eight directors are also directors of VPM.

On 5 September 2003 Urbain Vandeurzen resigned from the Board of Directors. The Board of Directors wishes to express its esteem and gratitude for Mr Vandeurzen's many years of fruitful cooperation.

At the board meeting of 9 September 2003 Dirk Boogmans was co-opted as board member and appointed Managing Director. His directorship will be submitted for ratification at the next General Shareholders' Meeting. If ratified, Dirk Boogmans' term of office will run until 25 May 2006.

In June 2003 Annemie Roppe informed the board that, given the incompatibility of her position as a member of the federal parliament with her office as a board member of GIMV, her position as board member was at the company's disposal. No replacement had been appointed at the end of the 2003.

Following these changes the Board of Directors is composed as follows:

Name	Born	Term expires
Herman Daems (Chairman)*	1946	26 May 2005
Leo Victor (Vice-Chairman)*	1946	26 May 2005
Jacques Laverge (Vice-Chairman)*	1939	26 May 2005
Dirk Boogmans°	1955	27 May 2004
Marina Heyvaert*	1954	26 May 2005
René Mannekens	1940	26 May 2005
Frank Meysman	1952	25 May 2006
Marc Ooms	1951	25 May 2006
Martine Reynaers*	1956	26 May 2005
Annemie Roppe	1946	26 May 2005
Eric Spiessens*	1960	26 May 2005
Marc Stordiau*	1946	26 May 2005
Marc Vanhoey	1940	26 May 2005

* Board members chosen on the nomination of VPM.

° Dirk Boogmans was co-opted by the Board of Directors on 9 September 2003 to replace Urbain Vandeurzen who resigned on 5 September 2003.

With the exception of the Managing Director, all board members are non-executive directors. It is a basic principle that, except for the Chairman, the non-executive directors of the company should not hold directorships within subsidiaries or companies in which GIMV has a shareholding.

The Extraordinary Shareholders' Meeting of 5 December 2000 approved an amendment to article 12 of the Articles of Association concerning the composition of the Board of Directors. Details of this amendment can be found later in this report (10.10.1 below). However, this amendment to the Articles of Association is subject to the condition precedent that at least 30 percent of the shares held in the company by VPM will be sold. The condition precedent has still not been met at the date of this Annual Report.

10.3 | 2. The members of the Board of Directors

Herman Daems was appointed Chairman of the Board of Directors in May 1999. His mandate at GIMV is practically full-time. He was previously a board member of the company from 1993 to July 1995. He is professor of International Management and Strategy at the K.U. Leuven (part-time). He holds directorships on behalf of the company in Barco, CoWare and the European Private Equity & Venture Capital Association (EVCA). Herman Daems is also (but not on behalf of the company) a board member of BIAC, Efico and GITP International.

Dirk Boogmans is the Managing Director of GIMV. He is a member of the Board of Directors of LMS International, CFE, P&V, De Lijn and Voka. He has been a member of the Board of Directors of the company since 9 September 2003.

Leo Victor has been Secretary General of the Department of General Affairs and Finances at the Ministry of the Flemish Community since 1991, and Vice-Chairman of the Board of Directors of the company since its foundation.

Jacques Laverge is a director of various companies. He joined the Board of Directors on 9 December 2002 when he was coopted as a Director and Vice-Chairman to replace Clair Ysebaert.

Marina Heyvaert CEO of IVBO. She has been a member of the Board of Directors since 1999.

René Mannekens is Chairman of the Board of Directors of Nutricia Belgium. He is also a board member of the Stichting Continuïteit Fortis Nederland. He has been a member of the Board of Directors since 1997.

Frank Meysman is former Chairman of the Board of Directors of Sara Lee/DE (Netherlands) and Executive Vice-President and Director of Sara Lee Corporation (United States). He is also a member of the Board of Auditors of VNU and Grontmij. He has been a member of the Board of Directors of the company since 1998.

Marc Ooms joined Petercam as Managing Director in 1988, became Managing Partner of the Petercam Group in 1992 and Chairman of Petercam Nederland in 1999. He is in charge of corporate finance in Belgium and The Netherlands. He is also a member of the board of directors of several public and private companies. He has been a member of the Board of Directors of the company since 1995.

Martine Reynaers is CEO and Managing Director of Reynaers Aluminium nv. Last January she was won the Manager of the Year 2003 Trophy. She has been a member of the Board of Directors since 1999.

Annemie Roppe former Secretary General of the Belgian Association of Investment Funds and Companies (BVICB). She is currently a member of the Belgian Federal Parliament. She is also a director of the European Federation of Investment Funds and Companies (FEFSI), the Limburg Investment Company (LRM), Vlaams Woningfonds (VWF) and Similes. She has been a member of the Board of Directors of the company since 1994.

Eric Spiessens is General Secretary of the Executive Committee of the Arco Group. He has been a member of the Board of Directors of the company since 1999.

Marc Stordiau is CEO and a board member of the DEME Group. He has been a member of the Board of Directors of the company since 1993.

Urbain Vandeurzen is Chairman and CEO of LMS International nv, of which he is one of the founders. He is also a director of several companies and employer organizations, including Vice-Chairman of the Federation of Enterprises in Belgium (FEB) and Vice-Chairman of Voka. He was a member of the Board of Directors of the company from 1996 until his resignation on 5 September 2003. The Board of Directors expresses its esteem and gratitude for the many years of fruitful cooperation with Mr Vandeurzen.

Marc Vanhoey is the former CEO of Degussa in Antwerp and former Chairman of SIREV (now Fedichem Vlaanderen), the employers' federation of the Flemish chemicals industry. He has been a member of the Board of Directors of the company since 1999.

10.3 I 3. Independent directors

In January 1998, the Board of Directors approved various requirements which directors of the company should satisfy before they can be nominated. Directors of the company should meet strict deontological and ethical standards, have a leading social position, appropriate academic and practical training, strategic insight and the capacity to make decisions independently. Further, they must be supportive of the company's objectives and be sufficiently available to actively fulfil their term of office. The above profile serves as an internal guideline for the assessment of potential independent directors.

It is the task of the Nomination Committee (10.4.3. below) to look for worthy candidates who satisfy the above internal profile and the legal requirements and who are prepared to assume the position of independent director. The Nomination Committee has the exclusive right to propose the selected directors to the Board of Directors, which subsequently decides whether to officially propose them at the Shareholders' Meeting.

At present there are four independent directors: Frank Meysman, Marc Vanhoey, René Mannekens and Marc Ooms. Three of them, Frank Meysman, Marc Vanhoey and René Mannekens, fulfil the requirements of article 524, § 4 of the Company Code, as amended by the law of 2 August 2002 and applicable to the financial years beginning after 30 December 2003, for acting as independent directors.

Frank Meysman's term of office runs in principle until 26 May 2006. Marc Vanhoey and René Mannekens' terms of office end in principle on 25 May 2005.

10.3 I 4. Meetings and procedure

The Board may validly deliberate and take decisions only if at least half of its members are present or represented. Where this quota is attained, Board Members who are not present may participate in the deliberations by any means of communication. Decisions are taken by a simple majority of votes cast, with the chairman having the casting vote in case of a tie vote. In practice the Board of Directors operates on a basis of mutual consultation with decisions taken by consensus. In the circumstances permitted by law, the Board of Directors may also apply the written decision-making procedure.

Prior to each meeting Board members receive an agenda for the meeting, along with all relevant documentation for preparing the various agenda items.

The Board of Directors meets in principle each month, except in August. Additional meetings are convened when necessary.

In 2003 the Board met twelve times, seven times during the first half of the year and five times during the second half. Average attendance was 83 percent.

10.3 I 5. Provision of information

The Board of Directors receives the following information according to a fixed schedule:

- monthly: treasury position, balanced score card and decisions taken by the Managing Director and by the Boards of Directors of the various subsidiaries;
- quarterly: limited consolidation and closing;
- half-yearly: interim consolidated results with limited verifications by the auditors;
- yearly: draft budget, discussion of the activities of the various business units and the company auditors' reports.
- ongoing: press releases by the company and its subsidiaries;
- occasionally: reports on the activities of the committees set up within the Board of Directors (10.4. below);
- all matters that exceed the decision making authority of the Managing Director, as well as all strategically important investments.

To enable directors to put questions to management, Executive Committee members attended the Board meetings on a consultative basis. This situation has changed with the ending of the Executive Committee and the appointment of a Managing Director. Since 9 September 2003 the remaining directors can put their questions to the Managing Director and the Chief Financial Officer in order to exercise their mandates in a well-informed manner.

10.3 I 6. Conflicts of interest – article 523 of the Company Code

On 9 September 2003 the Board of Directors appointed Dirk Boogmans as Managing Director (Chief Executive Officer). Establishing the managing director's remuneration gave rise to the application of article 523 of the Company Code.

On this matter the minutes of the Board meeting of 9 September 2003 record that:

"[...]
In the absence of the managing director the Board of Directors decides to set the managing director's remuneration (including his director's fee) as proposed by the Remuneration Committee. The Board of Directors believes that this remuneration is justified given that it is judged to be in conformity with the market practices for this function and also that the cost for the company is not higher than the remuneration costs under his former status of CEO ("directeur-generaal"). The Chairman of the Board of Directors and the Chairman of the Remuneration Committee are mandated to execute this decision."

It was explained here that a severance package has been agreed with the Managing Director, the cost of which is lower than the rights under his former social and legal status of CEO.

One situation also occurred in the course of 2003 which could have represented a potential conflict of interest. In this case, which involved a possible conflict of interest for Mr Marc Stordiau in respect of GIMV's sale of its interest in Deme, the Board of Directors judged that the decision in question related to a transaction that was customary for the company and was being undertaken at usual market conditions and that article 523 of the Company Code therefore did not apply.

10.3 I 7. Directors' remuneration

The remuneration of the members of the Board of Directors is determined by the General Shareholders' Meeting and consists of a total amount to be divided by the Board between its members. This amount also includes any fees associated with the different committee meetings. Except for the Chairman's and the Managing Director's remuneration, the directors' remuneration is divided into a fixed part and a fee for each meeting, which since July 1999 has been set at EUR 619.73 for each meeting. All directors attending Board and Committee meetings are entitled such a fee, except where such a Committee meeting takes place immediately before or after a Board meeting.

In 2003 the company paid its directors a total remuneration of EUR 934 019. This amount comprises EUR 119 165 of total management remuneration for the Managing Director from September to December 2003 inclusive and EUR 718 474 of fixed remuneration and EUR 96 380 of fees for all Board members. Of this total amount, EUR 99 158 was paid to the five independent directors.

The Chairman of the Board and the Managing Director are the only Board members to be included among the beneficiaries of the group insurance scheme which covers all employees of the company (10.7. below). Under this group insurance scheme the Chairman and the Managing Director are together entitled to an amount of EUR 3 466 832 on reaching retirement age and EUR 2 584 637 in the event of death.

With the exception of the Managing Director, board members are not entitled to participate in any company incentive scheme. As a consequence, no board member possesses options on shares of the company nor does any board member participate (with the exception of the Managing Director) in the co-investment structure (10.6. below). The directors' remuneration covers all tasks and mandates exercised on behalf of the company.

Four of the company's directors have declared that they or their family members held GIMV shares as of 31 December 2003 as part of the management of their private assets. At the close of the financial year 2003, the company did not receive a notice that the former situation would have been changed.

10.4 I Committees

According to article 21 of the Articles of Association, the committees act in an advisory capacity for the benefit of the Board of Directors. The articles provide for at least the following three committees: the Audit Committee, the Remuneration Committee and the Nomination Committee. In composing the advisory committees, the Board of Directors ensures that the independent directors are able to provide effective input.

10.4 I 1. Audit Committee

The Audit Committee was set up in April 1994. According to the Articles of Association, its task is to support the company's accounting process and financial reporting. It also ensures there are satisfactory internal controls, and in consultation with the Board of auditors it examines all questions of an accounting nature, including valuations.

The committee meets at least quarterly to review the quarterly accounts, the net asset value and to discuss the draft limited and legal consolidated financial statements. These meetings are attended by the Managing Director and the Chief Financial Officer. The committee also meets annually with the person in charge of the internal audit.

In 2003 the Audit Committee consisted of Leo Victor (Chairman), Herman Daems, Eric Spiessens and Marc Vanhoey.

In 2003 the Audit Committee met seven times. Average attendance was nearly 100 percent.

Along with its more recurrent tasks, the Audit Committee paid special attention last year to the introduction of IAS/IFRS and preparing the choice of internal and external auditors.

IAS/IFRS will have a major impact on the presentation of the GIMV group, not only because of the requirement to extend the scope of consolidation, but also and in particular because of the impact on the valuation of the financial fixed assets.

Major participations controlled by the GIMV group, e.g. buy-outs, will now have to be fully consolidated. Given that this will present a totally distorted view of GIMV, the group will continue to establish two consolidations: the legal consolidation with full consolidation of a number of large buy-outs, and the limited consolidation with participations recorded at their market value, except for those included in the legal consolidation. Given GIMV's role as an investment company, the limited consolidation will reflect the real business situation more closely than the legal consolidation.

A second major concern is valuation. It is particularly important here to have stable and internationally comparable valuation rules. As of today there are major disparities between the EVCA (European Venture Capital Association) rules and the IAS/IFRS rules, as well as those of the BVCA (British Venture Capital Association).

Finally, IAS/IFRS will produce major fluctuations in earnings from one year to the next without corresponding movements of cash flow.

Preparing the choice of external and internal auditor has also been a major subject of attention for the Audit Committee. The Audit Committee has approached both choices from Corporate Governance principles. In principle it has been decided to have one and the same auditor for the entire GIMV group.

The internal audit will be outsourced given GIMV's relatively small size, the necessity of a separation of functions, and the need to avail of outside experience. During the past year particular attention has been paid to formalising the existing internal control procedures.

As well as these special topics, the Audit Committee analyses on an ongoing basis the current legal and tax disputes and the off-balance sheet obligations on the basis of internally and externally prepared reports. No items have been established that are not incorporated into the financial statements and the annual report.

The Audit Committee has ascertained that the Statutory Auditors' management letter does not reveal any changes leading to significant changes of the accounts.

Finally, the Audit Committee wishes to mention that it has not made any findings that could significantly impact the annual report as presented here.

10.4 I 2. Remuneration Committee

The Remuneration Committee was set up in December 1996. Its task is to advise the Board of Directors on the general guidelines and budgetary provision for the company's remuneration policy, with the aim of correctly remunerating the company's employees. The Remuneration Committee must also make sure that the Managing Director and the management of the company are fairly remunerated in relation to their contribution to the operation and the success of the company. Further information on this subject is provided under 10.5.

Until 9 September 2003 the Remuneration Committee consisted of Marc Ooms (Chairman), Herman Daems, Frank Meysman, Martine Reynaers and Annemie Roppe. On 9 September 2003 the Board of Directors decided to replace Annemie Roppe as a member of the Remuneration Committee by Jacques Laverge. Since this change the Remuneration Committee has consisted of: Marc Ooms (Chairman), Herman Daems, Frank Meysman, Martine Reynaers and Jacques Laverge.

In 2003, the Remuneration Committee met six times. Average attendance was 83 percent.

10.4 I 3. Nomination Committee

The Nomination Committee was set up in 1997. Its task is to ensure that, whenever members of the Board are elected, the General Shareholders' Meeting can be presented with a sufficiently broad and balanced list of candidates, in addition to the eight candidates put forward by the majority shareholders. In searching for suitable candidates the committee is guided by the profile approved by the Board of Directors. The Nomination Committee has the exclusive right to present suitable nominees for the position of independent director to the Board of Directors, which in turn decides whether to propose them to the General Shareholders' Meeting.

Until 9 September 2003 the Nomination Committee consisted of Herman Daems (Chairman), Marc Stordiau and Marina Heyvaert. On 9 September 2003 the Board of Directors decided to add the three independent directors René Mannekens, Frank Meysman and Marc Vanhoey to the Nomination Committee. Following this decision, the Nomination Committee consists of three independent and three non-independent directors: Herman Daems, Marc Stordiau, Marina Heyvaert, René Mannekens, Frank Meysman and Marc Vanhoey.

The Nomination Committee met twice in 2003. Average attendance was nearly 100 percent.

10.5 I The operational organisation

10.5 I 1. Day-to-day management

In line with the corporate governance law of 2 August 2002, put into force as from 22 August 2003, and the changes to the Articles of Association approved by the Extraordinary Shareholders' Meeting of 30 May 2003, the Board of Directors has decided to opt for a day-to-day management with a Managing Director. As a consequence, below is reported on two separate periods.

10.5 I 1 I 1. Period from 1 January 2003 to 22 August 2003

From 1 January 2003 to 22 August 2003 day-to-day management of the company was undertaken by the Executive Committee (old style).

Composition of the Executive Committee (old style)

The Executive Committee (old style) consisted of:

Name	Function	Born
Dirk Boogmans	Chairman of the Executive Committee	1955
Dirk Beeusaert	Chief Legal Officer	1964
Alex Brabers	Vice-President ICT	1965
Paul Deiters	Vice-President Corp. Investm. Netherlands	1952
Paul De Ridder	Vice-President Corp. Investm. Germany	1956
Guy Mampaey	Vice-President Corp. Investm. Belgium	1954
Patrick Van Beneden	Vice-President Life Sciences	1962
Marc Vercruysse	Chief Financial Officer	1959

Dirk Boogmans was CEO ("Directeur-Generaal") and Chairman of the Executive Committee since July 2001. On 9 September 2003 he was appointed Managing Director of the company. From 1981 to 1998 he was employed in the Venture Capital department where, from 1990, he held the post of Vice-President Venture Capital and was a member of the Executive Committee. From 1998 to 2001 he was Managing Director of CFE. He is a board member of LMS International. He is also a board member, but not on behalf of the company, of CFE, P&V, De Lijn and Voka. Dirk Boogmans has a degree in Civil Engineering and a Masters in industrial location from the VUB. He also has an MBA from Limburg Economic College.

Dirk Beeusaert entered the company in 1996 and joined the Executive Committee on 20 February 2001. He is a board member of Option. He has a Law degree from the State University of Ghent and also holds a Master's degree in Tax Law and Accounting (Vlerick).

Alex Brabers joined the company in 1990 and is responsible for investments of the ICT business unit. He became a member of the Executive Committee on 20 February 2001. Alex Brabers is a board member of, among others, Telenet, Mobistar, Option and Telos Technology. He has a degree in Economics from the University of Leuven.

Paul Deiters joined the Executive Committee in 2000, and is Vice-President of the Corporate Investment Netherlands business unit. He is a member of the supervisory boards of Essanelle Hair Group AG, Geka-Brush GmbH and Bopack NV. He has a degree in Economics from the Erasmus University of Rotterdam and an MBA from the Interuniversity Management Institute of Delft, The Netherlands.

Paul De Ridder has been a member of the Executive Committee since 20 February 2001 and is responsible for the Corporate Investment Germany business unit. From 1978 to 1991 he worked at Continental Bank, including in Italy and Germany. In 1991 he started building up the Halder office in Frankfurt-am-Main. He is a board member of various investee companies. Paul De Ridder holds a degree in Applied Economics from the University of Antwerp and an MBA from Antwerp Commercial College.

Guy Mampaey joined the Executive Committee in 1994. He is a board member of various companies, such as European Bulk Terminals, Etn. Cappelle Gebrs., DEME and the listed company BMT. Guy Mampaey has a degree in Applied Economics from the University of Antwerp.

Patrick Van Beneden has been active in the company since 1985 and joined the Executive Committee as of 20 February 2001. He is responsible for the Life Sciences business unit. He is a board member of, among other companies, Crucell, DevGen, Crop Design, Psychiatric Genomics, I&I Ghent, Astex Technology, Avalon Pharmaceuticals, Pamgene and Xantos Biomedicine. He is also a member of the advisory committee of Oxford BioScience Partners. Patrick Van Beneden has a degree in Financial Sciences from VLEKHO in Brussels.

Marc Vercruysse is Chief Financial Officer and has been a member of the Executive Committee of the company since 1998. He is a board member of Kinepolis and Barco, as well as various non-quoted companies. He joined the company in 1982 and was successively internal auditor, senior investment manager and head of the structured finance department. Marc Vercruysse has a degree in Applied Economics from the State University of Ghent.

Procedure

The Executive Committee (old style) used to meet weekly. The Chairman of the Board of Directors attended these meetings in an advisory capacity. He also had a right of veto, requiring the matter to be submitted to the Board of Directors. This veto was not exercised in 2003. Decisions of the Executive Committee (old style) were taken by a simple majority of votes, with the chairman having a casting vote.

Authority

The Board of Directors had delegated its power to decide on investments of up to EUR 5 million for initial venture capital investments and up to EUR 7.5 million for initial corporate investments to the Executive Committee (old style). The power to decide on follow-on investments bringing the total invested amounts to EUR 7.5 million and EUR 11.25 million respectively was also been delegated. The difference in limits for venture capital investments and corporate investments reflected the higher average capital investment in corporate investments. Apart from these financial limits, all investments of strategic importance had to be referred to the Board of Directors.

The Executive Committee (old style) in turn had delegated its authority for investment decisions to two Investment Committees, one for venture capital and one for corporate investment, to enable them to take investment decisions in their respective areas. In principle, all investment decisions were made by these investment committees. The members of the investment committees were the same as the members of the Executive Committee (old style). The legal adviser for the proposed project was also present in an advisory capacity. Like the Executive Committee (old style), the Investment Committees met in principle weekly. Decisions within these committees were taken by a simple majority, with the chairman having the casting vote.

The Executive Committee (old style) had also decided to delegate its decision-making authority for investment decisions not exceeding EUR 500 000 per shareholding and for divestments of up to EUR 1 240 000 (where the original investment was less than EUR 500 000) to Decision Committees. Each Decision Committee consisted of the vice-president, the investment managers and the legal expert entrusted with implementing the investment. Decision Committee members were required to seek to form a consensus about the decisions to be taken. If no consensus could be reached, the decision lay with the vice-president of the Business Unit. The Decision Committee would draw up a list of all investment decisions taken and submit this to the Investment Committees for information purposes only.
The Decision Committees met as and when necessary.

Remuneration of the Executive Committee

From 1 January 2003 to end-August 2003 the total compensation cost of the former Executive Committee (including employer contributions to social security and group insurance) amounted to EUR 1 402 399. No variable remuneration was paid out in respect of 2003.

Members of the former Executive Committee have in the past years received 89 350 warrants under the three stock option plans, with the exception of Dirk Boogmans, who does not possess any warrants. Currently 10 600 of these warrants can be exercised at an exercise price of EUR 76.92 per warrant and 16 900 warrants at an exercise price of EUR 62.31. The company has made loans and advances totalling EUR 368 140 to members of the former Executive Committee for paying the taxes due on acquiring these stock options.

Former Executive Committee members together hold 17 694 options on the shares of the various co-investment companies (10.6. below).

Former Executive Committee members are covered by the group insurance subscribed to the benefit of all company employees. Together they are entitled to EUR 6 148 081 on retirement and EUR 5 745 830 in the event of death. No member of the former Executive Committee holds shares in the company.

10.5 I 1 I 2. Period from 9 September 2003 to 31 December 2003

Managing Director

On 9 September 2003 the Board of Directors appointed Dirk Boogmans as Managing Director. The Managing Director is entrusted with the day-to-day management of the company and may solely represent the company within the limits of the day-to-day management.

Within the investment strategy established by the Board of Directors and within the limits of day-to-day management, the Managing Director has the following sole decision-making powers for investments and divestments:

• for investments in the same investee company:

– venture capital investments: up to EUR 5 000 000;
– corporate investments: up to EUR 7 500 000;

• follow-on investments in the same investee company bringing the total invested amount in this investee company to no more than:

– venture capital investments: up to EUR 7 500 000;
– corporate investments: up to EUR 11,250,000;

• for divestments in those investee companies which, under the above-mentioned criteria, fall within his sole decision-making authority.

The Managing Director is also entrusted with the company's human resources policy and preparing and implementing the annual budget.

The Managing Director receives total annual remuneration of EUR 375 000 (director's fee and management remuneration). From his appointment on 9 September 2003 until December 2003 inclusive he received total remuneration of EUR 124 123, consisting of a director's fee of EUR 4 958 and management remuneration of EUR 119 165. He does not hold either options or shares in the company, but does participate in the co-investment structure (10.6. below).

Executive Committee

In carrying out his task the Managing Director is assisted by an Executive Committee (new) consisting of the members of the former Executive Committee (10.5.1.1. above). This Executive Committee (new) has solely an advisory role and no decision-making powers. It meets in principle fortnightly and whenever convened by the Managing Director.

From September to December 2003, the total compensation cost of the members of the Executive Committee (including employer contributions to social security and group insurance) amounted to EUR 580 145.

Executive Committee members have in past years together received 89 350 warrants under the three stock option plans, with the exception of the Managing Director, who does not possess any warrants. Currently 10 600 of these warrants can be exercised at an exercise price of EUR 76.92 per warrant and 16 900 warrants at an exercise price of EUR 62.31. The company has made loans and advances totalling EUR 368 140 to Executive Committee members for paying the taxes due on acquiring these stock options.

Executive Committee members together hold 17 694 options on the shares of the various co-investment companies (10.6. below).

Executive Committee members are covered by the group insurance subscribed to the benefit of all company employees. Together they are entitled to EUR 6 148 081 on retirement and EUR 5 745 830 in the event of death. No Executive Committee member holds shares in the company.

10.6 I The co-investment companies

10.6 I 1. The principle of co-investment rights

To allow the management and all staff to be more directly involved in the investment portfolio, the company decided in 2001 to set up a structure of specially created subsidiaries (10.6.2. below) through which they can participate in around 10 percent of the investments made by the company.

This new structure has important consequences for the manner in which investment decisions are taken within the GIMV group (10.6.3. below).

10.6 I 2. Motivation via the co-investment structure

On 26 November 2001, the company incorporated a co-investment company ("CIC") for each business unit, which co-invests alongside GIMV. These are Adviesbeheer GIMV Life Sciences NV, Adviesbeheer GIMV Information & Communication Technology NV and Adviesbeheer GIMV Corporate Investments Belgium NV.

The CICs advise and co-invest with the company in their respective investment sectors for up to 15 percent of the invested amount and this for all investments made between 1 January 2001 and 31 December 2003. After 31 December 2003 this co-investment principle is extended to 31 December 2007 for follow-on investments in the existing CIC portfolio.

All CIC shares are held (directly or indirectly) by the company. Options are granted to co-investment plan beneficiaries i.e. board members and members of the investment advisory committees of the respective CICs, in respect of (consolidated) two-thirds of the shares of the CICs. In this way co-investment plan beneficiaries are entitled to participate in 10 percent of the financial results of the investment portfolios in question. Such schemes are very common in the private equity sector.

10.6 I 3. Investment decisions within the co-investment structure

Between 1 January 2001 up to 31 December 2003 all investment decisions (including follow-on investments), both on behalf of and for the account of GIMV and on behalf of and for the account of the CICs, were taken as follows:

• decisions on investments in excess of EUR 5 million or EUR 7.5 million (according to sector) or follow-on investments bringing the total investment up to more than EUR 7.5 million and EUR 11.25 million respectively, are taken by the GIMV Board of Directors;

• investments of less than EUR 5 million or EUR 7.5 million (according to sector) or follow-on investments bringing the total investment up to no more than EUR 7.5 million and EUR 11.25 million respectively, are decided by the Boards of Directors of the respective CICs;

• investments up to a total of EUR 500 000 can be made by the investment advisory committees of the respective CICs.

10.6 I 4. Composition of the CICs' management bodies

Between 1 January 2003 and 30 September 2003 the Boards of Directors of the respective CICs consisted of the members of the former Executive Committee (10.5.1.1. above).

On 30 September 2003 the extraordinary General Shareholders' Meetings of the respective CICs amended the composition of the respective Boards of Directors, so that these management bodies are now made up as follows:

• Adviesbeheer GIMV Corporate Investments Belgium NV: (i) GIMV NV (with Dirk Boogmans as its permanent representative), (ii) Dirk Boogmans, (iii) Marc Vercruysse, and (iv) Guy Mampaey;

• Adviesbeheer GIMV Information and Communication Technology NV: (i) GIMV NV (with Dirk Boogmans as its permanent representative), (ii) Dirk Boogmans, (iii) Marc Vercruysse, and (iv) Alex Brabers;

• Adviesbeheer GIMV Life Sciences NV: (i) GIMV NV (with Dirk Boogmans as its permanent representative), (ii) Dirk Boogmans, (iii) Marc Vercruysse, and (iv) Patrick Van Beneden;

The management functions in the CICs are unremunerated.

The composition of the investment advisory committees has been left unchanged. The investment advisory committees are mainly composed of the investment managers of the respective business units.

10.6 I 5. Financial impact of the CICs for GIMV

The financial impact on GIMV of these CICs is mainly dependent on the evolution of the value of the underlying shareholdings. Up to this moment, GIMV has no indication whatsoever that provisions should be set aside for this purpose.

10.7 I Remuneration of management and staff employees

The company offers its managers and staff employees a remuneration package consisting of four elements: a basic salary plus benefits in kind, a discretionary bonus, an exit bonus and the warrant plan. This remuneration structure is in line with international market practices and is aimed at attracting and retaining highly qualified personnel.

The basic salary and benefits are intended to be in line with market standards and are regularly reviewed by the Remuneration Committee, with the help of external consultants.

The basic salary is supplemented by a discretionary bonus system which depends on the company's financial earnings. Any proposal to distribute a discretionary bonus is prepared by the Managing Director (formerly the Executive Committee), and submitted to the Remuneration Committee for its opinion, after which it is presented to the Board of Directors for approval.

In addition to this the company has an exit bonus scheme under which all staff employees who have been with the company since at least April 2001 share in realised capital gains on the portfolio invested before 2001 (excluding Barco). In establishing whether or not an exit bonus can be paid in a given year, account is taken of both capital gains and losses realised during that year on the sale of shareholdings dating from before 2001. An exit bonus can be paid only if realised capital gains represent a certain minimum return. The exit bonus in any one year may not be more than 50 percent of the company's total salary cost for that year. The exit bonus plan ends in 2005.

In the past the company has also issued warrants entitling their holders to subscribe to shares of the company. Further details can be found elsewhere in this annual report (10.1.6. above).

10.8 I Auditing of the company

The company and the majority of its subsidiary companies are audited by a board of mutually independent auditors made up of B.C.V. Ernst & Young Bedrijfsrevisoren, represented by Rosita Van Maele, and C.B.V. Van Passel, Mazars & Guerard Bedrijfsrevisoren, represented by Hugo Van Passel.

Hugo Van Passel has been a member of the Board of auditors ever since the company was founded on 25 February 1980. From 1980 to 1989 he was the company's statutory auditor in his own name. At the May 1989 General Shareholders' Meeting, C.B.V. Van Passel, Mazars & Guerard Bedrijfsrevisoren, represented by Hugo Van Passel, was appointed statutory auditor. B.C.V. Ernst & Young Bedrijfsrevisoren was first appointed statutory auditor of the company by the General Shareholders' Meeting of May 1990.

The General Shareholders' Meeting of 31 May 2001 decided to extend the Board of Auditors' term of office for a period of three years.

For the financial year 2003 the company owes a total of EUR 91 720 to the company's auditors for the statutory audit. Of this amount EUR 45 860 is owed to Ernst & Young Bedrijfsrevisoren and EUR 45 860 to Van Passel, Mazars & Guerard Bedrijfsrevisoren.

The company owes an additional EUR 95 610 for special assignments carried out by the company's auditors during the year. EUR 63 440 is owed to Ernst & Young Bedrijfsrevisoren, primarily for the following assignments: analysis of the performance of the ICT business unit, drafting the EVCA valuation, preparing for the implementation of the new IAS rules, and services relating to the consolidation of the GIMV group. EUR 32 170 relates to special assignments undertaken by Van Passel, Mazars & Guerard Bedrijfsrevisoren, primarily determining the fair value of the GIMV share, services in relation to Halder III and services relating to the contribution of Telenet.

10.9 I Code of Conduct

With a view to maintaining high standards of business ethics, the company has introduced a guidebook for its Board of Directors (July 2001) and for its employees (November 2002). This guidebook contains clauses on confidentiality of information received, misuse of insider information, misuse of company property, conflicts of interest, gifts and legacies and entering into loan agreements. The purpose of this guidebook is two-fold: first, to achieve total transparency of the decision-making process and, second, to give concrete form to a number of legal stipulations concerning the private equity market and extend their field of application. On various points the guidebook is even more stringent than the prevailing legislation, in order to ensure that every individual in the company applies the highest ethical principles of the private equity market.

10.10 I Changes to the Articles of Association

10.10 I 1. Changes to the Articles of Association subject to condition precedent

The Articles of Association were amended on 5 December 2000 in view of the intended second public offering. The amendment was approved by the Extraordinary Shareholders' Meeting subject to the condition precedent of the sale of at least 30 percent of the shares held in the company by VPM. Fulfilment of this condition precedent will result in a change in the Articles of Association governing the composition of the Board of Directors (Article 12), which then will read as follows:

"*The company is governed by a Board of Directors composed of thirteen (13) members who are natural persons. […] The chairman of the Board of Directors is chosen from amongst the directors appointed on the proposal of the Flemish Government, or of a company controlled by the Flemish Government, provided that the company holds more than twenty-five percent (25 percent) of the shares. […] The following provisions apply as of the 2001 General Shareholders' Meeting, or as of any other appointment of one or more directors by the General Shareholders' Meeting:*

a) five (5) directors shall be appointed from candidates put forward by the Flemish Government or by a company controlled by the Flemish Government, provided that this company holds at least 25 percent of the shares.

b) at least three (3) directors shall be appointed as independent directors, chosen from candidates put forward for that purpose by the Board of Directors on the proposal of the Nomination Committee. The Board of Directors shall define requirements that must be met by candidates for the post of independent directors; these *requirements will take into consideration the applicable regulations as well as the generally applicable market conventions.*

c) the remaining directors shall be appointed from among candidates not put forward by the Flemish Government or a company controlled by the Flemish Government. […]"

The above-mentioned condition precedent had not been fulfilled by the close of the 2003 financial year.

10.10 I 2. Changes to the Articles of Association on 30 May 2003

Immediately after the General Shareholders' Meeting of 30 May 2003 an Extraordinary Shareholders' Meeting of the company was held, at which the following changes to the Articles of Association were approved. The purpose of these changes was in essence to bring the company's Articles of Association into line with the provisions of the law of 2 August 2002 (the "corporate governance law"). The changes concern, inter alia,

• the possibility of setting up a "new style" executive committee (alignment with the new Article 524bis of the Company Code);

• the possibility of registering shares with a view to taking part in the General Shareholders' Meeting;

• the obligation to appoint at least three independent directors (application of the new article 524 of the Company Code);

• the possibility for the board of directors to take written decisions in the manner permitted by law.

The Extraordinary Shareholders' Meeting also renewed the authorisation given to the Board of Directors to use the authorised capital in the event of a public take-over bid (10.1.7. above), and also the authorisation to acquire and dispose of its own shares (10.1.8. above).

10.11 I Deminor rating report

Corporate Governance Rating

To the Board of Directors and Shareholders of GIMV:

As appointed by the board, we have performed an assessment of the current Corporate Governance structures and workings of GIMV. The outcome of this analysis is the assignment of a Corporate Governance Rating. The Rating reflects Deminor Rating's opinion of the extent to which GIMV complies with internationally recognised corporate governance principles and practices that serve the long term interests of its shareholders.

The Rating is measured on a scale of DR-10 (best practice) to DR-1 (most questionable practice). GIMV has received a DR Rating of:

DR 7.5
RATING

In addition to the company rating, specific corporate governance scores, are allocated to each of the following categories that contribute to the overall rating. GIMV received the following corporate governance scores measured on a scale of 10 (best practice) to 1 (most questionable practice):

• Rights and Duties of Shareholders	7.5
• Commitment to Shareholder Value	8.0
• Corporate Governance Disclosure	7.5
• Board Structure and Functioning	8.0

Our corporate governance ratings are compiled according to a methodology based on internationally recognised corporate governance standards. It is continuously updated to reflect the latest market expectations in the field of corporate governance.

We conducted our analysis from a standpoint of independence and objectivity. The rating is based on public and non public information data provided by GIMV, as well as "one on one" interviews with Senior Management and Board of Directors representatives. Deminor Rating does not perform an audit in connection with the information received.

This Rating and accompanying analysis are based on current information provided to Deminor Rating as of 1 September 2003. The Rating and accompanying analysis may be changed, suspended or withdrawn as a result of changes in or unavailability of such information.

The Rating & Investor Report may be obtained from GIMV or from www.deminor-rating.com.

While due care has been taken by Deminor Rating in compiling the information, analysis and interviews, it does not assume any liability, express or implied, with respect to the consequences or use of its ratings and analysis. In particular, the Rating and analysis provided on GIMV are not intended to constitute an offer, solicitation or advice to buy, sell or hold any interest in the company.

Jean-Nicolas Caprasse
Partner
Deminor Rating

1 September 2003

Martin De Prycker, CEO Barco (middle), Prof. Herman Daems, Chairman GIMV (right) and Marc Vercruysse, Chief Financial Officer GIMV.

"GIMV's special support was a factor in our being nominated for the 2003 Best Board Award – a nomination shared with GIMV itself." – Martin De Prycker.

11.1 I General share information

The GIMV share has been listed on the continuous market of Euronext Brussels since 26 June 1997 and has been part of the NextPrime segment since 2 January 2002.

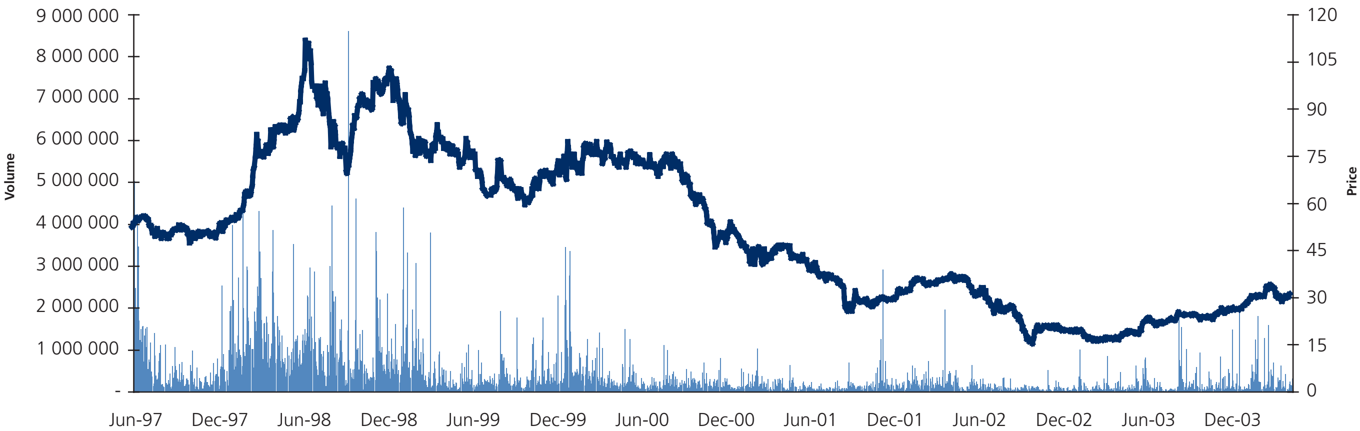
Share code:	GIMB
ISIN code:	BE0003699130
Reuters code:	GIMV.BR
Bloomberg code:	GIMB BB
Number of shares (31/12/2003):	23 176 005
Market capitalisation (31/12/2003):	EUR 613.7 million

11.2 I Share price since IPO

		Share price			Av. daily trading volume		Gross	Net	Gross	Pay-out
Year	31 Dec.	Average	Highest	Lowest	Number	in EUR	dividend	dividend	div. yield*	ratio**
1998	98.41	80.82	111.30	50.45	15 127	1 167 276	1.19	0.89	1.5%	31.3%
1999	71.90	73.55	102.40	59.00	6 451	485 788	1.26	0.95	1.7%	26.4%
2000	48.25	68.82	79.00	45.50	4 978	349 158	1.34	1.00	2.0%	37.9%
2001	31.86	37.68	53.40	25.10	4 509	157 993	1.40	1.05	3.7%	32.4%
2002	18.83	27.91	36.8	14.75	4 985	146 545	0.70	0.53	2.5%	NR
2003	26.48	20.94	26.48	15.65	8 330	177 001	0.74	0.56	3.5%	38.8%

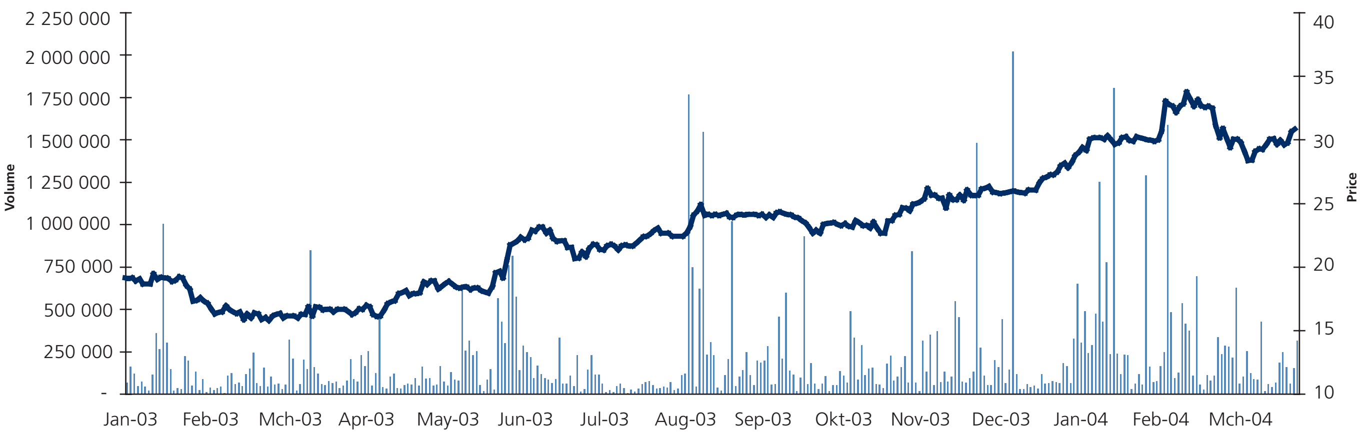
* : gross dividend as percentage of average share price
** : gross dividend as percentage of net result before goodwill (limited consolidation - group's share)

Price and trading volume since IPO (in EUR)



11.3 I Share price in 2003

Price and trading volume since 1/1/2003 (in EUR)

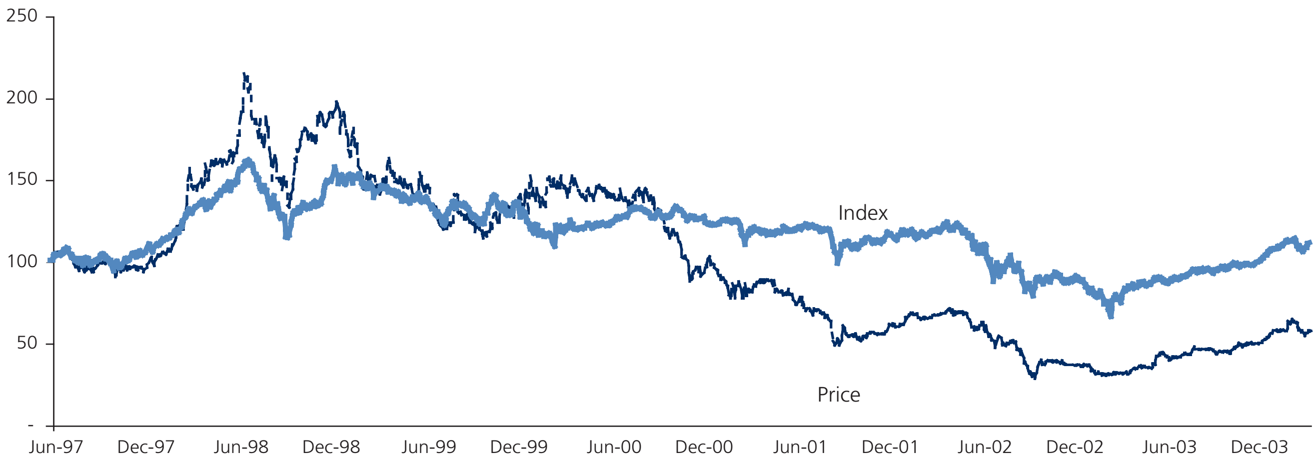


Year	Share price				Volume		
	Last	Average	Highest	Lowest	Total*	Average**	in EUR
Jan-03	17.44	18.60	19.30	17.15	188 164	8 553	3 534 536
Feb-03	16.00	16.24	17.15	15.65	96 157	4 808	1 553 804
Mch-03	16.35	16.28	16.70	15.83	182 741	8 702	2 945 690
Apr-03	17.81	16.96	18.00	15.97	137 353	6 868	2 299 324
May-03	19.37	18.35	19.37	17.80	188 664	8 984	3 461 128
Jun-03	21.40	21.79	23.00	19.00	241 895	11 519	5 097 192
Jul-03	22.72	21.52	22.72	20.51	70 535	3 067	1 514 240
Aug-03	23.79	23.31	24.75	22.26	311 681	14 842	7 374 487
Sep-03	23.00	23.84	24.20	23.00	188 601	8 573	4 485 074
Okt-03	23.52	23.07	23.52	22.50	127 627	5 549	2 941 581
Nov-03	25.11	24.97	26.00	23.89	169 581	8 479	4 224 275
Dec-03	26.48	25.80	26.48	25.45	221 117	10 529	5 704 101
2003	26.48	20.94	26.48	15.65	2 124 116	8 330	45 135 431
Jan-04	17.44	28.66	30.19	26.80	281 451	13 402	8 271 618
Feb-04	33.60	30.90	33.60	29.60	206 852	10 343	6 480 720
Mch-04	29.90	30.46	33.00	28.21	145 192	6 313	4 422 051

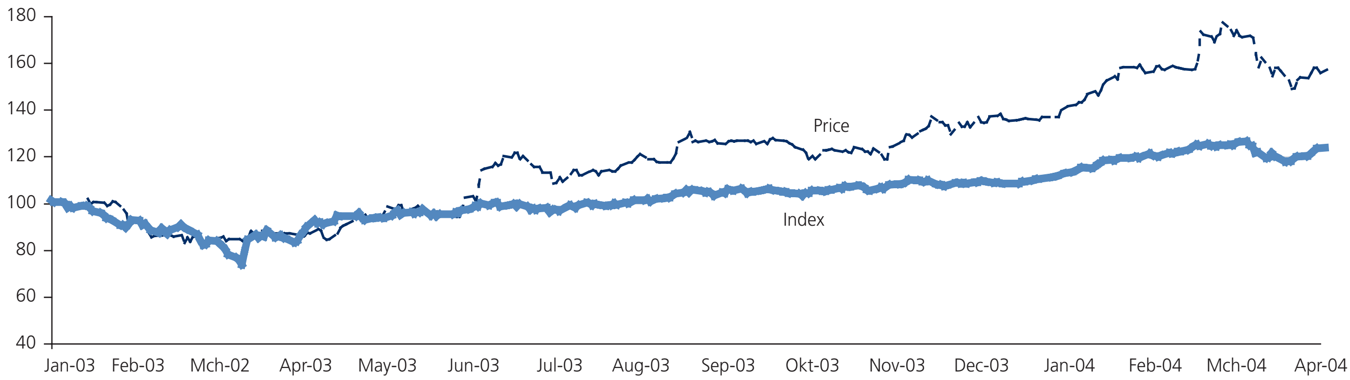
* : total number of shares traded ** : average daily trading volume (number of shares)

11.4 I The GIMV share price in comparison with the BAS index

GIMV vs. Belgian All Shares-index since IPO (rebased)



GIMV vs. Belgian All Shares-index since 1/1/2003 (rebased)



11.5 I Distribution of profit available

In 2003 the company realised a net profit of EUR 258.6 million. This compares with a loss of EUR 268.8 million in 2002. In the absence of any profit carried forward from the previous financial year, the profit available for appropriation is EUR 258.6 million compared with a loss to be appropriated of EUR 16.7 million in 2002.

The Board of Directors proposes the following appropriation:

	2003 in EUR million	2002 in EUR million	2001 in EUR million	2000 in EUR million	1999 in EUR million
Profit for the finan. year available for appr.	258.6	- 268.8	137.5	84.1	121.9
Profit carried forward	-	252.1	147.0	95.8	5.8
Total profit available for appropriation	258.6	- 16.7	284.5	179.9	127.7
Dividends	17.2	16.2	32.4	31.0	29.3
Div. on shares exempt from withholding tax	12.0	11.4	22.7	21.7	20.5
Div. on shares subject to withholding tax	5.1	4.9	9.7	9.3	8.8
Withholding tax to be retained	- 1.3	- 1.2	-2.4	-2.3	-2.2
Net dividends	3.9	3.7	7.3	7.0	6.6
Result to be carried forward	241.4	- 32.9	252.1	148.9	98.4
Withdrawal from reserves	-	32.9	-	0.2	-
Transfer to reserves	-	-	-	2.0	2.6
To be carried forward to the following financial year	241.4	-	252.1	147.0	95.8

11.6 I Dividend policy

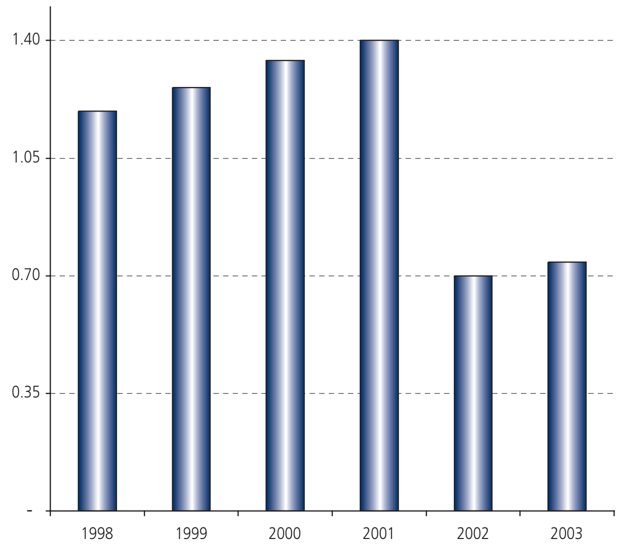
The Board of Directors follows a strategy of proposing to the General Shareholders' Meeting an appropriation of the result such that dividends grow at least in line with inflation, insofar as profit levels permit.

As an investment company, however, GIMV's earnings are determined by realised capital gains and losses and by write-downs. No guarantee can therefore be given that this dividend policy will be continued unchanged in the future.

Last year GIMV set a dividend that can act as the starting point for steady dividend growth in the future. With this in mind the Board of Directors will be proposing to the General Shareholders' Meeting of 27 May 2004 to approve the payment of a gross dividend of EUR 0.74 before deduction of withholding tax. This is an increase of 5.7 percent compared with the previous financial year. After deduction of 25.0 percent withholding tax, the net dividend amounts to EUR 0.555. Last year the gross dividend amounted to EUR 0.70 per share (net EUR 0.525 per share).

The net dividend of EUR 0.555 will be payable from 1 June 2004 against presentation of coupon no. 7 at Bank Degroof, Dexia and Petercam.

Gross dividend per share (in EUR)



11.7 I Shareholder structure

The capital of the company amounts to EUR 220 million and is represented by 23 176 005 fully paid-up shares without nominal value. All shares are listed on Euronext Brussels, have the same rights and fractional value, and are fully paid-up.

16 223 205 or 70 percent of outstanding shares are held by the Vlaamse Participatiemaatschappij (VPM). The remaining 30 percent are distributed amongst the investing public.

Based on information available to the company, an estimated 9 percent of this free float is held by institutional investors and 21 percent by private investors.

11.8 I Financial calendar

General shareholders' meeting in respect of FY 2003:
27 May 2004

Payment date for the 2003 dividend (coupon no. 7):
1 June 2004

Press release – 1H 2004 results:
23 September 2004

General Shareholders' Meeting in respect of FY 2004:
26 May 2005

11.9 I Investor relations

Shareholders and interested investors wishing to obtain copies of the annual report, the annual accounts of GIMV nv or other information about the GIMV group can contact:

Frank De Leenheer

Investor Relations Manager

Phone : +32-(0)3-290 22 18

Fax : +32-(0)3-290 21 05

E-mail : frankdl@gimv.be

On the www.gimv.be, or www.gimv.com website you will find extracts from the annual report, the press releases, the net asset value, the stock price and other information on the GIMV group, in two languages (Dutch and English).

[1]With a view to the future introduction of IAS-IFRS, GIMV will be publishing, in addition to its first half results, information on the impact of IAS-IFRS on the opening balance for the 2004 financial year and on the principal components of its consolidated result.

consolidated accounts 12

Bart Van Coppenolle, CEO Metris (left) and Bart Diels, Executive Investment Manager GIMV.

"GIMV is continuously and intensively involved in our day-to-day activities." – Bart Van Coppenolle.

12. I Limited and statutory consolidated accounts

12.1 I Introduction

As a holding company and in accordance with the Royal Decree of 1 September 1986, GIMV is required to produce consolidated annual accounts and a consolidated annual report. In the course of 2003, the Board of Directors again set the scope of consolidation and the valuation rules to be applied.

In the annual report, GIMV gives priority to a comprehensive analysis and discussion of the limited consolidation. This information is the most relevant for the shareholders as it provides a realistic picture of the composition of the net asset value of the GIMV share.

The statutory consolidation includes the limited consolidation and important associated companies. In the limited consolidation associated companies are included at their acquisition cost less any write-downs that have been recorded.

The statutory unconsolidated and consolidated annual accounts may be obtained on request from GIMV NV, Karel Oomstraat 37, 2018 Antwerp.

You can also consult them on our website (www.gimv.com).

12.2 I Scope of consolidation

The consolidated annual accounts are prepared in accordance with Belgian regulations governing consolidated annual accounts (Royal Decree of 30 January 2001). The consolidation follows the core consolidation method. This means that the consolidation is obtained by carrying out a direct consolidation.

When a company included by the equity method prepares consolidated annual accounts, these consolidated accounts are taken as the starting point in the statutory consolidation, in accordance with art. 156 of the Royal Decree of 30 January 2001.

12.2 I 1. Fully consolidated companies

Par. 1: In compliance with Art. 106 of the Royal Decree of 30 January 2001, the scope of consolidation includes, besides the consolidating parent company, the following GIMV NV subsidiaries incorporated under Belgian or foreign law:

- Adviesbeheer GIMV Corporate Investments NV
- Adviesbeheer GIMV Deal Services NV
- Adviesbeheer GIMV Information & Communication Technology NV
- Adviesbeheer GIMV Life Sciences NV
- Advies & Beheersmaatschappij Fincon BV
- Halder Holdings BV
- Halder Invest BV
- Halder-GIMV Germany Management BV
- Damrak Management BV
- Halder Investments IV BV
- Halder Management BV
- Halder Investments IIA BV
- Halder Investments II BV
- Halder Investments I BV
- Participatie Maatschappij Damrak BV
- Halder V BV
- Amion CV
- Amion BV
- Deutschland Investments (Holdings) IV BV i.l.
- Halder Investments II CV
- Halder Investment I CV
- Halder Investments (PPM) CV
- Halder Invest NV
- Halder Beteiligungsberatung GmbH
- Konrad Hornschuch Beteiligungs GmbH
- Eagle Venture Partners BV
- Gimfin NV
- Gimv Coördination Center NV
- Gimv Czech Ventures BV
- Gimv Nederland BV
- Vim NV

The subsidiary Bake Invest NV was sold in 2003.

Par. 2: In compliance with art. 107, §1 of the Royal Decree of 30 January 2001 the following subsidiaries are not included in the consolidation, given their negligible significance and the fact that their inclusion would not significantly affect the assessment of the consolidated capital, the financial position or the consolidated result.

- Campus Technology Investment Fund NV
- Cargotel NV
- Finimmo
- Gimo-Hold Noorderlaan
- Gimv Czech Partners Management Company BV
- Marco Polo Holding NV
- Next Century
- ORMVision NV
- Three S International
- VEGIM BVBA
- VOGIM BVBA

Par. 3: In compliance with art. 107, §2 of the Royal Decree of 30 January 2001 the following subsidiaries are omitted from the consolidation, given that GIMV is unable to exercise any control over these subsidiaries:

- Oxford Bioresearch ADJ2
- Oxford Biosciences Partners (Adjunct) III LP

Par. 4: In compliance with art. 107 §3 of the Royal Decree of 30 January 2001 the following subsidiaries are not included in the consolidation because of the unreasonable cost or unacceptable delay involved in obtaining the information required for consolidating them.

- Gimv Asia Management PTE LTD
- GIMV / Corpeq Urals Fund BV

Par. 5: NV Seed Capital Fonds Kempen (SCFK) has been placed in liquidation. In compliance with art. 109 of the Royal Decree of 30 January 2001 this subsidiary is omitted from the consolidation and included by the equity method.

12.2 I 2. Companies included by the equity method

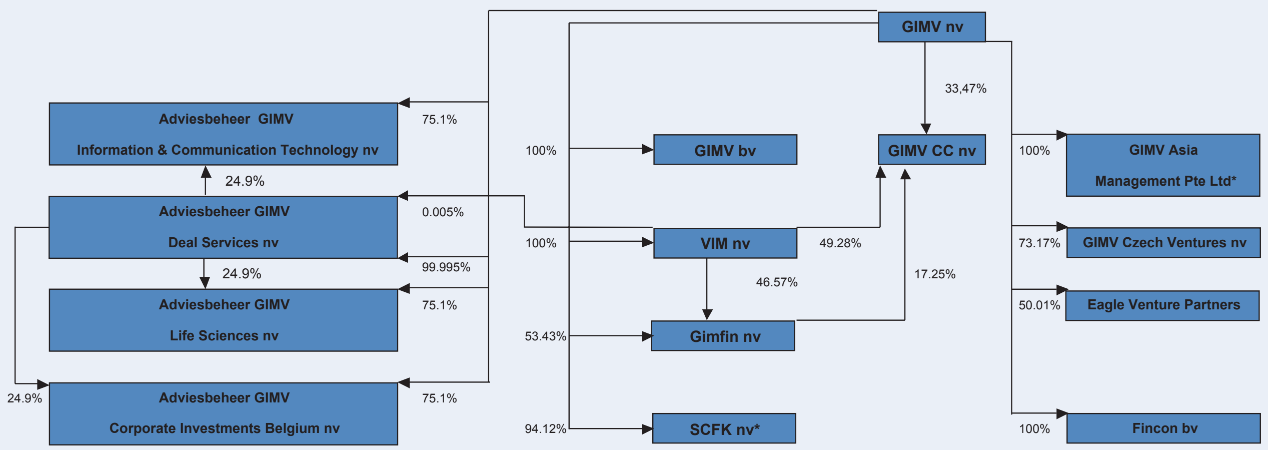
Par. 1: In compliance with art. 108 §2 of the Royal Decree of 30 January 2001, the following subsidiaries are not included in the consolidation, since their activities are so diverse that their inclusion would conflict with the true and fair view of the consolidated annual accounts. In compliance with art 110 of the Royal Decree of 30 January 2001 they are therefore included by the equity method.

- Barco NV
- Gealan Holding GmbH
- Konrad Hornschuch AG

>

Par. 2: A number of companies have not been included by the equity method because the group's share in the equity of these companies represents less than 2 percent of the equity (after distribution of profit) of GIMV (application of art. 157 of the Royal Decree of 30 January 2001). In this context, we refer to the explanations in the annual accounts, which can be obtained from the GIMV head office. You can also consult them on our website (www.gimv.com).

12.3 I Structure



* in liquidation

12.4 I Consolidation principles

Unless otherwise stated, the consolidation principles described below apply to both the limited and statutory consolidated annual accounts.

12.4 I 1. Closing date

The consolidated accounts are closed on 31 December, which is the closing date of the parent company and of the companies included in the consolidation. Companies accounted for by the equity method are included based on the most recently available interim results in those cases where annual accounts as at 31 December are not available within a reasonable period of time.

12.4 I 2. Restatements and eliminations

The accounting principles and valuation methods of most of the companies included in the consolidation correspond with those of the parent company. Where there are differences, the annual accounts of the fully consolidated companies are restated so as to arrive at a uniform valuation.

No adjustments are made for differences in accounting principles for associated companies included by the equity method.

Inter-company balances and the profits and losses on inter-company transactions are eliminated for fully consolidated companies.

12.4 I 3. Conversion of foreign currencies

12.4 I 3 I 1. Conversion of foreign currencies

Monetary assets and liabilities are converted at the end of the financial year at the exchange rate of 31 December.

Conversion differences in respect of cash at bank and in hand are passed through the profit and loss account. For other monetary assets and liabilities, the conversion differences are totalled by currency. Negative conversion differences in a particular currency are posted to the profit and loss account. Positive conversion differences in a particular currency are posted to the profit and loss account.

12.4 I 3 I 2. Foreign subsidiaries

The assets and liabilities of foreign subsidiaries are converted at the exchange rate prevailing on the closing date. The income and expenditures are converted using the average exchange rate for the financial year. The equity is converted at its historical exchange rate.

12.4 I 4. Consolidation methods

12.4 I 4 I 1. Full consolidation

The full consolidation method is used for subsidiaries controlled by the group, either de jure (shareholding of more than 50 percent) or de facto. The consolidated annual accounts include the accounts of GIMV (the parent company) and its subsidiaries, after elimination of all major transactions between them.

Exceptions

NV Seed Capital Fonds Kempen has been placed in liquidation. In accordance with art. 15 and 16 of the Royal Decree of 6 March 1990, these subsidiaries are no longer fully consolidated.

12.4 I 4 I 2. Equity method

Companies whose policy is significantly influenced by GIMV (in which GIMV holds between 20 and 50 percent) are included in the statutory consolidation by the equity method. GIMV's share in their equity, including the results for the financial year, is posted to the balance sheet. The profit or loss of the associated companies is included in the profit and loss account proportionally to the holding percentage.

Exceptions

- An associated company is not accounted for by the equity method if the group's share in its equity at the end of the financial year represents less than 2 percent of the equity of GIMV NV (after distribution of profits) and is thus of negligible significance for the assessment of the consolidated whole.

- In the limited consolidation, associated companies are valued at their acquisition price or lower.

12.4 I 4 I 3. Valuation at acquisition price

In the statutory consolidation, direct or indirect shareholdings over which the consolidating company does not exercise de jure or de facto control and which are not associated companies, are included at their acquisition price.

This also applies to companies that, under the terms of purchase agreements, are held exclusively for subsequent disposal.

Write-downs are applied in case of lasting capital losses or decreases in value resulting from the condition, profitability or prospects of the company concerned.

In the limited consolidation, associated companies are valued at their acquisition price.

Piet Ten Kate, CEO Mondi Foods (left) and Alain Grillaert, Senior Investment Manager GIMV.

"GIMV is a professional partner providing critical advise on the strategy we propose." – Piet Ten Kate.

12.5 I Balance sheet – GIMV group limited consolidation (in EUR 000)

12.5 I 1. Assets

	31/12/2003	31/12/2002	31/12/2001	31/12/2000	31/12/1999
FIXED ASSETS	686 333	747 519	704 075	656 277	570 605
II. Intangible fixed assets	268	501	669	836	632
II. Positive consolidation differences	5 497	9 222	10 111	13 941	-
IV. Tangible fixed assets	5 918	6 528	7 255	7 881	5 516
A. Land and buildings	5 112	5 513	5 945	6 366	1 960
B. Plant, machinery and equipment	86	111	140	177	26
C. Furniture and vehicles	720	905	1 170	1 338	598
F. Assets under constr. and advance paym.	-	-	-	-	2 932
IV. Financial fixed assets	674 649	731 268	686 040	633 619	564 457
A. Companies accounted for by the equity method	1 362	1 199	5 305	1 174	-
1. Shares	1 362	1 199	5 305	1 174	-
B. Other enterprises	673 287	730 069	680 735	632 445	564 457
1. Shares	540 496	582 489	640 735	588 486	509 772
2. Receivables	132 791	147 581	40 000	43 959	54 685
CURRENT ASSETS	66 492	39 932	297 009	269 325	345 101
VI. Amounts receivable after one year	5 800	5 446	27 095	28 865	30 367
B. Other receivables	5 800	5 446	27 095	28 865	30 367
VIII. Amounts receivable within one year	33 213	17 026	71 870	35 956	36 986
A. Trade debtors	1 397	3 249	4 101	5 554	3 643
B. Other receivables	31 816	13 777	67 769	30 402	33 343
IX. Cash investments	17 904	7 804	164 352	188 710	198 155
B. Other investments	17 904	7 804	164 352	188 710	198 155
X. Cash at bank and in hand	8 261	6 438	30 850	13 744	77 112
XI. Deferred charges and accrued income	1 313	3 218	2 842	2 050	2 481
TOTAL ASSETS	752 825	787 451	1 001 084	925 602	915 706

12.5 I 2. Liabilities

	31/12/2003	31/12/2002	31/12/2001	31/12/2000	31/12/1999
EQUITY	625 376	602 044	919 387	855.327	806 326
I. Capital	220 000	220 000	220 000	220 000	218 146
II. Share premium account	1	1	1	1	249
IV. Reserves	405 370	382 041	698 876	634 930	587 625
VI. Translation adjustments	4	2	510	396	306
VII. Government grants	-	-	-	-	-
MINORITY INTERESTS	3 287	1 845	19 775	18 363	43 275
PROVISIONS FOR LIABILITIES AND CHARGES	6 920	10 137	5 194	6 358	7 503
IXA. Provisions for liabilities and charges	5 884	10 137	5 194	6 358	7 503
A1. Pensions and similar obligations	367	290	217	149	-
A2. Taxes	3 524	6 151	464	1 871	3 369
A4. Other liabilities and charges	1 994	3 696	4 513	4 338	4 134
IXB. Deferred and latent taxes	1 036	-	-	-	-
LIABILITIES	117 243	173 425	56 727	45 554	58 602
X. Amounts payable after one year	70 429	26 912	3 286	2 460	388
A. Long-term financial debts	70 429	26 912	3 284	-	388
4. Credit institutions	70 429	26 668	2 415	-	37
5. Other loans	0	242	869	2 458	351
D. Other amounts payable	0	2	2	2	-
XI. Amounts payable within one year	44 235	142 725	52 264	42 805	52 066
A. Current portion of amounts payable after one year	0	-	-	-	37
B. Financial debts	11 500	107 150	2 500	-	15 803
C. Trade debts	700	2 288	1 086	1 668	2 974
1. Suppliers	700	2 288	1 086	1 668	2 974
E. Taxes, payroll and related obligations	9 319	9 839	9 914	7 745	3 460
1. Income taxes, VAT and other taxes	904	1 059	2 458	4 296	2 495
2. Payroll and social security	8 415	8 780	7 456	3 449	965
F. Other amounts payable	22 716	23 449	38 764	33 392	29 792
XII. Accrued charges and deferred income	2 578	3 788	1 177	289	6 148
TOTAL LIABILITIES	752 825	787 451	1 001 084	925 602	915 706

12.6 I Profit and loss account – GIMV group limited consolidation (in EUR 000)

12.6 I 1. Charges

		31/12/2003	31/12/2002	31/12/2001	31/12/2000	31/12/1999
A.	Interest and other debt charges	5 099	5 718	1 699	220	65
B.	Other financial charges	657	851	823	2 449	2 965
Bbis.	Amortisation of positive consolidation differences	3 725	7 942	3 831	1 911	-
C.	Services and other goods	9 319	21 110	10 518	12 141	7 746
D.	Payroll, social security charges and pensions	8 735	13 808	20 211	11 607	5 793
E.	Other operating charges	1 447	3 703	944	2 627	1 999
F.	Depreciation and write-downs on formation expenses, tangible and intangible fixed assets	1 099	1 202	1 391	1 229	596
G.	Write-downs on	82 347	290 018	315 198	54 582	20 542
	1. financial fixed assets	81 422	285 289	229 224	41 948	18 458
	2. current assets	925	4 729	85 974	12 634	2 084
H.	Provisions for liabilities and charges	327	514	211	1 269	87
I.	Losses on disposal of	556	10 076	47 034	2 292	7 156
	1. financial fixed assets	555	9 310	1 582	321	687
	2. current assets	1	765	45 452	1 971	6 469
J.	Extraordinary charges	-	350	1	-	-
K.	Taxes	1 252	5 875	788	1 102	2 760
Kbis	Share in the result of companies accounted for by the equity method – losses	-	-	-	- 31	-
L.	Profit/loss for the financial year	41 140	- 303 417	97 125	81 135	112 924
Lbis.	Minority interests	664	- 2 805	731	1 200	1 979
Lter.	Share of the group in the result	40 476	- 300 612	96 394	79 935	110 945

12.6 I 2. Income

		31/12/2003	31/12/2002	31/12/2001	31/12/2000	31/12/1999
A.	Income from financial fixed assets	31 411	18 617	14 915	17 731	14 677
	1. Dividends	22 083	11 437	11 124	14 184	10 946
	2. Interest	9 328	7 181	3 791	3 547	3 731
B.	Income from current assets	899	7 865	22 379	24 051	17 784
C.	Other financial income	282	1 243	1 152	3 212	2450
D.	Income from services provided	6 590	10 086	5 920	5 505	3 379
E.	Other operating income	636	584	1 802	3 456	574
G.	Write-back of write-downs on	39 519	5 190	14 465	1 514	12 775
	1. financial fixed assets	38 263	4 182	5 818	687	2 560
	2. current assets	1 256	1 008	8 647	827	10 215
H.	Write-back of provisions for liabilities and charges	1 952	-	-	904	248
I.	Capital gains on disposal of	71 292	12 432	435 054	114 687	108 674
	2. financial fixed assets	70 979	10 267	80 203	67 408	66 167
	3. current assets	313	2 165	354 851	47 279	42 507
J.	Extraordinary income	518	138	167	15	60
K.	Adjustment of income taxes and write-back of tax provisions	2 514	1 213	3 182	1 520	2 011
Kbis	Share in the result of companies accounted for by the equity method - profits	88	32	738	-	-

12.7 I Notes on the balance sheet and profit & loss account – limited consolidation (in EUR 000)

12.7 I 1. Balance sheet

12.7 I 1 I 1. Assets

Fixed assets

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Fixed assets	747 519	686 333	-8.2	-61 186
% of balance sheet total	94.9%	91.2%		

Fixed assets decreased by 61 186 or 8.2 percent.

This decrease is explained by a 56 619 reduction in financial fixed assets, 3 725 of amortisation of consolidation differences and 609 of depreciation of tangible fixed assets.
Financial fixed assets decreased by 7.7 percent to 674 649. The financial fixed assets consist of shareholdings and loans granted by GIMV and its subsidiaries. This decrease is the combined result of investments of 67 697 and divestments, write-backs, write-downs and transfers totalling 124 316.

The most significant investments in 2003 were:
- West Private Equity, Holowell (Holonite), Buy Out Fund and Chilled2 for the Corporate Investment activity;
- ORM Vision, Elixent, Proficient and Telos for the Information and Communication Technology activity;
- Xanthus, OBP IV, Astex and Pamgene for the Life Sciences activity.

The main divestments in 2003 were Mobistar, Barco, Capelle, Isotis, Nieuwe Havema (Werf- en Vlasnatie) and Portinvest.

As a percentage of the balance sheet total, financial fixed assets evolved from 94.9 percent in 2002 to 91.2 percent in 2003, making this item clearly the core business of GIMV and its subsidiaries.

Current assets

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Current assets	39 932	66 492	66.5%	26 560
% of balance sheet total	5.1%	8.8%		

Current assets rose by 26 560 or 66.5 percent.

Amounts receivable within one year rose by 16 187 to 33 213.
In 2003 a loan was granted to Mitiska, with a short-term portion of 8 947. At the same time a EUR 2 000 loan was granted to Carestel and the amount receivable at Fincon increased by 1 239 (including costs to be recovered from the Halder GIMV Germany fund).

Cash investments and cash at bank and in hand rose by 11 924 to 26 166.

Equity

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Equity	602 044	625 376	3.9%	23 331
% of balance sheet total	76.5%	83.1%		

Equity increased by 23 331 or 3.9 percent.

Equity rose primarily with the increase in the reserves owing to the consolidated results (40 476) and the declaring of a dividend of 17 150 (payable from 1 June 2004).

Minority interests

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Minority interests	1 845	3 287	78.1%	1 442
% of balance sheet total	0.2%	0.4%		

Minority interests rose by 1 442 or 78.1 percent.

This increase reflects primarily a 863 increase in minority interests in Hornschuch. At the same time the minority interest in Bake Invest (-326 in 2002) disappeared with the sale of this company.

Provisions for liabilities and charges

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Provisions for liabilities and charges	10 137	6 920	-31.7%	-3 217
% of balance sheet total	1.3%	0.9%		

Provisions for liabilities and charges decreased by 3 217 or 31.7 percent.

These provisions are set aside to cover deferred taxes, potential tax liabilities and the possible cost of current or pending court cases. In 2003 write-backs were recorded on the provision for possible tax disputes and on the provision for liabilities and charges.

Liabilities

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Liabilities	173 425	117 243	-32.4%	-56 182
% of balance sheet total	22.0%	15.6%		

Liabilities decreased by 56 182 or 32.4 percent.

This change is explained primarily by:
- An increase in amounts payable after one year from 43 517 to 70 428.

  Amounts payable after one year consist of:
  - a long-term borrowing of 50 000 entered into by the GIMV group in 2003
  - by means of the consolidation the GIMV group incorporates long-term buy out debts of 20 429 (22 259 in 2002)
  - after the sale of Bake Invest, there was no longer any need to consolidate the related long-term debts (4 408 in 2002)

- A decrease of 98 490 in amounts payable within one year to 44 235.

This reduction is due to replacing the commercial paper programme with EUR 50 million of long-term debt and the positive development of the net debt position owing to a bigger volume of divestments than investments.

12.7 I 2. Profit and loss account

12.7 I 2 I 1. Charges

Financial charges

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Financial charges	14 512	9 480	-34.7%	-5 031
% of charges	4.0%	8.3%		

Financial charges fell by 5 031 or 34.7 percent.

This decrease is explained mainly by the 4 217 variation in amortisation of positive consolidation differences. The 2002 figure includes an extraordinary write-down of the consolidation goodwill of Fincon. Interest charges also decreased (-619) in 2003 as a result of the improved cash position.

Operating charges

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Operating charges	38 621	19 501	-49.5%	-19 121
% of charges	10.7%	17.0%		

Operating charges decreased by 19 121 or 49.5 percent.

Services and other goods fell by 11 791.

• The 2003 figure no longer contains the one-off effect occurred in 2002 of the first time consolidation of Eagle Venture BV and GIMV Czech Ventures NV (variation of – 4 063).
• In 2003 the management fees paid to fund managers were no longer included in charges. For the sake of consistency with the other funds, these fees were instead capitalised and amortised.
• In addition a number of major credit notes were received from suppliers in respect of invoices received in 2002.

Payroll, social security charges and pensions fell by 5 073.

This fall is mainly explained by a further one-off charge of 3 587 in 2002.

Other operating charges decreased by 2 257, owing primarily to a 1 284 decrease in non-deductible VAT.

Write-downs

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Write-downs on financial fixed assets	285 289	81 423	-71.5%	-203 866
Write-downs on current assets	4 729	925	-80.4%	-3 804
Write-downs	290 018	82 347	-71.6%	-207 670
% of charges	80.4%	71.9%		

Unrealised write-downs fell by 207 670 or 71.6 percent.

Write-downs on financial fixed assets fell by 203 866 or 71.5 percent. The portfolio of shares and amounts receivable is assessed on the basis of the future return, with write-downs recorded when necessary.

The write-downs can be broken down as follows:

- Listed companies 7 percent
- Funds 30 percent
- Unlisted companies 63 percent.

Write-downs on current assets fell by 3 804 or 80.4 percent.
GIMV records these write-downs on its portfolio of equities and fixed-income securities managed by itself or by other parties on a discretionary basis.

Losses on disposals

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Losses on disposals of financial fixed assets	9 310	555	-94.0%	-8 755
Losses on disposals of current assets	765	1	-99.1%	-765
Losses on disposals	10 076	556	-94.5%	-9 520
% of charges	2.8%	0.5%		

Realised losses on disposals fell by 9 520 or 94.5 percent.

In 2003 losses recorded on disposals of financial fixed assets amounted to 555 compared with 9 310 in 2002 (- 8 755).

Taxes

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Taxes	5 875	1 252	-78.7%	-4 623
% of charges	1.6%	1.1%		

Taxes fell by 4 623 or 78.7 percent.

The GIMV group has always paid low taxes, as most of its sources of income benefit from favourable tax conditions. The main sources of income are capital gains and dividends, which are almost entirely tax-free. The variation is due to the setting aside in 2002 of a provision in an amount of 5 500 to cover possible tax disputes relating to past years' business.
2 200 of this provision was written back in 2003.

Other charges

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Depreciation	1 202	1 099	-8.6%	-104
Provisions for liabilities and charges	514	327	-36.4%	-187
Other charges	1 716	1 426	-16.9%	-290
% of charges	0.5%	1.2%		

Other charges reduced by 290 or 16.9 percent.

Depreciation declined by 104.
The provisions for liabilities and charges are set aside to cover possible costs associated with pending court disputes.

On 25 November 2003 the company was summonsed by Dictaphone Litigation Trust to appear, along with 42 other parties, in front of a federal court in the U.S. state of Massachusetts. Dictaphone Litigation Trust is claiming damages, before statutory trebling, of USD 900 million. The lawsuit filed by Dictaphone Litigation Trust relates to the acquisition of Dictaphone Corporation by Lernout & Hauspie Speech Products (LHSP) in 2000. GIMV emphatically denies all allegations relating to the company and has since taken appropriate steps to put an end to this legal dispute as promptly as possible.

Given that (i) the amount of the fees of the company's legal advisers at this stage of the proceedings is not material and that the company is confident that the proceedings will be brought to an end at an early stage, (ii) a negative judgement on the merits of the case is extremely unlikely and that (iii) even in the unlikely event of a negative judgement the extent of the risk is, in the absence of objective criteria of assessment, totally indefinable at this stage, any valuation of this risk is inevitably insecure and the board of directors has decided for the time being not to set aside any provision for this dispute.

12.7 I 2 I 2. Income

Income from financial fixed assets

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Dividends	11 437	22 083	93.1%	10 647
Interest	7 181	9 328	29.9%	2 147
Income from financial fixed assets	18 617	31 411	68.7%	12 794
% of income	32.4%	20.2%		

Income from financial fixed assets increased by 12 794 or 68.7 percent.

Dividends increased by 10 646, due mainly to:
-a higher dividend from the shareholding in Konrad Hornschuch (6 714 compared with 836 in 2002)
-dividends were also received in 2003 from Accessories International (1 785), Halder Invest III BV (1 219) and FCS (312).

The largest other dividend apart from the aforementioned dividends was from Barco (7 825).

Interest income rose by 2 147, owing mainly to a 2 435 increase in interest from Telenet Group Holding.

Income from current assets

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Income from current assets	7 865	899	-88.6%	-6 966
% of income	13.7%	0.6%		

Income from current assets fell by 6 966 or 88.6 percent.

The 2002 figure still contains interest income of 1 212 from a loan made by GIMV CC to Domus Flandria. This loan was fully repaid on 27 December 2002. The 2002 figure also includes 1 866 of interest received on the Telenet notes; in 2003 these notes were exchanged for an interest-free loan. At the same time there was a permanent net debt in 2003, a situation which did not yet exist in the first half of 2002.

Capital gains

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Capital gains on disposal of financial fixed assets	10 267	70 979	591.3%	60 712
Capital gains on disposal of current assets	2 165	313	-85.5%	-1 851
Capital gains	12 432	71 292	473.5%	58 860
% of income	21.7%	45.8%		

Capital gains rose by 58 860 or 473.5 percent.

The main capital gains on financial fixed assets are:

Mobistar	34 735
Barco	20 111
Capelle	2 951
Isotis	2 436
Nieuwe Havema (Werf- en Vlasnatie)	2 103
Portinvest	2 017

Income from services provided

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Income from services provided	10 086	6 590	-34.7%	-3 496
% of income	17.6%	4.2%		

Income from services provided fell by 3 496 or 34.7 percent.

The extension of the scope of consolidation in 2002 to include Eagle Ventures NV resulted in a one-off 5 079 increase in services provided. In 2003 this fee amounts to just 2 073 (- 3 006).

The main sources of this income are:

- fee from Eagle Venture Partners	2 073
- management fee from Halder IV Funds	2 532

Other income

	31-12-2002	31-12-2003	Change (in %)	Change (in EUR 000)
Other financial income	1 243	282	-77.3%	-961
Other operating income	584	636	9.0%	53
Write-back of write-downs	5 190	39 519	661.5%	34 329
Write-back of provisions	0	1 952	0.0%	1 952
Taxes	1 213	2 514	107.3%	1 302
Extraordinary income	138	518	274.6%	380
Share in result of companies accounted for by the equity method	32	88	172.0%	56
Minority interests	2 805	- 664	-123.7%	-3 469
Other income	11 205	44 845	300.2%	33 640
% of income	19.5%	28.8%		

Other income rose by 33 640 or 300.2 percent.

The main feature here is the 34 329 increase in write-backs of write-downs, reflecting higher valuations owing to improved market conditions.

12.8 I Statement of origin and use of resources (in EUR 000)

	2003	2002	2001	2000	1999
LONG TERM FUNDS					
Sources:					
Group's share of the profit for the financial year	40 476	- 300 612	96 394	79 935	110 945
Depreciation on intangible and tangible fixed assets	1 099	1 187	1 391	1 229	596
Amortisation of positive consolidation differences	3 725	7 942	3 831	1 911	-
Inclusion of FIV/FIT discount in the result	-	-	-	- 5 326	- 1 671
Result of companies accounted for by the equity method	- 88	- 32	- 738	31	-
Changes in write-downs financial fixed assets	43 160	283 564	213 033	41 261	15 899
Non-cash capital gains	- 6 611	- 5 353	- 197 906	-	-
Interest on Bidco notes paid in notes	-	- 2 522	- 16 614	-	-
Write-downs on Bidco notes	-	-	73 848	-	-
Changes in provisions (incl. taxes)	-3 217	4 942	- 1 164	- 1 144	- 1 741
Cash flow	78 544	- 10 884	172 075	117 896	124 028
Direct changes in reserves	3	-	- 2	-	-
Increase in minority interests	1 442	-	1 411	-	14
Increase in translation adjustments	2	-	115	90	191
	79 991	**- 10 884**	**173 599**	**117 985**	**124 233**
Increase in amounts payable after one year	43.517	23 625	827	2 034	-
Decrease in amounts receivable after one year	-	21 649	1 770	1 502	2 182
Decrease in financial fixed assets	20 158	-	-	-	-
TOTAL (I)	**143 666**	**34 390**	**176 196**	**121 522**	**126 415**
Uses:					
Investments in intangible and tangible fixed assets minus disinvestments	256	293	598	3 797	3 915
Increase in first consolidation differences	-	7 053	-	15 852	-
Increase in financial fixed assets	-	183 739	152 045	109 272	129 828
Increase in amounts receivable after one year	354	-	-	-	-
Decrease in translation adjustments	-	508	-	-	-
Decrease in minority interests	-	17 930	-	24 911	-
Decrease in amounts payable after one year	-	-	-	-	152
Dividends paid	17 150	16 223	32 446	31 024	29 300
TOTAL (II)	**17 760**	**225 746**	**185 089**	**184 857**	**163 195**
CHANGE IN NET WORKING CAPITAL (A) (I - II)	125 905	- 191 356	- 8 894	- 63 335	- 36 780

	2003	2002	2001	2000	1999
SHORT TERM FUNDS					
Sources:					
Decrease in amounts receivable within one year	-	54 845	-	1 029	19 987
Decrease in deferred charges and accrued income	1 905	-	-	431	3 567
Increase in non-financial amounts payable within one year	-	-	6 959	6 579	5 626
Increase in accrued charges and deferred income	-	376	887	-	1 342
TOTAL (III)	**1 905**	**57 457**	**7 846**	**8 039**	**10 535**
Uses:					
Increase in amounts receivable within one year	16 187	-	35 914	-	6 549
Increase in deferred charges and accrued income	-	376	792	-	-
Decrease in non-financial amounts payable within one year	2 840	14 189	-	-	-
Decrease in accrued charges and deferred income	1 209	-	-	1 715	-
TOTAL (IV)	**20 236**	**14 565**	**36 707**	**1 715**	**6 549**
CHANGE IN SHORT TERM FINANCING REQUIREMENT (B)(III - IV)	-18 331	42 882	-28 861	6 325	3 986
TOTAL (A + B)	107 574	- 148 464	- 37 754	- 57 010	- 32 795
CHANGE IN CASH INVESTMENTS AND CASH AT BANK AND IN HAND (excluding Bidco notes) (V)	11 924	- 43 814	- 35 254	- 72 813	- 17 135
INCREASE IN FINANCIAL DEBTS PAYABLE WITHIN ONE YEAR (VI)	- 95 650	104 650	2 500	- 15 803	15 660
CHANGE IN CASH ASSETS (V - VI)	107 574	- 148 464	- 37 754	- 57 010	- 32 795

12.9 I Balance sheet – GIMV group statutory consolidation (in EUR 000)

12.9 I 1. Assets

	31/12/2003	31/12/2002	31/12/2001	31/12/2000	31/12/1999
FIXED ASSETS	768 338	812 159	770 246	777 704	634 527
II. Intangible fixed assets	268	501	669	836	632
III. Positive consolidation differences	13 831	18 184	10 111	13 942	-
IV. Tangible fixed assets	5 918	6 528	7 254	7 881	5 516
A. Land and buildings	5 112	5 512	5 944	6 365	1 960
B. Plant, machinery and equipment	86	111	140	177	26
C. Furniture and vehicles	720	905	1 170	1 338	598
F. Assets under constr. and advance paym.	-	-	-	-	2 932
V. Financial fixed assets	748 320	786 946	752 212	755 045	628 378
A. Companies accounted for by the equity method	174 993	153 888	130 860	196 139	212 422
1. Shares	174 993	153 888	130 860	196 139	212 422
B. Other enterprises	573 327	633 058	621 351	558 906	415 956
1. Shares	440 536	485 477	581 351	514 948	361 272
2. Amounts receivable	132 791	147 581	40 000	43 958	54 685
CURRENT ASSETS	66 492	39 710	297 010	184 446	345 100
VI. Amounts receivable after one year	5 800	5 446	27 095	28 865	30 367
B. Other receivables	5 800	5 446	27 095	28 865	30 367
VIII. Amounts receivable within one year	33 213	16 804	71 870	35 956	36 986
A. Trade debtors	1 397	2 873	4 101	5 554	3 643
B. Other receivables	31 816	13 931	67 770	30 402	33 343
IX. Cash investments	17 904	7 804	164 352	103 831	198 155
B. Other investments	17 904	7 804	164 352	103 831	198 155
X. Cash at bank and in hand	8 261	6 438	30 850	13 744	77 112
XI. Deferred charges and accrued income	1 313	3 218	2 842	2 050	2 480
TOTAL ASSETS	834 830	851 869	1 067 256	962 150	979 627

12.9 I 2. Liabilities

	31/12/2003	31/12/2002	31/12/2001	31/12/2000	31/12/1999
EQUITY	706 896	666 029	985 559	891 869	870 242
I. Capital	220 000	220 000	220 000	220 000	218 146
II. Share premium account	1	1	1	1	249
IV. Reserves	482 649	447 205	761 512	668 199	648 729
V. Consolidation differences	10 874	-	-	-	-
VI. Translation adjustments	-6 629	- 1 942	3 066	2 806	2 215
VII. Government grants	-	765	980	863	903
MINORITY INTERESTS	3 771	2 278	19 775	18 363	43 274
PROVISIONS / DEFERRED TAXES	6 920	10 137	5 195	6 358	7 503
IXA. Provisions for liabilities and charges	5 884	10 137	5 195	6 358	7 503
A1. Pensions and similar obligations	367	290	217	148	-
A2. Taxes	3 524	6 151	464	1 871	3 369
A4. Other liabilities and charges	1 994	3 696	4 514	4 338	4 134
IXB. Deferred and latent taxes	1 036	-	-	-	-
LIABILITIES	117 243	173 425	56 727	45 560	58 608
X. Amounts payable after one year	70 429	26 912	3 287	2 460	388
A. Long term financial debts	70 429	26 910	3 284	2 458	388
4. Credit institutions	70 429	26 668	2 415	-	37
5. Other loans	-	242	869	2 458	351
D. Other amounts payable	-	2	3	2	-
XI. Amounts payable within one year	44 235	142 725	52 264	42 805	52 066
A. Current portion of amounts payable after one year	-	-	-	-	37
B. Financial debts	11 500	107 150	2 500	-	15 803
1. Credit institutions	-	107 150	2 500	-	-
2. Other loans	11 500	-	-	-	-
C. Trade debts	700	2 288	1 086	1 669	2 974
1. Suppliers	700	2 288	1 086	1 669	2 974
E. Taxes, payroll and related obligations	9 319	9 839	9 914	7 745	3 460
1. Taxes	904	1 059	2 459	4 296	2 495
2. Payroll and social security	8 415	8 780	7 455	3 449	965
F. Other amounts payable	22 716	23 448	38 764	33 392	29 792
XII. Accrued charges and deferred income	2 578	3 788	1 176	295	6 154
TOTAL LIABILITIES	834 830	851 869	1 067 256	962 150	979 627

12.10 I Profit & loss account – GIMV group statutory consolidation (in EUR 000)

12.10 I 1. Charges

		31/12/2003	31/12/2002	31/12/2001	31/12/2000	31/12/1999
A.	Interest and other debt charges	5 099	5 718	1 699	220	65
B.	Other financial charges	657	851	823	2 449	2 965
B.bis	Amortisation of positive consolidation differences	4 423	9 321	3 830	1 911	-
C.	Services and other charges	9 319	21 110	10 517	12 141	7 746
D.	Payroll, social security charges and pensions	8 735	13 808	20 211	11 607	5 793
E.	Other operating charges	1 447	3 703	944	2 627	1 999
F.	Depreciation and write-downs	1 099	1 202	1 391	1 229	596
G.	Write-downs on	82 347	290 018	315 198	54 582	20 542
	1. financial fixed assets	81 423	285 289	229 224	41 948	18 458
	2. current assets	925	4 729	85 974	12 634	2 084
H.	Provisions for liabilities and charges	327	514	211	1 269	87
I.	Losses on disposal of	556	10 076	47 034	2 292	7 156
	1. financial fixed assets	556	9 311	1 582	321	687
	2. current assets	1	765	45 452	1 971	6 469
J.	Extraordinary charges	-	-	1	-	-
K.	Taxes	1 031	5 875	788	1 102	2 760
K.bis	Share in the result of companies accounted for by the equity method - losses	-	-	25 394	36 676	22 251
L.	Profit/loss for the financial year	44 420	- 300 461	126 492	53 298	104 644
L.bis	Minority interests	715	- 2 371	731	1 200	1 978
L.ter	Share of the group in the result	43 705	- 298 090	125 761	52 098	102 666

12.10 I 2. Income

A.	Income from financial fixed assets	16 873	9 761	7 099	9 916	6 862
	1. Dividends	7 545	2 580	3 308	6 369	3 131
	2. Interest	9 328	7 181	3 791	3 547	3 731
B.	Income from current assets	899	7 865	22 378	24 051	17 784
C.	Other financial income	282	1 243	1 152	3 212	2 450
D.	Income from services provided	6 590	10 086	5 920	5 505	3 379
E.	Other operating income	636	584	1 802	3 456	574
G.	Write-backs of write-downs on	39 519	5 190	14 464	1 514	12 775
	1. financial fixed assets	38 263	4 182	5 817	687	2 560
	2. current assets	1 256	1 008	8 647	827	10 215
H.	Write-back of provisions for liabilities and charges	1 952	-	-	904	248
I.	Capital gains on disposal of	62 898	12 432	496 084	114 687	108 675
	2. financial fixed assets	62 585	10 267	66 308	67 408	66 168
	3. current assets	313	2 165	429 776	47 279	42 507
J.	Extraordinary income	518	138	167	15	4 478
K.	Adjustment of income taxes and write-back of tax provisions	2 514	1 213	3 182	1 520	2 011
K.bis	Share in the result of companies accounted for by the equity method - profits	26 777	13 223	2 284	16 623	17 368

12.11 I Notes on the balance sheet and profit & loss account – statutory consolidation (in EUR 000)

GIMV draws up two sets of consolidated accounts:

1. The consolidated annual accounts, drafted in accordance with the Royal Decree of 31 March 2003 **("the statutory consolidation")**.

In this statutory consolidation a number of major associated companies are consolidated using the equity method (i.e. proportionately to GIMV's share in their equity).

GIMV's share in the results of these companies appears under "Share in the result of companies accounted for by the equity method - profits (losses)".

2. The limited consolidated balance sheet and profit & loss account **("the limited consolidation")**.

In this limited consolidation the above-mentioned associated companies are entered at their acquisition value, after deduction of any write-downs recorded.

In this way income is affected only when GIMV receives dividends from these shareholdings.

• The board of directors holds the opinion that the "Limited Consolidation" gives a clearer view of GIMV's results as an investment company than the "Statutory Consolidation".

• The limited consolidation is used as the basis for determining the net asset value of GIMV (see part 3 of this annual report). The net asset value is the book value of the shares corrected for potential capital gains, calculated according to EVCA rules.

• The special status of portfolio companies (which previously allowed GIMV to use an adjusted structure for presenting its figures) was discontinued by article 134 of the law of 2 August 2002 concerning the supervision of the financial sector. Based on article 125 of the Company Code, GIMV has, however, applied for a waiver, which should enable the company to continue to use an adjusted structure of the unconsolidated and consolidated profit & loss accounts for the financial years closing on or after 31 December 2003. This has the advantage of preserving consistency of presentation.

• The companies which are entered according to the equity method are:

	First consolidation
Barco NV	Since GIMV's listing in 1997
Konrad Hornschuch AG	2002
Gealan Holding GmbH	2003

In May 2002 GIMV acquired a 95.2 percent shareholding in the German company Gealan Holding GmbH. At 30/06/2003 this participation was consolidated for the first time using the equity method, on the basis of article 108 of the Royal Decree of 30/01/2001. During the second half of 2003 GIMV's holding in Gealan decreased from 95.2 percent to 92 percent following the sale of a limited interest to the company's management.

GIMV's percentage interest in Barco has fallen from 33.4 percent to 29.8 percent. This is due mainly to the sale of 473 363 shares on the stock market and, to a lesser extent, to a capital increase at Barco to which GIMV did not subscribe and to Barco's share buy-back.

From the beginning of 2003 Barco commenced reporting to the IFRS standards. This has had the effect of increasing Barco's shareholders' equity by EUR 22 million. GIMV's share in Barco's capital increase due to the application of IFRS is EUR 7.4 million. EUR -0.8 million of this amount has been recorded as a change in investment grants, EUR -0.8 million as a change in translation adjustments and the balance of EUR 8.9 million has been posted directly to reserves. A waiver was obtained from the CBFA allowing this amount to be passed directly via the reserves.

Reconciliation of the results recorded in the limited and statutory consolidations:

	(in EUR 000)
Share of the group in the result, limited consolidation 31/12/2003	**40 476**
Inclusion of Barco NV (*)	-2 584
Inclusion of Konrad Hornschuch AG (*)	-1 028
Inclusion of Gealan Holding GmbH (*)	+6 841
Share of the group in the result, statutory consolidation 31/12/2003	**43 705**

(*) Share in the result for 2003 after elimination of dividends received in respect of the previous financial year, adjusted where applicable for changes in the percentage interest and goodwill amortisation.

Discussion of the main variations between the limited and statutory consolidations

Balance sheet

	Limited consolidation	Statutory consolidation	Change
Consolidation differences	5 497	13 831	8 334

The inclusion of Konrad Hornschuch AG gives a consolidation difference of 8 334.

	Limited consolidation	Statutory consolidation	Change
Financial fixed assets	674 649	748 320	73 671

As explained above, Barco NV, Gealan Holding GmbH and Konrad Hornschuch AG are accounted for in the statutory consolidation using the equity method instead of at book value.

	Limited consolidation	Statutory consolidation	Change
Equity	625 375	706 896	81 520

The change in equity is explained primarily by:
• The difference between the book values and the equity-consolidation values of Barco NV, Gealan Holding GmbH and Konrad Hornschuch AG.
• The proportional shares in the results of Barco NV, Gealan Holding GmbH and Konrad Hornschuch AG.
• The ill will arising on the acquisition of Gealan.

Profit and loss account

	Limited consolidation	Statutory consolidation	Change
Consolidated result	40 476	43 705	3 229
• Main items:			
o Dividends (*)	22 083	7 545	-14 538
o Capital gains – FFA (**)	70 979	62 585	- 8 394
o Share in result of equity-consolidated companies (***)	88	26 777	26 689

(*) : In the statutory consolidation dividends received from Konrad Hornschuch AG and Barco NV are eliminated because these companies are accounted for using the equity method.

(**) GIMV's percentage interest in Barco has fallen from 33.4 percent to 29.8 percent. This is due mainly to the sale of 473 363 Barco shares on the stock market and, to a lesser extent, to a capital increase at Barco to which GIMV did not subscribe and to Barco's share buy-back. The impact on the consolidated reserves has been passed through the profit & loss account in an amount of EUR 8.4 million.

(***)The statutory consolidation also includes GIMV's proportional share in the results of Barco NV, Gealan Holding GmbH and Konrad Hornschuch AG.

• For the remaining balance sheet and profit & loss headings we refer to the notes on the limited consolidation.

12.12 I Valuation rules

12.12 I 1. Formation expenses

Formation expenses are entered at acquisition price and are charged to the accounting year in which they were incurred.

12.12 I 2. Intangible fixed assets

Intangible fixed assets except those acquired from third parties are entered at their production cost, provided that this production cost is not higher than a prudent estimate of their usage value or their future return. Intangible fixed assets acquired from third parties or by way of contribution are entered at acquisition price.

The following depreciation rates are applied in full:
- licences: 20 percent straight line
- software developed in-house: 20 percent straight line

Additional or extraordinary depreciation (rather due to technical devaluation or changing economic or technological conditions, are applied if the book value is higher than the usage value. This additional or extraordinary depreciation is levied against extraordinary charges.

12.12 I 3. Consolidation differences

Differences between the consolidating company's share in the equity of the consolidated company and its book value in the accounts of the consolidating company, in respect of both fully consolidated subsidiaries and of associated companies accounted for by the equity method, are booked under this heading.

In the case of first-time consolidation of companies which were previously never consolidated nor included by the equity method, it has been decided to determine the value of the equity of the subsidiaries and the associated companies and to carry out the compensation with the book value of the shares in the accounts of the owning companies as from the date the shares were acquired or a nearby date or the date of the beginning of the financial year.

Positive consolidation differences are fully amortised over a 5-year period.

For companies with high-tech activities, which typically feature long take-off periods and where the expected profitability lies well in the future, the positive consolidation differences are amortised over 10 years.

Positive differences are not offset against negative differences unless they concern the same subsidiary and/or associated company. Supplementary or extraordinary amortisation is applied to these positive consolidation differences when, as a result of changes in economic conditions, it is no longer reasonable to maintain them at full value in the consolidated balance sheet.

Amortisation of consolidation differences, where normal in nature, is recorded as a separate financial charges item in the profit and loss account. Supplementary or extraordinary amortisation is entered under extraordinary results.

12.12 I 4. Tangible fixed assets

Tangible fixed assets are entered at acquisition value.

The following depreciation rates are applied:

- land: none;
- administrative buildings: 3 percent declining balance;
- lifts, electrical installations: 6 percent declining balance;
- telephone installations: 10 percent declining balance;
- building finishing, landscaping: 15 percent straight line;
- office equipment: 20 percent straight line;
- furniture: 15 percent straight line;
- vehicles: 25 percent straight line;
- interior decoration: 33 percent straight line;
- computer hardware: 20 percent straight line.

Additional or extraordinary depreciation is applied to:

- tangible fixed assets with limited life, if as a result of technical devaluation or changing economic or technological conditions the book value is higher than the usage value for the company;
- tangible fixed assets that are no longer used or no longer contribute to activity in a lasting way and where the probable sale value is lower than the book value.

12.12 I 5. Financial fixed assets

12.12 I 5 I 1. Valuation rules

Shareholdings, shares and fixed-interest securities are valued at acquisition value. Additional charges related to the acquisition of financial fixed assets are charged directly against the result.
The purchase price of subscription rights and warrants forms an integral part of the acquisition price of subscribed shares.
Amounts receivable are valued at nominal value.
Shareholdings and shares in foreign currencies are valued at the historical acquisition price in EUR.
Uncalled share capital in companies is maintained at the original conversion rate. When the capital is called the obligation to pay is recalculated at the exchange rate on that particular day. The counter value of the translation difference in EUR is applied to the acquisition price of the financial fixed asset.

12.12 I 5 I 2. Special valuation rules

a) Shareholdings in companies accounted for by the equity method

Shareholdings accounted for by the equity method are included in the consolidated balance sheet at the group's share in the equity of the company concerned, including the profit or loss of this shareholding for the accounting year. The positive or negative difference between the book value of the shareholding and the proportion of the equity in the company as determined when first applying the equity method, is included under consolidation differences.

If the rules applied in valuing the assets and liabilities in the books of the associated companies differ from those used in the consolidation, these items are not re-valued according to the methods applied in the consolidation. Nor are results of transactions between consolidated companies and companies to which the equity method is applied omitted from the consolidated profit or loss.

b) Shareholdings, shares and certificates in other companies

A) Shares listed on a stock exchange

1. at acquisition price

2. at the market price of the share if this price is consistently lower than the acquisition price, taking the situation, the outlook and the profitability of the company concerned into account.

B) Shares not listed on a stock exchange

1. At acquisition price

Write-downs on shareholdings and shares are booked in the case of consistent loss or depreciation, justified by the situation, the profitability or the outlook for the company in which a shareholding or shares are held.

C) Fixed-interest securities and amounts receivable

Write-downs are applied when repayment of all or part of an amount receivable on the date due is uncertain.

12.12 I 6. Amounts receivable after one year

Amounts receivable are valued at nominal value with the exception of amounts receivable in the form of fixed interest securities, which are valued at acquisition price. A write-down is applied to the nominal value, or the acquisition price respectively if payment on the date due is uncertain. Write-downs are also applied when the realisation value at year-end is lower than the nominal value or book value.

12.12 I 7. Amounts receivable within one year

Amounts receivable are valued at nominal value.

Fixed-interest securities are valued at acquisition price.

Write-downs are applied when there is uncertainty as to the payment of all or part of the amounts receivable on the date due, or when the realisation value at year-end is lower than the nominal value or book value.

12.12 I 8. Cash investments

A. VALUATION RULES

Own shares are valued at acquisition price.
Credit balances with financial institutions are entered at nominal value.
Investments in foreign currencies in the form of shares are valued at the value in EUR at the time of acquisition.
Write-downs are applied where the realisation value at the balance sheet date is lower than the acquisition price.

B. SPECIAL VALUATION RULES

B.1 SHARES

B.1.1. Shares listed on a stock exchange

- at acquisition price;
- at the stock market price on the last day of the financial year if this is lower than the acquisition price

B.1.2. Shares not listed on a stock exchange

- at acquisition price;
- additional charges are charged directly against results. Write-downs are applied where the realisation value at the balance sheet date is lower than the acquisition price.

B.2 FIXED-INTEREST SECURITIES

Fixed-interest securities are valued at their acquisition price. The additional charges are charged against the results as well as the interest due and paid.

Any difference between the acquisition price and the redemption value is taken into income as part of the interest yield of the securities, pro rata to the remaining term of the securities, and is added to or subtracted from the acquisition price of the securities. The resulting book value is compared annually at the end of the financial year with the last share price and any negative differences are charged against the result. Additional write-downs are applied in order to reflect changes in the realisation or market value.

12.12 I 9. Cash at bank and in hand

These assets are entered at their nominal value. Write-downs are applied if the realisation value on the balance sheet date is lower than the acquisition price. Cash at bank and in hand in foreign currencies is valued at the indicative exchange rate on the balance sheet date.

12.12 I 10. Deferred charges and accrued income

Deferred charges and accrued income are booked and valued at their acquisition price and included in the balance sheet in respect of the portion that is carried forward to the following financial years.

12.12 I 11. Equity

Equity consists of:

- the paid-up capital of the parent company
- the share premiums of the parent company
- the revaluation surpluses
- the reserves
- the consolidation differences
- the translation adjustments
- government grants.

The group reserves include the parent company's reserves and result carried forward together with that part of the subsidiaries' reserves to which the group is entitled.

The consolidation differences result from the compensation between the carrying value of the subsidiaries or associated companies and the fraction of the equity of these companies held by the group.

The translation adjustments arise from the conversion of the shareholdings, the equity and the profit and loss accounts of the foreign subsidiaries.

12.12 I 12. Minority interests

Minority interests consist of that portion of the equity of subsidiaries to which third parties outside the group are entitled, as well as the portion of the translation adjustments on the consolidation of foreign subsidiaries.

12.12 I 13. Provisions for liabilities and charges

Provisions are recorded to cover clearly defined losses or charges that are likely or certain at the balance sheet date, but the amount of which is not yet established.

Provisions may be set up to cover tax liabilities ensuing from a change in the taxable basis or in the tax calculation. They can also be set up to cover other liabilities and charges arising from collateral, commitments or guarantees granted or from pending litigation.

12.12 I 14. Amounts payable after / within one year

These liabilities are entered at their nominal value.

12.12 I 15. Accrued charges and deferred income

Accrued charges and deferred income are booked and valued at their acquisition price and included in the balance sheet in respect of the portion that is carried forward to the following financial year(s).

12.12 I 16. Foreign currencies

Monetary assets and liabilities are converted at the end of the financial year at the exchange rate of 31 December.

Negative translation adjustments in a particular currency are charged against the result.

Positive translation adjustments in a particular currency are entered under deferred charges and accrued income, with the exception of positive translation adjustments on cash at bank and in hand and accounts of a similar nature, which are also included in the result.

For the conversion of the annual accounts of foreign subsidiaries, indicative exchange rates are used:

- all assets and liabilities, as well as all rights and obligations are converted at the closing exchange rate

- equity is converted at its historical exchange rate.

- income and charges are converted using the average exchange rate for the financial year.

12.12 I 17. Deferred taxes

Deferred taxes are only recognised to the extent that one of the consolidated companies is likely to become liable for them in the near future.

In such cases, the deferred tax charges are calculated on the basis of the corporate income tax rate for the financial year in question.

It is assumed that the tax-exempted reserves of the consolidated companies will remain part of the capital of these companies, and no deferred taxation is recognised in respect of these reserves.

12.12 I 18. Transition to IAS-IFRS at Barco

From 01/01/2003 Barco started reporting to the IFRS standards. This has had the effect of increasing Barco's shareholders' equity by EUR 22 million. GIMV's share in the capital increase at Barco due to the transfer to IFRS amounts to EUR 7.4 million. EUR -0.8 million of this amount has been recorded as a change in investment grants, EUR -0.8 million as a change in translation adjustments and the balance of EUR 8.9 million has been posted directly as an adjustment to reserves. Direct bookings to reserves are in conflict with art. 167 of the Royal Decree of 30/01/2001 that states that "reserves may be strengthened only by the appropriation of the consolidated earnings". A waiver has been obtained from the Banking, Finance and Insurance Commission in order to permit the impact to be recorded directly to equity.

12.12 I 19. Application for a waiver to the reporting format

The special status of portfolio companies (which previously allowed GIMV to use an adapted structure for presenting its figures) was discontinued by article 134 of the law of 2 August 2002 concerning the supervision of the financial sector. Based on article 125 of the Company Code, GIMV has, however, applied for a waiver, which should enable the company to continue to use an adjusted structure of the unconsolidated and consolidated profit & loss accounts for the financial years closing on or after 31 December 2003. This has the advantage of preserving consistency of presentation.

12.13 I Off-balance sheet rights and obligations

In the context of a number of sales of shareholdings, the GIMV group has issued warranties. The total warranties outstanding amount to EUR 104.2 million. To date, no call has been made on any of these warranties. The issue and acquisition of call and put options are a normal part of the activities of GIMV.

As of 31 December the GIMV group had EUR 90.0 million of outstanding commitments in the context of its fund investments (8.6.4. above).

12.14. I Board of Auditors' Reports

JOINT AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003 TO THE GENERAL SHAREHOLDERS' MEETING OF GIMV NV

In accordance with legal and statutory requirements, we are please to report to you on the performance of the audit mandate, which was entrusted to us.

We have audited the consolidated financial statements as of and for the year ended December 31, 2003, which have been prepared under the responsibility of the Board of Directors and which show a balance sheet total of EUR 834 830 thousand and a consolidated profit for the year of EUR 44 420 thousand. We have also verified the consolidated directors' report.

With regard to certain subsidiaries and associated companies, the audit of which was not entrusted to us, we have relied on the work performed and explanations provided by other auditors.

UNQUALIFIED AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the standards of the "Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable in Belgium.

In accordance with those standards we considered the group's administrative and accounting organisation as well as its internal control procedures. We obtained the explanations and information required for our audit. We examined, on a random sample basis, evidence supporting the amounts given in the consolidated financial statements. We also assessed the accounting principles used, the significant accounting estimates made by the company and the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements have been drawn up in accordance with the prevailing legal and regulatory requirements.

Based on our audit and the reports received from other auditors, and given the legal and regulatory requirements applicable in Belgium, we are of the opinion that the consolidated financial statements as of December 31, 2003 present a true and fair view of the assets, liabilities, financial position and results of the consolidated whole and that adequate explanations are given in the notes to the accounts.

OTHER CERTIFICATION

We supplement our report with the following certifications, which do not modify our audit opinion on the consolidated financial statements:

- The consolidated directors' report contains the information required by law and is consistent with the consolidated financial statements.

Antwerp, 31 March 2004

BCV Ernst & Young
BEDRIJFSREVISOREN (B 160)
MOUTSTRAAT 54, 9000 GENT

Represented by
ROSITA VAN MAELE
Partner

CBV Van Passel, Mazars & Guerard
BEDRIJFSREVISOREN (B 021)
GROTESTEENWEG 224 (BUS 14), 2600 ANTWERPEN

Represented by
HUGO VAN PASSEL
Partner

JOINT AUDITORS' REPORT
ON THE NET ASSET VALUE OF GIMV NV AS AT DECEMBER 31, 2003
AS PUBLISHED IN ITS ANNUAL REPORT

The Board of Directors of GIMV NV entrusted us with the task of reviewing the calculation of the net asset value of GIMV NV as at December 31, 2003.

GIMV has, under the responsibility of its Board of Directors and based on its limited consolidation, calculated its net asset value as at December 31, 2003 at EUR 914 196 thousand. We refer to the statement regarded the methods applied and the valuation principles taken up in the Annual Report of GIMV NV. (This is last year's wording, but it does not translate the Dutch, which is: "We refer to GIMV's explanation of the methods applied and the valuation principles in this Annual Report").

The net asset value of GIMV NV has to be read in conjunction with the consolidated financial statements and the limited consolidation as at December 31, 2003 and the methods and valuation principles applied for calculating the net asset value, as set out and applied by GIMV NV. (Last year's English mistranslated "uiteengezette")

We as joint statutory auditors have audited the legal consolidated financial statements as at December 31, 2003 in accordance with the auditing standards of the "Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren" and we refer to our audit reports on these as included in this Annual Report, and which contain an unqualified opinion.

We have undertaken a limited review of the methods and procedures applied by GIMV in order to determine its net asset value as at December 31, 2003 based upon the principles of the "Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren" standards regarding limited reviews and regarding the audit of accounting estimates.

Our work consisted of:

examining the data and assessment of the assumptions on which the accounting estimates are based, as well as on the appropriateness of the valuation methods applied;

sample survey of the calculations used in the estimates;

examination of the adequacy of the procedures set up by the company to ensure the preparation of the estimates on a consistent basis in conformity with the laid-down valuation principles;

assessment of the conclusions.

Based on our review, nothing has come to our attention which would give cause to major adjustments to the net asset value, calculated in conformity with the valuation principles as set out under item 3 of the annual report of GIMV NV as at December 31, 2003.

Antwerp, 31 March 2004

BCV Ernst & Young BEDRIJFSREVISOREN (B 160) MOUTSTRAAT 54, 9000 GENT	CBV Van Passel, Mazars & Guerard BEDRIJFSREVISOREN (B 021) GROTESTEENWEG 224 (BUS 14), 2600 ANTWERPEN
Represented by ROSITA VAN MAELE Partner	Represented by HUGO VAN PASSEL Partner

annual accounts

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Gabriel Fehervari, CEO Alfacam (right) and Alain Keppens, Executive Investment Manager GIMV.

"GIMV has been a strong pilar of our tremendous growth in recent years." – Gabriel Fehervari.

13.1 I Balance sheet – GIMV NV unconsolidated annual accounts - after distribution of profit (in EUR 000)

13.1 I 1. Assets

	31/12/2003	31/12/2002	31/12/2001	31/12/2000	31/12/1999
FIXED ASSETS	830 670	778 982	812 799	803 450	677 229
I. Intangible fixed assets	268	501	669	795	633
II. Tangible fixed assets	5 753	6 349	7 032	7 584	5 516
A. Land and buildings	5 112	5 512	5 945	6 366	1.960
B. Plant, machinery and equipment	86	111	140	177	26
C. Furniture and vehicles	555	726	947	1 041	598
F. Assets under constr. and advance paym.	-	-	-	-	2 932
IV. Financial fixed assets	824 650	772 132	805 098	795 071	671 081
A. Affiliated enterprises	339 431	186 457	195 647	191 142	139 074
1. Shares	113 402	146 537	189 841	186 126	137 291
2. Amounts receivable	226 029	39 920	5 806	5 016	1 784
B. Enterprises linked by participating interests	392 337	473 084	452 761	470 404	427 576
1. Shares	295 356	357 889	422 871	436 433	403 098
2. Amounts receivable	96 981	115 195	29 890	33 971	24 478
C. Other financial fixed assets	92 882	112 591	156 690	133 525	104 430
1. Shares	90 877	111 646	148 233	125 101	79 087
2. Amounts receivable and cash guarantees	2 005	945	8 457	8 424	25 343
CURRENT ASSETS	51 661	116 939	271 857	232 774	299 537
V. Amounts receivable after one year	3 883	4 381	5 566	6 465	3 019
B. Other amounts receivable	3 883	4 381	5 566	6 465	3 019
VII. Amounts receivable within one year	27 375	104 108	76 687	32 163	29 182
A. Trade debtors	1 313	2 414	3 909	5 130	4 010
B. Other amounts receivable	26 062	101 694	72 778	27 033	25 172
VIII. Cash investments	17 382	3 436	159 917	181 840	191 576
B. Other investments	17 382	3 436	159 917	181 840	191 576
IX. Cash at bank and in hand	2 336	3 516	29 022	11 456	74 820
X. Deferred charges and accrued income	685	1 498	665	850	940
TOTAL ASSETS	882 332	895 921	1 084 656	1 036 224	976 767

13.1 I 2. Liabilities

	31/12/2003	31/12/2002	31/12/2001	31/12/2000	31/12/1999
EQUITY	781 877	540 465	825 506	720 501	667 477
I. Capital	220 000	220 000	220 000	220 000	218 146
II. Share premium account	1	1	1	1	249
IV. Reserves	320 464	320 464	353 457	353 457	353 272
V. Profit carried forward	241 412	-	252 048	147 043	95 810
VII. Provisions for liabilities and charges	5 259	7 658	2 715	3 880	4 991
1. Pensions and similar obligations	366	290	217	149	-
2. Taxes	3 524	6 151	464	1 872	3 369
4. Other liabilities and charges	1 369	1 217	2 034	1 859	1 623
LIABILITIES	95 196	347 799	256 435	311 843	304 298
VIII. Amounts payable after one year	51 028	1 899	2 901	3 829	2 256
A. Long-term financial debts	50 000	1 899	2 901	3 829	2 256
4. Credit institutions	50 000	-	-	-	-
5. Other loans	-	1 899	2 901	3 829	2 256
D. Other amounts payable	1 028	-	-	-	-
IX. Amounts payable within one year	43 796	345 480	253 214	307 543	295 917
A. Current portion of amounts payable after one year	871	871	871	871	130 579
B. Financial debts	11 500	107 150	2 500	259 896	115 669
1. Credit institutions	-	107 150	2 500	-	24
2. Other loans	11 500	-	-	259 896	115 646
C. Trade debts	825	3 625	1 594	1 887	3 446
1. Suppliers	825	3 625	1 594	1 887	3 446
E. Taxes, payroll and related obligations	8 166	6 565	8 782	6 424	747
1. Taxes	184	127	1 812	2 718	19
2. Payroll and social security	7 982	6 438	6 970	3 706	728
F. Other amounts payable	22 435	227 269	239 467	38 465	45 474
X. Accrued charges and deferred income	372	420	320	471	6 126
TOTAL LIABILITIES	882 332	895 921	1 084 656	1 036 224	976 767

13.2 I Profit & loss account – GIMV NV unconsolidated annual accounts (in EUR 000)

13.2 I 1. Charges

		31/12/2003	31/12/2002	31/12/2001	31/12/2000	31/12/1999
A.	Interest and other debt charges	6 098	9 538	12 436	13 008	8 587
B.	Other financial charges	502	209	338	1 346	2 514
C.	Services and other goods	5 624	16 025	10 966	13 723	9 343
D.	Payroll, social security charges and pensions	5 330	7 031	15 078	8 202	3 906
E.	Other operating charges	747	2 031	768	2 463	1 878
F.	Depreciation and write-downs on formation expenses, tangible and intangible fixed assets	1 014	1 095	1 110	1 090	594
G.	Write-downs on	77 451	283 267	305 293	54 549	18 172
	1. financial fixed assets	76 730	278 446	227 966	41 948	16 169
	2. current assets	721	4 821	77 327	12 601	2 003
H.	Provisions for liabilities and charges	327	514	211	385	-
I.	Losses on the disposal of	556	9 845	47 034	2 313	6 861
	1. financial fixed assets	555	9 079	1 582	321	685
	2. current assets	1	765	45 452	1 992	6 176
J.	Extraordinary charges	-	-	46	2 084	-
K.	Taxes	23	5 687	594	176	316
L.	Profit/loss for the financial year	258 562	- 268 818	137 451	84 048	121 861

13.2 I 2. Income

		31/12/2003	31/12/2002	31/12/2001	31/12/2000	31/12/1999
A.	Income from financial fixed assets	36 443	34 496	66 087	28 218	30 302
	1. Dividends	25 475	27 642	62 772	24 560	26 586
	2. Interest	10 968	6 854	3 315	3 658	3 716
B.	Income from current assets	909	4 806	21 104	22 579	15 084
C.	Other financial income	113	641	645	3 100	2 009
D.	Income from services provided	2 668	2 544	2 727	4 374	4 258
E.	Other operating income	665	541	1 822	3 477	820
G.	Write-back of write-downs on	36 552	6 524	5 817	2 125	12 634
	1. financial fixed assets	35 499	5 424	5 817	1 307	2 491
	2. current assets	1 053	1 099	-	818	10 143
H.	Write-back of provisions for liabilities and charges	98	-	-	-	-
I.	Capital gains on disposal of	275 879	15 548	429 924	114 799	106 912
	1. financial fixed assets	275 566	13 383	75 081	67 556	66 014
	2. current assets	313	2 165	354 843	47 243	40 898
J.	Extraordinary income	256	129	162	3 188	4
K.	Adjustment of income taxes	2 651	1 195	3 037	1 497	2 009

The unconsolidated annual accounts of the parent company GIMV NV are presented above in a condensed format.

The annual report and the unconsolidated annual accounts of GIMV NV and the Joint Auditors' Report are submitted to the National Bank of Belgium in accordance with arts. 98 to 102 of the Company Code.

These reports are available on request from:
GIMV NV
Karel Oomsstraat 37
2018 Antwerp

The Board of Auditors has issued an unqualified audit opinion on the statutory annual accounts of GIMV NV.

13.3 I Notes on the balance sheet and profit & loss account – GIMV NV unconsolidated annual accounts (in EUR 000)

13.3 I 1. Balance sheet

13.3 I 1 I 1. Assets

Fixed assets

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Fixed assets	778 982	830 671	6.6%	51 689
% of balance sheet total	86.9%	94.1%		

The fixed assets rose by 51 689 or 6.6 percent.

This rise is explained primarily by an increase of 52 518 in financial fixed assets.

This increase in financial fixed assets is the combined result of investments of 65 386 and divestments, write-backs, write-downs and transfers totaling –12 868.

Current assets

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Current assets	116 939	51 661	-55.8%	-65 279
% of balance sheet total	13.1%	5.9%		

Current assets fell by 65 279 or 55.8 percent.

Amounts receivable within one year fell by 76 733.

A capital reduction undertaken at GIMV CC in 2002 produced a receivable of 92 213 in the books of the shareholder GIMV.

In 2003 this receivable from GIMV CC was offset by GIMV NV's current account debt towards GIMV CC.

Other amounts receivable increased by 16 254. This increase is explained as follows:
- In 2003 a loan was granted to Mitiska, including a short-term portion of 8 947;
- A number of sales were made with deferred payment: LVD, Matrix and Aknar;
- Part of a dividend already declared will not be received until the first half of 2004.

13.3 I 1 I 2. Liabilities

Equity

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Equity	540 465	781 877	44.7%	241 412
% of balance sheet total	60.3%	88.6%		

Equity increased by 241 412 or 44.7 percent.

This is due primarily to the increase in the reserves reflecting the result (258 562) and the payment of a dividend of 17 150.

Provisions for liabilities and charges

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Provisions for liabilities and charges	7 658	5 259	-31.3%	-2 399
% of balance sheet total	0.9%	0.6%		

Provisions for liabilities and charges rose by 2 399 or 31.3 percent.

These provisions are set up to cover deferred taxes, potential tax liabilities and the possible cost of current or pending court cases.
In 2003 write-backs were recorded on the provision for possible tax disputes and on the provision for liabilities and charges.

Liabilities

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Liabilities	347 799	95 196	-72.6%	-252 603
% of balance sheet total	38.8%	10.8%		

Liabilities fell by 252 603 or 73 percent.

This change is explained primarily by the following elements:
- GIMV NV drew down long-term debt in an amount of 50 000;
- At 31/12/2003 GIMV NV had 11 500 of commercial paper outstanding (as against 107 150 at 31 December 2002);
- In 2003 GIMV NV's current account debt to GIMV CC decreased by 204 709 as a result of financial restructuring within the GIMV group.

13.3 I 2. Profit and loss account

13.3 I 2 I 1. Charges

Financial charges

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Financial charges	9 747	6 600	-32.3%	-3 147
% of charges	2.9%	6.8%		

Financial charges decreased by 3 147 or 32.3 percent.

This reduction is explained primarily by the financial restructuring within the GIMV group at the end of March, having the effect of extinguishing the interest on GIMV's current account debt to GIMV CC.

Operating charges

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Operating charges	25 086	11 701	-53.4%	-13 385
% of charges	7.5%	12.0%		

Operating charges decreased by 13 385 or 53.4 percent.

This decline is due mainly to the following elements:
- In 2003 the management fees paid to fund managers were no longer charged directly against income. For the sake of consistency with the other funds these fees are capitalised and then amortised.
- The change in payroll charges is explained by the non-recurrence of a one-off charge of 3 587 incurred in 2002.
- Additionally, a number of large credit notes were received from suppliers in respect of invoices received in 2002.

Write-downs

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Write-downs on financial fixed assets	278 446	76 730	-72.4%	-201 716
Write-downs on current assets	4 821	721	-85.0%	-4 100
Write-downs	283 267	77 451	-72.7%	-205 816
% of charges	86.5%	79.3%		

Unrealised write-downs fell by 205 816 or 72.7 percent.

Write-downs on financial fixed assets fell by 201 716 to 76 730. The portfolio of shares and amounts receivable is assessed on the basis of the future return, with value-adjustments made when necessary.

Write-downs on current assets fell by 4 100 to 721.

Losses on disposals

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Losses on disposals of financial fixed assets	9 079	555	-93.9%	-8 524
Losses on disposals of current assets	765	1	-99.9%	-764
Losses on disposals	9 845	556	-94.4%	-9 289
% of charges	2.9%	0.6%		

Realised losses on disposals fell by 9 289 or 94.4 percent.

The losses recorded on disposals of financial fixed assets amounted in 2003 to 555 compared with 9 079 in 2002 (- 8 524).

In 2003 losses on disposals of current assets were almost zero compared with 765 in 2002 (- 764).

The very low losses on disposals reflect, among other things, GIMV's very conservative valuation policy.

Taxes

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Taxes	5 687	24	-99.6%	-5 663
% of charges	1.7%	0.0%		

Taxes fell by 5 663 or 99.6 percent.

The GIMV group has always paid low taxes, as most of its income streams benefit from favourable tax conditions. The main sources of income are capital gains and dividends, which are almost entirely tax-free. In 2002 a provision was set up to cover possible tax disputes relating to past years. 2 200 of this provision was written back in 2003.

Other charges

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Depreciation	1 095	1 014	-7.4%	-81
Provisions for liabilities and charges	514	327	-36.4%	-187
Extraordinary charges	-	-	-	-
Other charges	1 609	1 341	-16.7%	-269
% of charges	0.5%	1.4%		

Other charges declined by 269 or 16.7 percent.

Depreciation fell by 81.

The provisions for liabilities and charges are set up to cover possible charges associated with pending litigation.

13.3 I 2 I 2. Income

Income from financial fixed assets

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Dividends	27 642	25 475	-7.8%	-2 167
Interest	6 854	10 968	60.0%	4 114
Income from financial fixed assets	34 496	36 443	5.6%	1 947
% of income	51.9%	10.2%		

Income from financial fixed assets increased by 1 947 or 5.6 percent.

Dividends fell by 2 167.

The main dividends received are:

	2002	2003	Change
- Interne groepsvennootschappen	18 174	13 076	-5 097
- Barco NV	6 692	6 690	-2
- Accessories International	-	1 517	1 517
- Buy Out Fund	-	744	744
- Psychiatric Genomics	-	696	696
	24 865	22 723	-2 142

Interest income increased by 4 114.

The main explanations are :

	2002	2003	Change
- Internal group companies	-	2 941	2 941
- Telenet	1 444	2 839	1 395
	1 444	5 780	4 336

Income from current assets

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Income from current assets	4 806	909	-81.1%	-3 897
% of income	7.2%	0.3%		

Income from current assets fell by 3 897 or 81.1 percent.

The 2002 figures still include first quarter interest income on the Telenet vendor notes.

Capital gains

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Capital gains on disposals of financial fixed assets	13 383	275 566	1 959.1%	262 183
Capital gains on disposals of current assets	2 165	313	-85.5%	-1 851
Capital gains	15 548	275 880	1 674.4%	260 332
% of income	23.4%	77.4%		

Capital gains rose by 260 332 or 1 674.4 percent.

The main capital gains on the financial fixed assets are:

- Barco	149 603
- VIM	76 606
- Mobistar	34 735
- Capelle	2 951
- Isotis	2 436
- Nieuwe Havema (Werf en Vlasnatie)	2 102
- Portinvest	2 016
-Total	270 449

Capital gains on the current assets decreased by 1 851 to 313.

Income from services provided

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Income from services provided	2 544	2 668	4.9%	124
% of income	3.8%	0.7%		

Income from services provided increased by 124 or 4.9 percent.

Other income

	31-12-2002	31-12-2003	Change in %	Change (in 000 euro)
Other financial income	641	113	-82.4%	-528
Other operating income	541	665	23.0%	125
Write-back of write-downs	6 524	36 552	460.3%	30 028
Write-back of provisions	-	98	0.0%	98
Tax write-backs	1 195	2 651	121.9%	1 457
Extraordinary income	129	256	98.0%	127
Other income	9 030	40 335	346.7%	31 306
% of income	13.6%	11.3%		

Other income rose by 31 306 or 346.7 percent.

This development is explained mainly by increased write-backs of write-downs, reflecting the improved market climate and attendant higher valuations.

Maarten Laga, CEO L&C (left) and Steven Coppens, Senior Investment Manager GIMV.

"The trust that GIMV has put in us increases our opportunities to take the company in the right direction." – Maarten Laga.

- **Burn rate:** the time frame for a company to use up the capital injection (primarily with seed and start-up financing).
- **Call option:** option that gives the buyer the right at a future date to purchase something at a previously set price.
- **Carried interest (carry):** the share of the profit that is paid to the management of a private equity fund.
- **Committed capital:** the capital commitment that is underwritten by an investor in a private equity fund. The amount of this obligation will be called down by the fund management as the investments progress.
- **Due diligence:** the in-depth analysis and assessment of the commercial, legal, financial and technical aspects of a company targeted for investment.
- **EBITDA:** earnings before interest, depreciation and amortization = operating cash flow.
- **Exit**: the termination of an investment as private equity investor by means of IPO, trade sale or secondary buy-out.
- **Follow-on investment:** financing provided to a company that has previously received venture capital financing.
- **Growth financing or expansion financing:** capital that is provided for the growth or expansion of a company. These funds can be used to increase the production capacity, for further product development, for marketing or to provide additional working capital.
- **Initial Public Offering (IPO):** the first listing of a company on a stock exchange.
- **Internal Rate of Return (IRR):** the return on a yearly basis on an investment.
- **Lead investor:** the member of a syndicate of private equity investors that accepts to provide the largest part of the financing, who is in charge of arranging the financing and is the most involved in the financing project.
- **Management buy-in (MBI):** provision of capital with the view of allowing an existing company to be taken over by an external management together with the external financier.
- **Management buy-out (MBO):** financing intended to allow the existing management of a company to take over a company together with the external financier.
- **Mezzanine financing:** a sort of subordinated debt that is used on top of the capital provided by private equity investors and bank financing. For larger transactions, mezzanine financing can also be raised on the public market in the form of 'junk' bonds. In terms of risk, this form of financing lies between equity and normal financing (e.g. bank financing).
- **Other early stage financing:** financing of companies that have already passed the product development phase and require further funds to initiate commercial manufacturing and sales.
  Companies in this stage of development are not yet generating profit.
- **Pay-out ratio:** the gross dividend distributed expressed as a percentage of the consolidated net result before goodwill (limited consolidation – group's share)
- **Private equity:** the investment of share capital in non-listed companies.
- **Put option:** option that gives the buyer the right to sell at a previously set price at a future date.
- **Replacement capital:** funds provided with the intention of purchasing existing shares of a company from another private equity investor or to lower the indebtedness of the company concerned.
- **Risk capital:** see venture capital.
- **Secondary buy-out:** the exit formula by which an investment company sells its shareholding in a company to another venture capital provider (i.e. buy-out of a buy-out).
- **Seed money:** the financing provided to allow a new concept to be developed prior to reaching the start-up phase.
- **Start-up financing:** financing provided for product development and initial marketing. In this phase no commercial sale of the products has yet been made.
- **Trade sale:** the sale of a shareholding outside the stock market.
- **Vendor notes:** deferred payment, a loan in the form of high yielding bonds given to the buyer by the vending party.
- **Venture capital:** the funding of young, fast growing companies. Venture capital investors generally take minority stakes in the companies in which they invest.

15. I General information

GIMV N.V.
Public Limited Company
Registered office
Karel Oomsstraat 37
2018 Antwerp

Phone:	+32-3-290 21 00
Fax:	+32-3-290 21 05
Website:	www.gimv.com or www.gimv.be
Commercial register:	Antwerp no. 222.348
VAT:	BE 220.324.117
Date of formation:	25/02/1980
Financial year:	1 January - 31 December
Financial service:	Bank Degroof
	Dexia
	Petercam
Number of shares (31/12/2003):	23 176 005
Equity (31/12/2003):	EUR 625.4 million
Net asset value (31/12/2003):	EUR 914.2 million

Other GIMV group offices

Halder Holdings B.V.
Lange Voorhout 9
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Company objective

Article 4 of the Articles of Association: Company objective

The objective of GIMV is to acquire participations in, or to grant financing to companies in all sectors of industry, trade or services. In particular it shall grant capital or capital alternatives to existing companies or to companies to be incorporated, invest in higher-risk, future-oriented projects, take strategic participations - mainly but not limited to utility companies - and invest in high technology companies, both in Belgium and abroad.
To achieve this objective GIMV may, inter alia by means of subscription, contribution, merger, cooperation, financial intervention or otherwise, acquire interests or shareholdings in all existing or future companies, enterprises, activities, associations, groups, study or research syndicates, or collaborative ventures formed with a view to the formation or reorganisation of companies or to starting new projects, both in Belgium and abroad, of which the company objective is related to its own objective or can potentially contribute to the achievement of its own objective. The company may manage, improve the value of and liquidate these participations as well as, inter alia, directly or indirectly participate in the management, administration, supervision and liquidation of the companies, enterprises, activities, associations, groups, study or research syndicates or collaborative ventures in which it holds an interest or a shareholding.
The company may transact all commercial, industrial and financial operations and operations relating to movable or immovable assets, enter into all undertakings and in general transact all operations that are directly or indirectly related to its objective or that can potentially promote the same or to help protect its financial interest.
The company may grant security for or give its guarantee on behalf of the same companies, enterprises, activities, associations, groups, study or research syndicates, or collaborative ventures that it has interest or a shareholding in, act as their agent or representative, grant them advances or credit and provide them mortgage or other securities.

Financial calendar

General Shareholders' Meeting in respect of FY 2003:	27 May 2004
Payment date of the 2003 dividend (coupon no 7):	1 June 2004
Press release – 1H 2004 results:	23 September 2004
General Shareholders' Meeting in respect of FY 2004:	26 May 2005

On the www.gimv.be or www.gimv.com websites you will find extracts from the annual report, press releases, the net asset value, the share price and other information on the GIMV group in two languages (Dutch and English).

This entire document, with the exception of the Chairman's Letter, constitutes the annual report.

Herman Daems

Leo Victor

Only the Dutch language version of the annual report is the official legal version . The English version contains translations of the original Dutch language version. GIMV NV is responsible for these translations.

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