

AUXIMINES S.A.

Première adoption des normes internationales d'information financière (IAS/IFRS).

Auximines dont les titres sont admis aux négociations sur Euronext Bruxelles est tenue d'établir ses comptes consolidés à partir du 1^{er} janvier 2005, en appliquant les normes IAS/IFRS et les interprétations y afférentes qui auront été adoptées au niveau européen.

Les premiers états financiers IFRS au 31 décembre 2005 comporteront des informations comparatives pour l'exercice 2004.

Afin de permettre aux utilisateurs de l'information financière de se faire une opinion sur l'impact de la première application des normes IAS/IFRS, Auximines a établi une note de transition incluant la réconciliation :

- des capitaux propres d'ouverture au 1^{er} janvier 2004
- du compte de résultats 2004
- des capitaux propres de clôture au 31 décembre 2004

Au 1^{er} janvier 2004, l'application du référentiel IAS/IFRS s'est traduite par une augmentation des capitaux propres de € 168 millions avant rémunération du capital d'Auximines et Brederode (€ 12 millions) provenant principalement de :

- la réévaluation du portefeuille-titres à sa juste valeur (€ 80 millions)
- la reclassification des obligations automatiquement convertibles Brederode dans les capitaux propres (€ 71 millions)
- le reclassement des dividendes à distribuer dans les capitaux propres (€ 12 millions)
- l'évaluation des swaps de devises (instruments dérivés) à leur juste valeur (€ 6 millions)
- la consolidation des filiales industrielles (groupe Artilat) (€ - 1 million)

Le résultat net en quote-part du groupe pour l'année 2004, déterminé conformément aux normes IAS/IFRS augmente de € 26 millions correspondant essentiellement à la variation de la juste valeur du portefeuille-titres cotés et du « private equity ».

Au 31 décembre 2004, les capitaux propres selon les normes IAS/IFRS s'élèvent à € 837 millions, en augmentation de € 121 millions s'expliquant par l'ajustement des réserves de consolidation au bilan d'ouverture (€ 98 millions) et l'impact de la transition sur le résultat 2004 (€ 23 millions).

La note de transition (en anglais) est disponible sur demande au siège social (tél : 02/352.00.90).

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First-time adoption of International Financial Reporting Standards **(IAS/IFRS)**

In compliance with the European Regulation of July 2002 on the application of International Accounting Standards, the consolidated financial statements of Auximines for the year ended 31 December 2005, will be prepared in conformity with IFRS (International Financial Reporting Standards) as endorsed by the European Union at that date.

This first complete set of IFRS financial statements at 31 December 2005 will include 2004 comparative information. As a result, an opening IFRS balance sheet has been prepared as of 1 January 2004, date on which, in accordance with IFRS 1 – *First-time Adoption of International Financial Reporting Standards*, the adjustments related to the transition to IFRS are recognised directly into equity.

The objective of this note is to summarise and explain, ahead of their full implementation in 2005, the effect of the transition to IFRS on the year 2004 consolidated accounts.

The **key changes** brought about by the implementation of the new accounting rules for Auximines are as follows:

- financial assets are recognised as “financial assets at fair value through profit and loss”
- automatically convertible bonds (OAC) of Brederode are accounted for as equity in the 2004 opening balance sheet (converted into equity in February 2004)
- recommended dividends are no longer treated as payable
- currency swaps (derivative instruments) are measured at fair value
- industrial subsidiaries (Artilat group) are fully consolidated

The new reporting standards that have the greatest impact on Auximines’ accounting, because of their difference with Belgian GAAP, are **IAS 39** *Financial Instruments: Recognition and measurement* and **IAS 32** *Financial Instruments: Disclosure and presentation*.

IAS 39 requires, that fair value be the preferred valuation method for financial instruments. Listed stocks are therefore valued at their market price at the balance sheet date while private equity investments (unlisted investments) are valued according to the most recent valuation provided by the General Partners according to international guidelines.

Forward foreign exchange contracts and currency swaps are reported in the balance sheet at fair value. The same treatment is applied to outstanding options on shares.

Changes in the market values on all the above financial instruments from one reporting period to the next as well as realised gains/losses during the same period are accounted for through the Profit and Loss account.

IAS 32 deals, among other things, with own shares. In accordance with that standard, our subsidiary Brederode’s own shares are deducted from shareholder’s equity. The same standard also affects the treatment of the automatically convertible bonds issued by our subsidiary, which are no longer accounted for as debt but as equity.

Our industrial subsidiaries are fully consolidated under IFRS instead of being accounted for using the equity method under Belgian GAAP. The accounts of these subsidiaries don’t comply with the recognition and measurement requirements of IFRS but the adjustments would be immaterial.

Below we report the adjustments to shareholders equity and Profit & Loss account related to the transition from Belgian GAAP to IFRS.

Reconciliation of shareholders' equity as of 1/1/2004

The initial effect of the transition to IFRS is reported as an adjustment to Auximines' opening shareholders equity as of 1/1/2004 under Belgian GAAP.

€ 000	Belgian GAAP 31/12/2003	Transition effects	IAS/IFRS 1/1/2004
- revaluation of financial assets (1)		80,402	
- Brederode automatically convertibles bonds (2)		70,799	
- 2004 dividend (3)		11,996	
- currency swaps (4)		6,014	
- change in consolidation method of industrial subsidiaries (5)		-1,123	
- other changes		319	
Shareholders' equity	570,926	168,407	739,333
- group share	222,347	86,477	308,824
- Minority interests	348,579	81,930	430,509

(1) According to IAS 39 both listed shares and private equity investments are measured at fair value. Under the previous rules, financial assets were reported at their historical cost less any write down in the case of a permanent diminution in value

(2) The Brederode' automatically convertibles bonds are reclassified as shareholders equity.

(3) The recommended dividend of Auximines (4,652) and from its subsidiary (7,344) may no longer be treated as payable.

(4) According the IAS 39 the fair value of derivative instruments, among those currency swaps, have to be shown in the balance sheet. Previously they were off balance sheet items.

(5) Under IFRS industrial subsidiaries (Artilat group) are fully consolidated. Under the Belgian GAAP, the exclusion of subsidiaries with dissimilar activities was permitted if inclusion was deemed to impair fair presentation in the consolidated financial statements. The equity method was therefore used in the past.

2004 profit and loss account reconciliation

The P&L account under IFRS now includes the changes in fair value of Auximines' financial assets during the reporting period. In the past, only realised capital gains were reported, investments never being revalued.

€ 000	Belgian GAAP	Transition effects	IAS/IFRS
Dividend and interest received	27,559	-17	27,542
Write up/(down) on financial assets (net) (1)	-19,773	19,773	0
Capital gain/(losses) on sale of financial assets (net) (1)	89,180	-89,180	0
Change in value of financial assets (1)	0	90,635	90,635
Earnings from derivative instruments (2)	5,545	1,628	7,173
Profits from portfolio management	102,511	22,839	125,350
Share of result of subs accounted for with the equity method (3)	222	-222	0
Loss of consolidated subsidiaries (3)	0	-418	-418
Other income and expenses	-4,833	-113	-4,946
Operating profits	97,900	22,086	119,986
Financial income and expenses	-1,259	43	-1,216
Other non operating profits	0	1,333	1,333
Profit before tax	96,641	23,462	120,103
Tax	-2,896	-105	-3,001
Total profit	93,745	23,357	117,102
Group share	28,750	27,024	55,774
Minorities interests	64,995		61,328

(1) According to IAS 39 the gain or loss from the sale of a financial asset is the change in fair value from the beginning of the reporting period until the date of sale. Such value, together with the change in fair value during the reporting period of the financial assets recorded at year end is reported under the heading "Change in value of financial assets". Capital gain/losses expressed under Belgian GAAP do not show up in IFRS P&L account because part of them relate to previous accounting periods and therefore were already accounted in the opening balance sheet as a transition effect. The other portion that is attributed to the reporting period is now part of the account "Changes in value of financial assets" The write up/(down) is now part of the "Changes in value of financial assets" and therefore eliminated.

(2) Under previous rules, only unrealised losses together with realised gains/(losses) on derivative instruments (typically currency swaps and equity options) were reported. Under IAS 39 derivative instruments have to be reported at fair value, including unrealised gains as well.

(3) Industrial subsidiaries (Artilat Group)

Reconciliation of shareholders equity as of 31/12/2004

The main adjustments between the accounts under Belgian GAAP and IFRS are the opening adjustment in the shareholders equity and the difference in P&L account between Belgian GAAP.

€ 000	Belgian GAAP	Transition effects	IAS/IFRS
- Opening adjustment (1)		97,608	
- Difference in P&L account		23,357	
- Increase of dividends in 2005		2,012	
- orther changes		-1,712	
Shareholders' equity	715,642	121,265	836,907
- Group Share	263,198	96,677	359,875
- Minority interests	452,444	24,588	477,032

(1) opening adjustment in the shareholders equity (168.407) after conversion of the Brederode' automatically convertibles bonds in February 2004 (-70.799)