HAL Trust

Annual Report 2003

HAL Trust

Annual Report 2003

The history of HAL dates back to April 18, 1873, when the Nederlandsch-Amerikaansche Stoomvaart-Maatschappij (N.A.S.M.) was founded in Rotterdam, the Netherlands. The Company continued its activities under various names and is now operating as HAL Holding N.V., a Netherlands Antilles company. All the shares of HAL Holding N.V. are held by HAL Trust and form the Trust's entire assets. HAL Trust was created on October 19, 1977, by a Trust Deed which was last amended on May 28, 2001. The shares of the Trust are admitted to the official listing of Euronext Amsterdam N.V.

HAL Holding N.V.'s annual report is included herein. A translation of this report is published in the Dutch language. Only the report in the English language is submitted to the General Meeting of Shareholders for approval.

HAL Holding N.V.
A. Mendes Chumaceiro Boulevard 11
Willemstad, Curaçao
Netherlands Antilles
Telephone: (599) 9 4615 002
Telefax: (599) 9 4615 003

Postal address:
HAL Holding N.V.
5, Avenue des Citronniers
MC 98000 Monaco
Telephone: (377) 92 16 75 79
Telefax: (377) 93 25 54 34

Postal address in the Netherlands:
HAL Investments B.V.
P.O. Box 2001
3000 CA Rotterdam
Telephone: (31) 10 281 65 00
Telefax: (31) 10 281 65 28

Postal address in the U.S.A.:
HAL Real Estate Investments Inc.
2025 First Avenue
Suite 700
Seattle, WA 98121
Telephone: (1) 206 448 5080
Telefax: (1) 206 448 5075

Contents

Corporate Administration

HAL Holding N.V.

Board of Supervisory Directors:
H. Langman, *Chairman*
S.E. Eisma, *Secretary*
Dr. J.M. Schröder
T. Hagen
A.H. Land

Executive Board:
M. van der Vorm, *Chairman*
M.F. Groot

Highlights

In euros	**2003**	2002
Income (in millions)		
Net sales	**1,756.3**	1,660.6
Investment income	**41.7**	32.4
Earnings from associates	**78.5**	106.5
Earnings from other investments	**2.6**	–
Earnings from real estate activities	**25.8**	29.2
Net income	**59.6**	26.2
Net income before amortization of goodwill	**206.7**	152.4
Balance sheet		
Total assets (in millions)	**3,126.2**	3,075.3
Shareholders’ Equity (in millions)	**1,640.4**	1,635.2
Shareholders’ Equity as percentage of total assets	**52.5**	53.2
Number of Shares (in thousands)	**63,687**	63,687
Per Share		
Net income	**0.94**	0.41
Net income before amortization of goodwill	**3.25**	2.39
Shareholders’ Equity after proposed distribution of income	**25.76**	25.68
Net asset value at market value of quoted associates after proposed distribution of income	**28.15**	24.06
Closing price Shares	**23.95**	20.50
Cash dividend declared	**1.45***	1.25
Exchange rates – December 31		
Euros per U.S. dollar	**0.80**	0.95

* Proposed

Report of the Trust Committee

HAL Trust

HAL Trust was formed in 1977.
The Trust holds all the outstanding shares of HAL Holding N.V.

For further details of the organization see page 49.

In accordance with the instructions issued on May 22, 2003, the Trustee paid a dividend of Q1.25 per share on June 2, 2003.

On December 31, 2003 and 2002, 63,686,850 shares were outstanding.

No shares have been repurchased during 2003.

The Trust Committee
HAL Trust Committee Ltd.

Hamilton, Bermuda, March 25, 2004

Recommendations of the Board of Supervisory Directors HAL Holding N.V.

In accordance with Article 31, Part 2, of the Articles of Incorporation of HAL Holding N.V., the Executive Board has prepared the balance sheet as of December 31, 2003, as well as the statement of income for the year ended December 31, 2003, and has submitted them, together with notes thereto, to the Board of Supervisory Directors. After the accounting firm PricewaterhouseCoopers attached their unqualified opinion to the financial statements of the Company, the statements were approved and signed by all members of the Board of Supervisory Directors.

We recommend that the Shareholders of HAL Trust instruct the Trustee to vote at the Annual Meeting of HAL Holding N.V., to be held on June 3, 2004, for the approval of the annual accounts for 2003 as per the submitted statements, including the distribution of profits proposed therein.

During the year under review, our Board met six times with the Executive Board. During these meetings we discussed the Company's strategy, the general state of its affairs, the development of the results, acquisitions, the risks associated with the Company and the systems of administrative and internal controls. The Board of Supervisory Directors also met in the absence of the Executive Board to discuss, among other things, the functioning and composition of our Board. The Board also discussed the financial statements and the Company's systems of administrative and internal controls with the external auditor.

We have examined the Dutch Corporate Governance Code as published in December 2003 by the Corporate Governance Committee chaired by Mr. M. Tabaksblat. This Code is not applicable to HAL Holding N.V. in view of the fact that HAL Holding N.V. is not a Dutch company. Page 50 of this report provides a description of HAL Holding N.V.'s Corporate Governance structure which includes elements of the recommendations of the Committee.

In accordance with the rotation schedule, Mr. H. Langman resigns this year. We propose to the Shareholders to re-elect Mr. H. Langman during the next Shareholders' meeting.

On behalf of the Board of Supervisory Directors,

H. Langman, *Chairman*

March 25, 2004

Report of the Executive Board HAL Holding N.V.

Introduction

Net income of HAL Holding N.V. for 2003 amounted to Q59.6 million (Q0.94 per share) compared with Q26.2 million (Q0.41 per share) for 2002. Net income before amortization of goodwill amounted to Q206.7 million (Q3.25 per share) compared with Q152.4 million (Q2.39 per share) for 2002.

The net asset value increased in 2003 by approximately Q353 million (23%) to Q1,885 million and amounted to Q29.60 per share on December 31, 2003 (before distribution of income) as compared to Q24.06 on December 31, 2002. The main reason for this change is the increase in value of the quoted associates. In 2002 the net asset value decreased by Q273 million (14.5%). The net asset value is based on the market value of the quoted associates and the liquid portfolio and on the book value of the unquoted investments.

It will be proposed to distribute a dividend of Q1.45 per share for 2003 (2002: Q1.25). This is consistent with our past dividend policy of paying a dividend of approximately 6% of the price of a HAL Trust share at the beginning of the year.

Prospects

The net asset value on March 19, 2004 approximates the net asset value on December 31, 2003 (before distribution of income).

In view of the fact that a major part of the Company's net income is determined by developments in the financial markets, the results of the quoted associates and the timing of potential investments and divestitures, we do not express an expectation as to net income for 2004.

Strategy

The Company's strategy is focussed on acquiring significant shareholdings in companies with the long term objective of increasing shareholders' value. When selecting investment candidates the Company emphasizes, in addition to investment and return criteria, the potential of playing an active role as a shareholder and/or board member. The Company does not confine itself to any particular industry and does not operate within limited time horizons.

HAL also invests in real estate. The real estate investment activities are primarily concentrated in the greater Seattle metropolitan area with an emphasis on the development and rental of multifamily properties and office buildings.

In anticipation of further investments in companies, the liquid assets are temporarily invested in order to maintain a high degree of flexibility.

There are a number of risks associated with the strategy outlined above and with its implementation. Our investments differ in industry, size, culture, geographical diversity and stage of development. In our business model our choice has been not to have a centralized management approach. Each investment has its own financial structure and a Supervisory Board of which the majority of the members are generally not affiliated with HAL. The fact that each investment has its own corporate governance structure allows the operating companies to fully concentrate on developments which are relevant to them and to assess which risks to accept and which risks to avoid. Accordingly, in addition to the risks mentioned below, there are specific risk factors associated with the individual investee companies.

Risk Factors

Major risk factors are:

Market risk
At the end of 2003 the Company had temporarily invested Q110 million in equities. In addition, based on market values, Q1,039 million was invested in quoted associates. The value of these investments can be subject to significant fluctuations as a result of the volatility of the stock markets.

Interest rate risk
At the end of 2003 HAL had temporarily invested Q534 million in fixed income

instruments. Fixed income investments are subject to interest rate risk. We believe that for HAL this risk is limited as the Company's portfolio has a very short duration. In addition, interest rate exposure exists with respect to the Company's debt position. Of the Q662 million total long term debt outstanding at the end of 2003 Q452 million was at fixed interest rates for a period exceeding one year.

Currency risk
HAL has currency exposure as a result of the investments in real estate and operating companies in the United States. HAL uses instruments such as forward currency exchange contracts to hedge currency risks. The use of forward currency exchange contracts has an impact on the size of the liquid portfolio when exchange rates change. At the end of 2003 the net assets denominated in U.S. dollar amounted to approximately $ 650 million (Q517 million). The currency exposure with respect to these investments was almost fully hedged by forward exchange contracts except for our investment in Univar N.V. The interest in this company is considered a dollar investment in view of the fact that a significant portion of its activities is concentrated in North America and that the company uses the dollar as its functional currency. The currency exposure with respect to the book value of this investment is hedged for 80%. Barring unforeseen circumstances, we intend to continue this hedging policy.

Concentration risk
At the end of 2003 HAL had Q292 million invested in a portfolio of non-quoted long term investments. The estimated value of this portfolio is based on the principles and assumptions set out on page 38 of this annual report and amounts to approximately Q708 million. Pearle Europe B.V. makes up 65% of this amount. In addition, the market value of HAL's investment in the optical retailers GrandVision S.A. and Cole National Corporation amounted to Q212 million on December 31, 2003. Accordingly, there is a degree of concentration risk with respect to the optical retail industry.
At the end of 2003 HAL had invested, based on market values, Q827 million in a portfolio of quoted associates, not active in optical retailing. This portfolio consisted of Koninklijke Vopak N.V., Univar N.V. and Koninklijke Boskalis Westminster N.V. The investment in Vopak represented 52% of this portfolio. Accordingly, HAL is exposed to concentration risk, also with respect to this portfolio.

At the end of 2003 HAL had invested, based on book values, Q189 million in real estate assets. As these assets are primarily located in and around Seattle, unfavorable economic developments in this area have a negative impact on the value of these properties. Moreover, the value of these properties can be affected by interest rate changes.

Other
Administrative and internal control procedures of HAL are designed to identify the various risk factors outlined above, to monitor their development and to take, where appropriate, action on a timely basis. The Board of Supervisory Directors is frequently informed about these matters.

Investments

In accordance with an agreement made in 1999, HAL increased during August 2003 its interest in Mercurius Groep Wormerveer B.V. from 40% to 100%.

The investment in GrandVision S.A. was increased during 2003 to almost 33%. At the end of 2002 this interest was part of the liquid portfolio and amounted to 4.9%. GrandVision is a French quoted optical retailer with approximately 500 stores, primarily in France and the United Kingdom. Revenue for 2003 amounted to Q604 million and net income to Q22.6 million. The market value of HAL's interest at the end of 2003 amounted to Q161 million. On February 3, 2004, Multibrands S.A.S., owned for 63% by HAL, announced it had filed a public offering statement with the French Stock Exchange Authorities (AMF) for all of the outstanding shares of GrandVision S.A.. Multibrands has been specifically incorporated for this transaction. The other shareholders in Multibrands are board members of GrandVision. The offering document was approved by the AMF on February 20, 2004. The offer amounts to Q25.50 per GrandVision share and runs through March 30, 2004. The total number of outstanding shares of the company is 23,445,325. On March 25, 2004 HAL, Multibrands and the board members together owned 81% of the share capital and 85% of the voting rights of GrandVision.

During the last quarter of 2003 and early 2004, HAL acquired an additional 11% in Pearle Europe for Q68.5 million. HAL's interest in Pearle Europe currently amounts to 78.3%. During September 2003 Pearle Europe acquired a 63% interest in Synoptik Holding A/S. Synoptik is a Danish optical retailer which at the moment of the acquisition operated 291 stores in Denmark, Germany, Norway, Poland and Sweden. Its annual sales are approximately Q200 million.

Schoonenberg Hoorcomfort acquired by the end of 2003 the L. de Haan hearing aid stores. These 21 stores have annual sales of approximately Q10 million.

Divestitures

The investments in Autobusfabriek Bova B.V. (33%), and Gefonzo B.V. (50%) were sold during 2003. These transactions resulted in small capital gains. In February 2004 the investment in Schreiner Luchtvaart Groep B.V. (48.6%) was sold, realizing a small capital gain. The total sales proceeds for these transactions amounted to approximately Q40 million.

Consolidated subsidiaries

Pearle Europe B.V. (Pearle), currently owned for 78.3% by HAL, is one of Europe's largest optical retailers. The company owns a number of optical retail chains with approximately 1,500 stores (of which 400 franchised) in twelve European countries. The total annual revenues from these stores (including franchisees) amounted to approximately Q850 million. The company employs approximately 5,500 people. The acquisition of a 63% interest in Synoptik during September 2003 provided a further strengthening of Pearle's market position. Revenues for 2003 increased by 37% to Q646 million. This increase is primarily the result of the acquisition of the Finnish optical retail chain Instrumentarium during 2002 and the Synoptik acquisition in September 2003. The Synoptik revenues are consolidated proportionally. The operating result increased from Q64 million to Q103 million. For the purpose of this report operating income is defined as earnings before interest, taxes and amortization of goodwill.
The increase in operating income is primarily the result of the acquisitions referred to above and growth in Germany. In anticipation of a change in the law in Germany effective January 1, 2004 which significantly reduced government subsidies on optical lenses, the company experienced a material (one off) increase in revenues in 2003.

Koninklijke Ahrend N.V. (Ahrend) is an Amsterdam based company operating in the office furnishing and office supplies sectors. HAL has a 77% interest in Ahrend. The company employs approximately 1,650 people. Revenues for 2003 decreased by 21% to Q375 million. More than half of this decrease can be attributed to the deconsolidation of the German office furniture company Mauser Waldeck AG at the end of 2002. The remainder of the decrease is almost entirely due to lower office furniture sales. These sales decreased by 16% as a result of adverse market conditions. Office products sales decreased by 4% compared to the year before. The operating result (excluding incidental gains) decreased to Q12.1 million, mainly as a result of lower furniture sales.

PontMeyer N.V. (PontMeyer) is one of the leading suppliers of timber products and building materials in the Netherlands. PontMeyer is the new name for PontEecen N.V. The company has approximately 1,400 employees. During 2003 HAL's interest increased from 53.5% to 57%. Revenues for 2003 decreased by 9% to Q373 million as a result of the continuing economic decline in the building industry and increasing competition which caused downward pressure on prices. The operating result decreased by Q14 million to a loss of Q3 million (excluding incidental items).

Mercurius Groep Wormerveer B.V. (Mercurius) is a Wormerveer (the Netherlands) based company active in printing and publishing. The company has operations in the

Netherlands, the United Kingdom, France, Spain, Belgium and Germany. During August 2003, HAL increased its interest in Mercurius from 40% to 100% in accordance with an agreement made in 1999. Mercurius employs approximately 950 people. Its products include plant labels, announcement cards, calendars, annual reports, financial prospectuses, magazines and telephone cards. Revenues for 2003 decreased by 10% to Q141 million. Operating income also decreased. The decrease in revenue and operating income is primarily the result of the reduced activity level in the financial industry. In addition, the company was faced with a reduced printing volume and lower prices as a result of overcapacity in the printing industry.

Trespa International B.V. (Trespa), located in Weert (the Netherlands), is the world market leader for High-Pressure-Laminate (HPL) compact panels. HAL has a 91% interest in the company. Trespa employs approximately 600 people. Revenues for 2003 amounted to Q130 million and were on the same level as the year before. Operating income increased as a result of lower costs and an improvement in gross margin.

Intersafe Holding B.V., (Intersafe), located in Dordrecht (the Netherlands), employs approximately 250 people, and is a distributor of personal protection equipment such as safety clothing for factory employees. HAL has a 91% interest in the company. Revenues for 2003 decreased by 3% to Q51.5 million. This decrease was mainly the result of a lower level of employment at the clients of Intersafe, which in turn caused a lower demand for the company's products. Lower revenues resulted in a decrease in operating income.

Anthony Veder Group N.V. (Anthony Veder) is a shipping company based in Rotterdam in which HAL has a 64.2% interest. The company has annual revenues of approximately $ 50 million and employs approximately 200 people. Anthony Veder currently operates 20 gas tankers, 14 of which are owned. As a result of increasing freight rates and fleet occupancy, the loss for 2003 decreased to $ 5.7 million (Q4.5 million).

Schoonenberg Hoorcomfort B.V. (Schoonenberg), located in Dordrecht (the Netherlands), employs approximately 340 people and sells hearing aids. HAL has a 91% interest in the company. After the acquisition of the L. de Haan Hoorapparaten stores in December 2003, Schoonenberg has 75 company owned stores and 11 points of sale locations in "Eye Wish Groeneveld" optical retail stores, which are part of the Pearle Europe organization. Revenues for 2003 increased by 38% to Q29.3 million. Operating income also increased.

International Container Services Holding B.V. (ICS) is a 67% owned subsidiary based in Rotterdam. ICS is active in the container industry and manages one of the largest container depots in Rotterdam. ICS has a leading position in the container repair sector and also specializes in the design and construction of technical modules for the international oil and gas exploration industry and related applications. The company employs approximately 170 people. Revenues for 2003 decreased by 8% to Q24 million. This decrease includes the effect of the sale of the parts supply business. The operating result remained on the same level as the year before.

Poipu Resort Partners L.P. (Poipu) is a Hawaii limited partnership which owns the "Embassy Vacation Resort at Poipu Point" on the island of Kauai (Hawaii). HAL has a 69.6% equity interest in this partnership. The Poipu resort is located on the south coast of Kauai and consists of 219 luxury apartments situated on 22 acres. The project is being sold on a time-share basis in intervals (the right to use an apartment for one week per year). The number of intervals sold during 2003 decreased by 11% to 897. As a result of higher sales prices, revenues only decreased by 5% to $ 20 million (Q16 million). At the end of 2003 the unsold inventory consisted of 2,544 intervals out of an original total of 11,169 intervals.
The unsold apartments are operated as a hotel. At the current run rate, all intervals will be sold by mid 2006. The results of the project were on the same level as for the prior the year.

Publicly traded associates

In addition to the consolidated subsidiaries, described above, HAL has minority interests in the following quoted companies:

Koninklijke Vopak N.V. (Vopak) is the leading independent provider of tank storage and related logistic services for the oil and chemical industries throughout the world. The company operates an international network of 71 tank terminals in 29 countries with a total capacity of approximately 20 million m^3. The company employs approximately 4,000 people. Vopak is quoted on the Euronext Amsterdam Stock Exchange. Its market value at the end of 2003 amounted to € 893 million. HAL owns 46.6% of the common shares and 10% of the preferred shares. Revenues for 2003 decreased by 6% to € 749.6 million, primarily due to currency differences. Net income decreased by 6% to € 104.5 million.

For additional information on Vopak please refer to the company's annual report and the web site www.vopak.com.

Univar N.V. (Univar) is one of the world's leading independent distributors of industrial chemicals and providers of related speciality services with an extensive network of 166 distribution centers spread across the United States, Canada and Europe. Univar employs approximately 6,800 people. The company is quoted on the Euronext Amsterdam Stock Exchange. Its market value at the end of 2003 amounted to € 450 million. HAL owns 46.6% of the common shares and 46.2% of the preferred shares. Revenues for 2003 increased by 6.7% to $ 4.7 billion (€ 3.8 billion), primarily due to currency differences. Net income increased by 74% to $ 42.2 million (€ 33.6 million).

For additional information on Univar please refer to the company's annual report and the web site www. univarcorp.com.

Koninklijke Boskalis Westminster N.V. (Boskalis) is an international group with a leading position in the world market for dredging services. Its core activities are the construction and maintenance of ports and waterways, land reclamation, coastal defence and riverbank protection. The company has operations in over 50 countries across five continents and owns a fleet of more than 300 units. Boskalis has over 3,000 employees. The company is listed on the Euronext Amsterdam Stock Exchange. At the end of 2003 the market value of Boskalis was € 570 million. HAL has an interest of 30.9% in Boskalis. Revenues for 2003, on a comparable basis, increased by 1% to € 1,046 million. Net income decreased by 14% to € 70.9 million. The order book of the company by the end of 2003 amounted to € 1,124 million compared with € 1,273 million at the end of 2002.

For additional information on Boskalis please refer to the company's annual report and the web site www.boskalis.com.

Cole National Corporation (Cole), with approximately 2,200 optical retail stores, is one of the largest optical retailers in the United States. The company also sells personalized gifts in more than 700 locations. In addition, Cole has a 21% interest in Pearle Europe B.V. Cole is listed on the New York Stock Exchange. The market value of Cole at the end of 2003 was approximately $ 330 million (€ 263 million). HAL has a 19.2% interest in Cole.
Cole has not yet reported its results for 2003. It is expected these will be available by mid April. Revenues for the first nine months amounted to $ 892 million (€ 710 million), a 5% increase compared to the year before. Net loss for the first nine months amounted to $ 13 million (€ 10.3 million) compared with a loss of $ 6.7 million (€ 6.3 million) the prior year. In January 2004 Luxottica Group S.p.A and Cole announced they had entered into a merger agreement. Under the agreement Luxottica will make an offer for all outstanding shares of Cole at $ 22.50 per share. The total value of the offer amounts to $ 401 million (€ 319 million). The intended merger is subject to approval of Cole's shareholders and requires anti-trust clearance. Cole and Luxottica announced they expect to finalize the transaction during the second half of 2004.

For additional information on Cole please refer to the company's annual report which probably will be available during the second quarter of 2004 and the website (www. colenational.com).

Other minority interests

At the end of 2003 HAL had minority interests in the following non-quoted companies:

AMB i.t. Holding B.V. (AMB), located in Heemstede (the Netherlands), is the world's market leader for identification and timing systems, especially for motor sports. HAL has an interest of 30% in AMB. The company has approximately 40 employees. Revenues for 2003 increased by 10% to Q11 million. Operating income also increased.

Europrospectus.com Ltd.(Europrospectus) is a company based in the United Kingdom which provides on-line acces to a database of approximately 100,000 European financial prospectuses. The company employs about 20 people. HAL's interest in the company, currently at 52.6%, may decrease to 50% following the exercise of options by employees. Revenues for 2003 increased by 26% to GBP 1.1 million (Q1.6 million). Operating income also increased.

Het Financieele Dagblad Holding B.V. is located in Amsterdam and publishes the only Dutch financial newspaper. The company also owns a radio station. HAL has a 36.3% interest in this company. Early January 2004 this interest was increased to almost 40%. Het Financieele Dagblad employs approximately 250 people. Newspaper revenues decreased by 8% to Q34.5 million as a result of lower advertisement sales (– 13%) and subscriptions (– 5%). Operating income increased due to cost savings. In March 2003 the company acquired, partly from HAL, all shares of Business Nieuws Holding B.V., an Amsterdam based radio station with a focus on financial information. In May 2003 Business Nieuws obtained a FM operating license for the Netherlands. Revenues for 2003 amounted to Q5.5 million and were on the same level as the year before. Operating income increased.

Navigation Technologies Corporation (NavTeq), based in the United States, is the market leader in the development and sale of databases for navigation systems in automobiles. HAL has a 20% interest in a consortium of financial investors that, at the end of 2003, owned 10.2% of the ordinary shares of NavTeq. HAL's financial risk with respect to this investment is very limited as a part of the investment will be sold to Koninklijke Philips N.V. at a pre-determined price. Following the excercise of this option, HAL would recover its total investment. Revenues for 2003 amounted to $ 273 million (Q217 million), which represents a 64% increase compared with the prior year. Operating income also increased significantly.

Real Estate

The Company's investment in real estate at the end of 2003 consisted of the Shorewood Heights multi-family apartment community (630 units) and four office properties with a total of 1.2 million square feet of rentable space. In addition, HAL owns two development sites. On one of the sites construction of 153 condominium units and 6 townhomes for a total development cost of $ 33 million (Q26 million) commenced in March 2004. In September 2003, the Greystone Apartments were sold for $ 20.5 million (Q16.3 million). This transaction resulted in a gain of Q9 million. At the close of 2003, the market value of the real estate portfolio exceeded book value by $ 11 million (Q9 million) compared to $ 18 million (Q17 million) by the end of 2002, adjusted for the sale of Greystone Apartments.

Apartment communities
The Shorewood Heights apartment community is situated in one of Seattle's preeminent suburbs. The book value of this investment is approximately $ 78 million (Q62 million). The profitability of the community showed significant improvement over last year due to both improved occupancy and higher rental rates.

Office buildings
HAL owns four class A office properties all of which are well located in the Seattle Metropolitan Area. The aggregate book value amounted to $ 149 million (Q119 million). In line with expectations, the occupancy rate declined further due to the expiration of a number of leases that were not renewed. The average vacancy rate at the end of 2003 and 2002 was 35% and 19% respectively. There are no signs that

employment opportunities will improve in the Seattle area in the near future. Accordingly, it is not anticipated that occupancy and rental rates will improve during 2004. The estimated market value of the office buildings at the end of 2003 was $ 17 million (Q14 million) lower than at the end of the prior year.

Liquid Portfolio

During 2003 the corporate liquid portfolio decreased by Q161 million to Q605 million. This decrease was primarily due to the additional investment in GrandVision S.A., the increase of HAL's interests in Pearle Europe and Mercurius, refinancings and the distribution of the dividend over 2002. These outflows were partially offset by funds that became available as a result of the expiration of forward exchange contracts used for the hedging of currency risks associated with the value of the U.S. dollar. The liquid portfolio also benefited from the increase in value of the equity portfolio.

On December 31, 2003 the liquid portfolio consisted for 82% (2002: 66%) of fixed income instruments amounting to Q495 million (2002: Q506 million), and for 18% (2002: 34%) of equities for an amount of Q110 million (2002: Q260 million).

The fixed income part of the portfolio on December 31, 2003 consisted for 92% (2002: 90%) of short-term euro denominated time deposits. The remainder consisted of short term U.S. dollar deposits. The fixed income portfolio provided a total return of 2.2% (2002: 3%).

The equity part of the liquid portfolio on December 31, 2003 consisted mainly of shares of Western European and U.S companies.

The total equity portfolio provided a return of 14.7% (2002: – 14.1%).

Results

Net income for 2003 was Q59.6 million compared with Q26.2 million for 2002. Net income per share increased by Q0.53 to Q0.94

The increase in *net sales* by Q96 million to Q1,756 million is primarily due to the increase in revenues at Pearle Europe associated with the acquisitions in 2002 and 2003. The inclusion of the results of Mercurius in the consolidated financial statements commencing in August 2003 also had a positive impact on net sales. This was, however, partially offset by lower revenues at Ahrend and at PontMeyer.

Investment income increased by Q9 million to Q42 million as a result of higher realized capital gains on equities.

The earnings from associates and other investments decreased by Q25 million to Q81 million. This decrease is primarily the result of capital gains recorded in 2002 of Q17 million relating to the sale of bonds issued by Cole.

Amortization goodwill increased by Q21 million to Q147 million as a result of the acquisitions of Pearle Europe in 2002 and 2003 as well as the consolidation of Mercurius. In accordance with expected changes in International Financial Reporting Standards, goodwill will no longer be amortized effective January 1, 2005. Instead, goodwill will be subject to an impairment test. This change will have a significant influence on net income of HAL.

Executive Board HAL Holding N.V.

March 25, 2004

Financial Statements
HAL Trust

Consolidated Balance Sheet
as at December 31

In thousands of euros, after proposed distribution of income	*Notes*	**2003**	2002
Assets			
Non-current assets:			
Property, plant and equipment	1	**338,159**	355,901
Investment properties	2	**189,283**	244,882
Goodwill	3	**419,990**	385,847
Investments in associates	4	**658,259**	713,631
Other investments	5	**234,477**	29,039
Deferred tax assets	15	**26,420**	3,872
Other non-current assets	6	**82,898**	70,150
Total non-current assets		**1,949,486**	1,803,322
Current assets:			
Marketable securities and deposits	7	**643,812**	816,462
Receivables	8	**201,364**	175,780
Inventories	9	**198,414**	177,499
Other current assets	10	**94,524**	71,021
Cash and cash equivalents		**38,632**	31,251
Total current assets		**1,176,746**	1,272,013
Total assets		**3,126,232**	3,075,335
Liabilities and Shareholders' Equity			
Shareholders' Equity		**1,640,433**	1,635,229
Minority interests in consolidated subsidiaries	11	**(8,673)**	(856)
Non-current liabilities:			
Provisions	12/13	**43,474**	37,123
Long-term debt	14	**662,148**	765,003
Deferred tax liabilities	15	**28,841**	29,528
Total non-current liabilities		**734,463**	831,654
Current liabilities:			
Short-term debt	16	**287,660**	187,440
Income tax payable		**42,955**	25,035
Accounts payable		**155,106**	161,899
Accrued expenses		**181,942**	155,325
Dividends payable		**92,346**	79,609
Total current liabilities		**760,009**	609,308
Total Shareholders' Equity and Liabilities		**3,126,232**	3,075,335

Consolidated Statement of Income

In thousands of euros	*Notes*	**2003**	2002
Net sales		**1,756,319**	1,660,572
Investment income	17	**41,740**	32,362
Earnings from associates	18	**78,524**	106,561
Earnings from other investments	19	**2,577**	–
Earnings from real estate activities	20	**25,769**	29,210
Total income		**1,904,929**	1,828,705
Raw materials, consumables used and changes in inventories		**807,232**	788,724
Employee costs	21	**444,886**	399,872
Depreciation property, plant, equipment and investment properties	1	**67,907**	69,501
Amortization goodwill	3	**147,105**	126,183
Other operating expenses	22	**324,113**	349,281
Total costs		**1,791,243**	1,733,561
Operating result		**113,686**	95,144
Interest expense		**(54,246)**	(54,094)
Profit before taxes		**59,440**	41,050
Income taxes	23	**(4,247)**	(32,407)
Net income before minority interests in results of consolidated subsidiaries		**55,193**	8,643
Minority interests in results of consolidated subsidiaries		**4,439**	17,561
Net Income		**59,632**	26,204
Number of outstanding Shares		**63,686,850**	63,686,850
Net income per Share *(in euro)*		**0.94**	0.41
Dividends per Share *(in euro)*		**1.45***	1.25

* Proposed

Consolidated Statement of Changes in Equity

In thousands of euros	Share capital	Retained earnings	Cum. valuation reserve	Cum. currency trans-lation reserve	**Total**
Balance on January 1, 2002	1,274	1,687,808	58,205	95,940	**1,843,227**
Movement cum. valuation reserve:					
– marketable securities	–	–	(71,741)	–	**(71,741)**
– other investments	–	–	(15,446)	–	**(15,446)**
– interest rate derivatives	–	–	(5,503)	–	**(5,503)**
Translation of foreign subsidiaries and financial fixed assets	–	–	–	(112,551)	**(112,551)**
Equity adjustment (*)	–	(29,596)	–	–	**(29,596)**
Effect of hedging instruments	–	–	–	80,277	**80,277**
Dividend, etc. for 2002	–	(79,642)	–	–	**(79,642)**
Net profit 2002	–	26,204	–	–	**26,204**
Balance on December 31, 2002	1,274	1,604,774	(34,485)	63,666	**1,635,229**
Movement cum. valuation reserve:					
– marketable securities	–	–	23,019	–	**23,019**
– other investments	–	–	41,104	–	**41,104**
– interest rate derivatives	–	–	1,003	–	**1,003**
Translation of foreign subsidiaries and financial fixed assets	–	–	–	(101,843)	**(101,843)**
Equity adjustment (*)	–	(10,247)	–	–	**(10,247)**
Effect of hedging instruments	–	–	–	84,957	**84,957**
Proposed dividend, etc. for 2003	–	(92,421)	–	–	**(92,421)**
Net profit 2003	–	59,632	–	–	**59,632**
Balance on December 31, 2003	1,274	1,561,738	30,641	46,780	**1,640,433**

The authorized capital of the Company amounts to Q1,600,000 divided into 80,000,000 shares at a par value of Q0.02 per share. As of December 31, 2003, the Company has issued and outstanding 63,686,850 shares with a par value of Q0.02 per share. All issued shares are fully paid.

The cumulative valuation reserve relates to unrealized appreciations and diminutions of marketable securities, other investments and interest rate swaps.

The cumulative currency translation reserve relates to currency differences from the translation of foreign-dominated assets and liabilities and changes in the fair value of derivatives that hedge these assets and liabilities.

(*) The equity adjustment in 2003 relates to the effect of the restatement of the financial statements of Cole National Corporation. In 2002 the equity adjustment related to the effect of the implementation of new pension accounting standards by Koninklijke Vopak N.V. and Univar N.V.

Consolidated Statement of Cash Flows

In thousands of euros	**2003**	2002
Cash flows from operating activities:		
Profit before taxes	**59,440**	41,050
Depreciation	**67,907**	69,501
Amortization	**147,105**	126,183
Share in result associates	**(73,239)**	(86,274)
Interest expense	**54,246**	54,094
Dividend from associates	**18,720**	35,388
Changes in working capital (see note 24)	**(4,045)**	36,678
Changes in provisions	**(8,387)**	2,879
Cash generated from operations	**261,747**	279,499
Interest paid	**(53,454)**	(48,664)
Income taxes paid	**(10,972)**	(21,630)
Net cash from operating activities	**197,321**	209,205
Cash flows from investing activities:		
Acquisition of associates and subsidiaries, net of cash acquired	**(164,449)**	(287,789)
Acquisition of other investments	**(138,342)**	–
Purchase of property, plant and equipment and investment properties	**(61,397)**	(58,089)
Divestment of associates	**3,038**	–
Divestment of other investments	**1,691**	2,156
Disposal of property, plant and equipment and investment properties	**54,691**	44,284
Change in marketable securities and deposits, net	**161,551**	65,113
Change in non-current assets	**5,535**	79,614
Change in minority interests	**(1,605)**	(5,015)
Effect of hedging instruments	**92,399**	71,505
Other	**1,459**	(14,265)
Net cash from investing activities	**(45,429)**	(102,486)
Cash flows from financing activities:		
Change in short-term debt	**66,308**	(111,349)
Change in long-term debt	**(130,073)**	100,875
Dividends paid to HAL Trust	**(79,609)**	(89,162)
Net cash from financing activities	**(143,374)**	(99,636)
Increase in cash and cash equivalents	**8,518**	7,083
Cash and cash equivalents at beginning of year	**31,251**	25,780
Effects of exchange rate changes on opening balance	**(1,137)**	(1,612)
Cash and cash equivalents retranslated at beginning of year	**30,114**	24,168
Net (decrease) increase in cash and cash equivalents	**8,518**	7,083
Cash and cash equivalents at end of year	**38,632**	31,251

Accounting Policies

The consolidated financial statements presented are those of HAL Trust ("the Trust"), a Bermuda trust formed in 1977. The Trust is listed at the Euronext Amsterdam Stock Exchange.

For the years presented, the Trust's only asset was all outstanding shares of HAL Holding N.V. ("the Company"), a Netherlands Antilles corporation.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

Basis of Preparation

The consolidated financial statements are prepared in accordance and compliance with International Financial Reporting Standards.

The amounts shown in these financial statements are presented in euros.

Consolidation

Subsidiaries, which are those companies in which the Company, directly or indirectly, has an interest of more than 50% of the voting rights and/or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Company and are no longer consolidated as from the date the effective control ceases.

Intercompany transactions, balances and unrealized results on transactions between group companies have been eliminated. Where necessary, the financial statements of subsidiaries have been changed to ensure consistency with the policies adopted by the Company. Minority interests are disclosed separately.

The Company's interest in jointly controlled entities are accounted for by proportionate consolidation.

A list of the Company's principal subsidiaries is set out on page 37.

Risk Factors

A number of risk factors are associated with the Company's operations. The factors are market risks, interest rate risks, currency risks, concentration risks and other risks.
Reference is made to pages 8 and 9 of the Report of the Executive Board.

Foreign Currencies

The financial statements of foreign entities are translated into euros. Assets and liabilities are translated using the exchange rates on the respective balance sheet dates. Income and expense items are translated based on the average rates of exchange for the periods involved. The resulting translation adjustments are charged or credited to shareholders' equity (cumulative currency translation reserves). Cumulative translation adjustments are recognized as income or expense upon disposal.

The functional currency of foreign entities is generally the local currency.
Gains and losses arising from the translation or settlement of foreign-denominated monetary assets and liabilities into the local currency are recognized in income in the period they arise, except for currency differences on intercompany loans which have the nature of a permanent investment. These currency differences are recorded as translation differences in shareholders' equity.
Reference is made to the paragraph Currency risk on page 9 of the Report of the Executive Board.

Derivative financial instruments

The Company uses derivative financial instruments principally in the management of its foreign currency risk and interest rate risk. Applying IAS 39, the Company measures all derivative financial instruments based on fair values derived from external quotes for the instruments.
The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used are highly effective in offsetting changes in fair

values of hedged items or investments in foreign entities.

When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively. Any ineffectiveness is recognized in the statement of income.

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in the cumulative valuation reserve until earnings are affected by the cash flows of the designated hedged item.

Interest payments and receipts arising from interest rate derivatives such as interest rate swaps are matched to those arising from the underlying debt. Payments made or received in respect of the early termination of interest rate derivatives are spread over the original life of the instrument so long as the underlying exposure continues to exist.

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a hedge of an investment in a foreign entity are recognized as part of the cumulative currency translation reserves within Shareholders' Equity.

Disclosures about financial instruments to which the Company and its subsidiaries are a party are provided on page 34.

Property, Plant and Equipment and Investment Properties

Property, plant and equipment and investment properties are carried at cost less accumulated depreciation.

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful life as follows:

Buildings	25-50 years
Vessels	15-25 years
Equipment	3-10 years

Land is not depreciated as it is deemed to have an indefinite life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written off immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment and investment properties are determined by reference to their carrying amount and are taken into account in determining net income.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net assets of the acquired investment in an associate or consolidated subsidiary.

Under IAS 22 the amortization period should reflect the best estimate of the period during which economic benefits are expected to flow to the enterprise and should generally not exceed twenty years. Taking into account the inherent uncertainties regarding goodwill the 5-year amortization period has been consistently applied in the preparation of the 2003 financial statements

Negative goodwill (badwill) arisen as a result of fair valuing non-monetary assets is offset against the fair value of these non-monetary assets and amortized over its estimated useful life.
When calculating the gain or loss on disposal of an associate or a consolidated subsidiary the unamortized balance of goodwill is taken into account.

Investments in Associates

Investments in associates are accounted for using the equity method and relate to investments over which the Company has significant influence, but which it does not control. Associates are accounted for from the date on which significant influence is obtained and are no longer accounted for as from the date the significant influence ceases.

Equity accounting involves recognizing in the income statement the Company's share of the associates' profit or loss for the year based upon audited financial statements, if available, or – for quoted companies – on other publicly available information. The Company's interest in the associates is carried in the balance sheet at an amount that reflects its share of the net assets. These net assets are not adjusted to comply with the accounting policies of the Company. Provisions are recorded for impairment in value.

On disposal of an investment in an associate, the difference between the net proceeds and the amount at which the associate is carried in the balance sheet including goodwill, is charged or credited against income.
A list of the Company's principal associates is set out on page 37.

Other Investments

Other investments classified as non-current assets include equity interests up to 20% and equity interests in excess of 20% over which the Company has no significant influence. Quoted interests are accounted for at market value based upon stock exchange quoted selling prices at the close of business on the balance sheet date. Unrealized appreciation and diminution in value are recorded as a separate component of Shareholders' Equity (cumulative valuation reserves). Non-quoted interests are valued at fair value. Reference is made to page 38 which provides information relating to the estimated value of other investments.

On disposal of an investment, the difference between the net disposal proceeds and the cost value is charged or credited to net income.

Marketable Securities and Deposits

Marketable securities that are available for sale are classified as current assets and are carried at market value based upon exchange quoted selling prices. Transactions are accounted for on the trade date.
Unrealized appreciations or diminutions in value are recorded as a separate component of Shareholders' Equity (cumulative valuation reserves).
Deposits are recorded at fair value and are highly liquid.

Receivables

Receivables are carried at nominal value less a provision for doubtful accounts. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads, but excludes interest expense. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. A provision is established when the net realizable value of any inventory is lower than the value calculated above.

Other current assets

Other current assets include prepayments relating to the following year, and income relating to the current year which will not be received until after the balance sheet date. These receivables are expected to be collected within twelve months from the balance sheet date.

Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances which are available on demand. In the balance sheet, bank overdrafts are included in short-term debt. Short-term time deposits are classified as marketable securities and deposits.

Minority Interests in Consolidated Subsidiaries

Third Party interests in consolidated subsidiaries are recorded at their share in the net asset value of the respective subsidiary, calculated in accordance with the accounting policies as specified in these financial statements.

Provisions

Provisions are recognized if the Company and its subsidiaries have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Pension Obligations

The Company and its subsidiaries operate a number of defined benefit and defined contribution plans, the assets of which are generally held in separately administered funds. The pension plans are generally funded by payments from employees and the relevant subsidiaries.
For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans every year. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government and corporate securities which have terms to maturity approximating the terms of the related liability.
Actuarial gains and losses are spread forward over the average remaining service lives of employees, only to the extent that their net cumulative amount exceeds 10% of the greater of the present value of the obligation or of the fair value of the plan assets.
The Company's and its subsidiaries' contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate.

Long-term and Short-term debt

Long-term and short-term debt are recognized initially at the proceeds received and are stated at redemption value.
Short-term debt is due within a maximum period of one year.
Interest expenses related to this debt are reported as Interest expense in the Consolidated Statement of Income.

Net Sales

Sales are recognized upon delivery of products, if any, or performance of services, net of sales taxes and discounts. Intercompany sales are eliminated.

Investment Income

Investment income includes realized capital gains (losses), interest, dividends and management fees from marketable securities and deposits.
Realized capital gains (losses) are calculated on an average cost basis.

Interest is recorded on an accrual basis.
Dividends are recorded when declared.

Earnings from Real Estate Activities

Earnings from real estate activities include rental income less related operating costs (excluding depreciation). The earnings also include realized results on the sale of real estate assets. Rental income is recorded on an accrual basis.

Income Taxes

Income taxes are calculated based on the tax rate in the countries where the Company and its subsidiaries have operations, taking into account tax-exempt income and tax losses carried forward.

A provision for deferred income tax is established for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Under this method the Company and its subsidiaries are required to provide for deferred income taxes on the revaluation of property, plant and equipment and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax basis. Provision for taxes, mainly withholding taxes, which could arise on the remittance of retained earnings, principally relating to subsidiaries, is only made where there is a current intention to remit such earnings.

The principal temporary differences arise from revaluation and depreciation of property, plant and equipment, differences in income recognition, provisions for pensions and other post retirement benefits. Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilized.

Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term debt. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating leases are charged to income.

Research and Development

Research and development costs are charged to income in the year in which they are incurred.
Development costs related to new products are not capitalized because the availability of future economic benefits is evident only once the products are on the market.

Segmentation

Segmental information is based on two segment formats: the primary format reflects the Company’s operations, whereas the secondary format is related to the geographical areas in which the Company operates.
The primary segment format is divided into three segments: investments, real estate and liquid portfolio. The investment segment includes consolidated subsidiaries, associates and other investments. The secondary segment format is divided into three geographical areas: Europe, U.S.A. and other countries.

Notes to the Consolidated Financial Statements

(All amounts in thousands of euros, unless otherwise stated)

1. Property, Plant and Equipment

Movements for 2003 are as follows:

	Land & Buildings	Vessels	Equip-ment	**Total**
Cost value	195,318	158,432	442,029	**795,779**
Accumulated depreciation	(79,802)	(60,080)	(299,996)	**(439,878)**
Book value on Dec. 31, 2002	115,516	98,352	142,033	**355,901**
Investments	18,194	–	40,437	**58,631**
Consolidations	14,755	–	25,940	**40,695**
Dispositions	(16,671)	(22,935)	(4,156)	**(43,762)**
Depreciation	(7,213)	(6,989)	(45,211)	**(59,413)**
Exchange adjustments	(1,842)	(11,540)	(511)	**(13,893)**
Book value on Dec. 31, 2003	122,739	56,888	158,532	**338,159**
Cost value	204,872	102,863	519,506	**827,241**
Accumulated depreciation	(82,133)	(45,975)	(360,974)	**(489,082)**
Book value on Dec. 31, 2003	122,739	56,888	158,532	**338,159**

Property, plant and equipment with a book value of Q 249 million has been pledged as security for bank debt.

2. Investment Properties

Investment properties are part of the Company's real estate activities.

Movements for 2003 are as follows:

	Land & Buildings	Equip-ment	**Total**
Cost value	265,499	4,645	**270,144**
Accumulated depreciation	(23,141)	(2,121)	**(25,262)**
Book value on Dec. 31, 2002	242,358	2,524	**244,882**
Investments	2,361	405	**2,766**
Dispositions	(10,599)	(330)	**(10,929)**
Depreciation	(7,873)	(621)	**(8,494)**
Exchange adjustments	(38,892)	(50)	**(38,942)**
Book value on Dec. 31,2003	187,355	1,928	**189,283**
Cost value	210,492	4,614	**215,106**
Accumulated depreciation	(23,137)	(2,686)	**(25,823)**
Book value on Dec. 31, 2003	187,355	1,928	**189,283**

The estimated value of the properties which are part of the Company's real estate operations amounts to approximately Q 198 million ($ 249 million). This value is determined on a property by property basis using, among other methods, the direct capitalization approach. This approach divides the net operating income (rental income less operating expenses, excluding depreciation) for each property by an appropriate capitalization rate. The Company used the projected net operating income for 2004 in calculating the value. The capitalization rates used, are determined by rates investors are paying for similar properties and range from 6.5 to 9 percent. The values are subsequently verified by comparison to recent transactions relating to similar properties, replacement costs and price per unit or square foot.

Investment properties with a book value of Q189 million have been pledged as security for bank debt.

3. Goodwill

Movements are as follows:

	2003	2002
Balance on January 1	**385,847**	395,835
Acquisitions	**173,911**	118,516
Consolidation	**16,857**	–
Reclassification to other investments	**(6,991)**	–
Amortization	**(147,105)**	(126,183)
Exchange adjustments	**(2,529)**	(2,321)
Balance on December 31	**419,990**	385,847
Cost value	**943,439**	774,600
Accumulated amortization	**(523,449)**	(388,753)
Book value on December 31	**419,990**	385,847

The composition of the goodwill is as follows:

	2003	2002
Associates	**44,335**	101,080
Consolidated subsidiaries	**375,655**	284,767
	419,990	385,847

The acquired goodwill during 2003 relates to consolidated subsidiaries and associates that were purchased and can be specified as follows:

Purchase price, net of cash acquired	164,449
Less:	
Net asset value acquired	(9,462)
Total goodwill acquired	173,911

Major acquisitions:

On September 29, 2003, Pearle Europe B.V. acquired a 63.3% interest in the optical retailer Synoptik. As of this date, this subsidiary is accounted for by proportionate consolidation.

Details of this acquisition are as follows:

Property, plant and equipment	8,219
Other non-current assets	8,373
Net working capital	(2,098)
Bank debt	(16,605)
Provisions	(2,178)
Fair value of net assets acquired	(4,289)
Goodwill	68,433
Total purchase consideration	64,144
Less:	
Cash and cash equivalents acquired	3,540
	60,604

On November 17 and December 22, 2003, the Company acquired an additional 7.3% in Pearle Europe B.V. Details are as follows:

Cash paid	47,009
Net asset value acquired	(1,099)
Goodwill	48,108

As per December 31, 2003, the interest in Pearle Europe B.V. amounted to 74.9%. In January 2004 this interest was further increased to 78.3%. Acquisitions had a total negative effect of approximately Q11 million on net income for 2003, mainly as a result of the amortization of goodwill.

4. Investments in Associates

The composition of the investments in associates is as follows:

	2003	2002
Publicly traded	**631,931**	650,686
Other	**26,328**	62,945
	658,259	713,631

Movements are as follows:

	2003	2002
Book value on Jan.1	**713,631**	601,378
Investments	**10,728**	150,177
Consolidation	**(10,939)**	–
Disposals	**(3,038)**	–
Reclassification to other investments	**(3,759)**	–
Reclassification to other current assets	**(28,188)**	–
Equity adjustment	**(10,247)**	(29,596)
Share in result	**73,239**	86,274
Dividends	**(18,720)**	(35,388)
Exchange adjustments	**(64,448)**	(59,214)
Book value on Dec.31	**658,259**	713,631

The equity adjustment in 2003 relates to the effect of the restatement of the financial statements of Cole National Corporation. In 2002 the equity adjustment related to the effect of the implementation of new pension accounting standards by Koninklijke Vopak N.V. and Univar N.V.

The difference between the market value of the Company's share in its publicly traded associates and the book value including goodwill is as follows:

	2003	2002
Market value	**827,348**	639,957
Book value	**(631,931)**	(650,686)
Goodwill	**(43,244)**	(92,401)
	152,173	(103,130)

A list of the Company's principal associates is included on page 37.

5. Other Investments

The composition of the other investments is as follows:

	2003	2002
Publicly traded	**211,769**	–
Other	**22,708**	29,039
	234,477	29,039

Movements are as follows:

	2003	2002
Book value on Jan. 1	**29,039**	36,653
Investments	**138,342**	–
Reclassification from associates and goodwill	**10,750**	–
Reclassification from marketable securities	**21,573**	–
Disposals	**(1,691)**	(2,156)
Exchange adjustments	**(4,640)**	(5,458)
Movement valuation differences	**41,104**	–
Book value on Dec. 31	**234,477**	29,039

A list of the Company's principal other investments is included on page 37.

Investments in associates and other investments include interests in five private partnerships for a total amount of Q 26 million (2002: Q 28 million).

6. Other non-current assets

	2003	2002
Mortgage receivables	**18,026**	24,542
Loans to associates	**10,061**	6,491
Intangibles	**34,771**	15,436
Other	**20,040**	23,681
	82,898	70,150

Mortgage receivables have an average duration of four years and bear interest at an average rate of 12.6% (2002: 13.0%).

The loans to associates consist of six loans that bear interest ranging from one month LIBOR to 12.5% with a remaining duration of between four and six years.

7. Marketable Securities and Deposits

The specification is as follows:

	2003	2002
Time deposits and other receivables	**533,661**	555,865
Other fixed income securities	**95**	145
Equity securities	**110,056**	260,452
	643,812	816,462

The analysis by segment as described on page 24 of the *"Time deposits and other receivables is"* as follows:

	2003	2002
Investments	**38,392**	50,528
Liquid portfolio	**495,269**	505,337
	533,661	555,865

The summary by currency of the *"Time deposits and other receivables"* is as follows:

	2003	2002
U.S. dollars	**38,291**	49,355
Euros	**494,916**	506,116
Other currencies	**454**	394
	533,661	555,865

Other fixed income securities are denominated in U.S. dollars.

On December 31, 2003 the average current yield of the time deposits and bonds denominated in U.S. dollars was 1.2% (2002: 1.4%) and those denominated in euros 2.3% (2002: 3.0%). All deposits are highly liquid.

The geographical allocation of the *"Equity securities"* is as follows:

	2003 %	2002 %
United States and Canada	**26**	14
Western Europe	**74**	83
Other	**–**	3
	100	100

Realized gains (losses), interest, dividends and management fees are included in the line *"Investment income"* in the income statement.

8. Receivables

	2003	2002
Trade receivables	**216,356**	190,667
Allowance for doubtful receivables	**(14,992)**	(14,887)
	201,364	175,780

9. Inventories

The composition of the inventories is as follows:

	2003	2002
Raw materials	**13,683**	29,234
Work in process	**12,280**	3,200
Finished goods	**189,662**	160,596
Provision	**(17,211)**	(15,531)
	198,414	177,499

Inventories of Q119 million have been pledged as security for bank debt.

10. Other current assets

Other current assets include loans to associates for a total amount of nil (2002: Q 12,718).

11. Minority Interests

	2003	2002
Balance on January 1	**(856)**	30,352
Acquisitions	**4,978**	1,861
Consolidation	**1,672**	–
Disposals	**(6,709)**	(6,876)
Minority interests in results of consolidated subsidiaries	**(4,439)**	(17,561)
Exchange differences	**(2,793)**	(2,979)
Other	**(526)**	(5,653)
Balance on December 31	**(8,673)**	(856)

12. Provisions

Movements for 2003 are as follows:

	Pensions and early retirement (see note 13)	Other	**Total**
Balance on Jan. 1, 2003	17,113	20,010	**37,123**
Provisions made in the year	17,666	1,768	**19,434**
Consolidations	11,518	3,273	**14,791**
Amounts used	(16,291)	(11,530)	**(27,821)**
Exchange adjustments	(53)	–	**(53)**
Balance on Dec. 31, 2003	29,953	13,521	**43,474**

13. Pension Obligations

The Company and its subsidiaries have established a number of pension and early retirement schemes. Most of the schemes are final salary defined benefit plans and are either funded or unfunded. The assets of the funded plans are held independently of the Company's and its subsidiaries' assets in separately administered funds. These schemes are valued by independent actuaries every year using the projected unit credit method.

The latest actuarial valuation was carried out as of December 31, 2003.

The amounts recognized in the balance sheet are as follows:

	2003	2002
Present value of funded obligations	**277,876**	238,140
Fair value of plan assets	**256,583**	223,113
	21,293	15,027
Unrecognized actuarial losses	**(8,883)**	(15,899)
Present value of unfunded obligations	**17,543**	17,985
Net liability in the balance sheet	**29,953**	17,113

The amounts recognized in the income statement for 2003 are as follows:

Current service cost	8,144
Interest cost	13,264
Expected return on plan assets	(11,878)
Actuarial losses	300
Other costs	7,836
Total, included in Employee costs	17,666

Other costs relate to defined contribution and industry-wide pension plans.

Movements for 2003 in the liability recognized in the balance sheet are as follows:

Balance on Jan. 1, 2003	17,113
Consolidations	11,518
Total expense as above	17,666
Contributions paid	(16,291)
Exchange effect	(53)
Balance on Dec. 31, 2003	29,953

The principal actuarial assumptions used for accounting purposes were:

	2003	2002
Discount rate	**5.0%**	5.0%
Expected return on plan assets	**3.8-7.0%**	4.8-6.5%
Future salary increases	**3%**	3%

14. Long-term Debt

	2003	2002
Mortgage loans	**312,031**	338,468
Other loans	**350,117**	426,535
	662,148	765,003

The summary per currency is as follows:

	2003	2002
U.S. dollars	**162,933**	227,520
Euros	**498,460**	537,483
Other	**755**	–
	662,148	765,003

The maturity of the long-term debt is as follows:

	2003	2002
Between 1 and 2 years	**137,930**	97,982
Between 2 and 5 years	**377,870**	284,208
Over 5 years	**146,348**	382,813
	662,148	765,003

Mortgages are secured by pledges on vessels and real estate with a corresponding book value of Q335 million. The other loans are secured to an amount of Q412 million by pledges on machinery and equipment, receivables, inventories and other current assets. Interest rates on the long-term loans vary from 2.2% to 12.7%.

After taking account of interest rate swaps, the interest rate exposure relating to the long-term debt of the Company and its subsidiaries was as follows:

	2003	2002
Loans at fixed rates	**451,932**	532,916
Loans at floating rates	**210,216**	232,087
	662,148	765,003

The fair value of long-term debt amounts to approximately Q668 million.

15. Deferred taxes

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax entity) during the period is as follows:

Deferred tax liabilities

	Property, plant and equipment	Inven-tories	Other	**Total**
As at Jan. 1, 2003	(13,919)	(11,301)	(11,276)	**(36,496)**
Credited/(charged) to net income	(388)	606	1,643	**1,861**
Consolidation	(592)	–	–	**(592)**
Exchange adjustments	732	–	–	**732**
As at Dec. 31, 2003	(14,167)	(10,695)	(9,633)	**(34,495)**

Deferred tax assets:

	Derivatives	Goodwill	Other	**Total**
As at Jan. 1, 2003	4,207	856	5,777	**10,840**
Credited to net income	–	5,647	15,551	**21,198**
Charged to equity	(1,011)	–	–	**(1,011)**
Consolidation	–	–	1,296	**1,296**
Exchange adjustments	–	–	(249)	**(249)**
As at Dec. 31, 2003	3,196	6,503	22,375	**32,074**

Unused tax losses are included in other deferred tax assets.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax entity.

The following amounts, determined after appropriate offset, are shown in the balance sheet:

	2003	2002
Deferred tax assets	**26,420**	3,872
Deferred tax liabilities	**(28,841)**	(29,528)
	(2,421)	(25,656)

Deferred income taxes are shown under note 23 as follows:

	2003	2002
Deferred tax liabilities credited to net income	**1,861**	(6,230)
Deferred tax assets credited to net income	**21,198**	3,162
	23,059	(3,068)

16. Short-term Debt

	2003	2002
Bank overdraft	**22,572**	23,587
Bank loans	**163,301**	114,997
Current portion long-term debt	**101,787**	48,856
	287,660	187,440

The Company and its subsidiaries have 39 credit facilities of Q 493 million in total. The amounts drawn under these facilities are secured by pledges on property, plant and equipment, receivables, inventories and other current assets of Q 132 million. The loans bear interest at percentages varying from 2.6% to 7.3%

17. Investment Income

	2003	2002
Capital gains	**20,645**	8,629
Interest income	**13,783**	14,061
Dividends	**7,933**	10,021
Management fees	**(621)**	(349)
	41,740	32,362

In 2002 capital gains included an addition to provisions for permanent diminution in value of securities. This addition amounted to Q 40 million and relates to equity securities.

18. Earnings from Associates

	2003	2002
Share in result	**73,239**	86,274
Capital gains	**3,973**	17,242
Interest from loans	**1,312**	3,045
	78,524	106,561

19. Earnings from Other Investments

Earnings from other investments consist of capital gains to the amount of Q2,577 (2002: nil).

20. Earnings from Real Estate activities

	2003	2002
Capital gains	**9,298**	6,043
Rental income	**26,145**	35,934
Operating expenses	**(9,674)**	(12,767)
	25,769	29,210

21. Employee costs

	2003	2002
Wages and salaries	**341,962**	305,013
Social security costs	**62,309**	60,096
Pension costs	**17,666**	16,645
Other	**22,949**	18,118
	444,886	399,872

The average number of persons employed by the Company and its subsidiaries during 2003 was 10,310 (2002: 9,562).

22. Other operating expenses

Other operating expenses during 2003 include operating lease expenses for a total amount of Q59,598 (2002: Q61,858).

23. Income Taxes

Income taxes are calculated based on the tax rates in the countries where the Company and its subsidiaries have operations, taking into account tax-exempt income and tax losses carried forward.

	2003	2002
Current income taxes	**27,306**	29,339
Deferred income taxes	**(23,059)**	3,068
	4,247	32,407

Income taxes differ from the theoretical amount that would arise using the domestic tax rates applicable to profits of taxable entities in the countries concerned, as follows:

	2003	2002
Tax at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	**22,854**	15,783
Recognition of unused tax losses and temporary differences	**(25,654)**	–
Tax-effect on non-deductible expenses and on income not subject to tax	**23,383**	5,549
Other	**(16,336)**	11,075
	4,247	32,407

24. Changes in working capital

Changes in working capital in the consolidated statement of cash flows disregard exchange differences and the effect of acquisitions.

	2003	2002
Accounts receivable	**7,602**	23,659
Inventories	**11,810**	20,139
Other current assets	**6,844**	(16,458)
Accounts payable	**(37,106)**	(7,640)
Accrued expenses	**6,323**	17,105
Taxes payable	**482**	(127)
	(4,045)	36,678

Segmentation

The composition of the revenues by segment is as follows:

	2003	2002
Investments	**1,837,420**	1,767,133
Real estate	**25,769**	29,210
Liquid portfolio	**41,740**	32,362
	1,904,929	1,828,705

The composition of net income by segment is as follows:

	2003	2002
Investments	**17,748**	(4,586)
Real estate	**1,305**	755
Liquid portfolio	**40,579**	30,035
	59,632	26,204

The composition of the depreciation by segment is as follows:

	2003	2002
Investments	**59,413**	59,340
Real estate	**8,494**	10,161
	67,907	69,501

The composition of assets by segment is as follows:

	2003	2002
Investments	**2,327,805**	2,050,862
Real estate	**193,007**	258,539
Liquid portfolio	**605,420**	765,934
	3,126,232	3,075,335

The composition of liabilities is as follows:

	2003	2002
Investments	**1,273,362**	1,192,465
Real estate	**128,689**	168,855
Liquid portfolio	**92,421**	79,642
	1,494,472	1,440,962

The composition of capital expenditures is as follows:

	2003	2002
Investments	**58,631**	51,871
Real estate	**2,766**	6,218
	61,397	58,089

The segment "*Investments*" includes the entire amount of goodwill amortization (Q 147,105).

The composition of net sales of the consolidated subsidiaries by geographical area is as follows:

	2003	2002
Europe	**1,690,727**	1,580,882
U.S.A.	**32,162**	35,427
Other countries	**33,430**	44,263
	1,756,319	1,660,572

The composition of assets by geographical area is as follows:

	2003	2002
Europe	**2,665,420**	2,566,765
U.S.A.	**365,730**	407,230
Other countries	**95,082**	101,340
	3,126,232	3,075,335

The composition of capital expenditures by geographical area is as follows:

	2003	2002
Europe	**58,631**	50,387
U.S.A.	**2,766**	6,218
Other countries	**–**	1,484
	61,397	58,089

Financial derivative instruments and hedging activities

On December 31, 2003 the Company owned open forward exchange contracts maturing in 2004, to sell U.S. dollars with a counter value of approximately Q467.1 million (2002: Q533 million). These contracts are intended to protect the Company against currency risk on its investments in foreign entities and anticipated future cash flow. The unrealized gain on these contracts amounted to Q3.2 million (2002: Q10.7 million). This amount is included under other current assets in the balance sheet. In accordance with the accounting policies in respect of derivative financial instruments, the unrealized gain on the forward exchange contracts is recognized as a part of the currency translation differences within Shareholders' Equity.

Interest on long-term loans to an amount of Q334 million (2002: Q377 million) are fixed by means of interest rate swaps.
These instruments are intended to protect the Company against interest rate movements. Unrealized and deferred losses on these instruments amounted to Q11.5 million (2002: Q7.4 million) on December 31, 2003. This amount is included under accrued expenses in the balance sheet.

These unrealized losses are recognized as part of the cumulative valuation reserve within Shareholders' Equity under interest rate derivatives.

Fair value financial assets and liabilities

Fair value of financial assets and liabilities approximates the carrying amount, unless otherwise disclosed. Reference is made to page 38 which provides information relating to the estimated value of the investment portfolio.

Off-Balance Sheet Commitments

Capital Commitments

On December 31, 2003 the Company and its subsidiaries had capital commitments in respect of property under construction of approximately Q0.8 million (2002: Q3.8 million) which will become payable in 2004.

Financial Commitments

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

The future minimum lease payments under non cancellable operating leases are as follows:

	2003	2002
Not later than 1 year	**111,575**	85,566
Later than 1 year but not later than 5 years	**242,313**	241,151
Later than 5 years	**39,674**	30,071
	393,562	356,788

The Company and its subsidiaries entered into various commitments to acquire minority and majority interests. On December 31, 2003 the total estimated amount of these commitments was Q24.1 million (2002: Q44.5 million).

Post Balance Sheet Events

In January 2004 the Company's interest in Pearle Europe B.V. was further increased by 3.4% to 78.3%. The consideration of Q21.5 million resulted in approximately Q21 million additional goodwill.

In February 2004 the investment in Schreiner Luchtvaart Groep B.V. was sold resulting in a small capital gain.

On February 3, 2004, Multibrands S.A.S., a 63%-subsidiary of HAL, announced it had filed a public offering statement with the French Stock Exchange Authorities (AMF) for all of the outstanding shares of GrandVision S.A. The offering document was approved by the AMF on February 20, 2004. The offer amounts to Q25.50 per GrandVision share and runs through March 30, 2004. On March 25, 2004 HAL, Multibrands and the board members together owned 81% of the share capital and 85% of the voting rights of GrandVision.

List of Principal Investments

as at December 31, 2003

(Interest = 100 %,
unless otherwise stated)

Consolidated:

HAL International N.V., Curaçao
HAL International Investments N.V., Curaçao
HAL Investments N.V., Curaçao
HAL Real Estate Investments Inc., Seattle
HAL Investments B.V., Rotterdam
Mercurius Groep Wormerveer B.V., Wormerveer
Schoonenberg Hoorcomfort B.V., Dordrecht (91%)
Trespa International B.V., Weert (91%)
Intersafe Holding B.V., Dordrecht (91%)
Koninklijke Ahrend N.V., Amsterdam (77.0%)
Pearle Europe B.V., Soesterberg (74.9%)
Poipu Resort Partners L.P., Hawaii (69.6%)
International Container Services Holding B.V., Rotterdam (66.5%)
Anthony Veder Group N.V., Curaçao (64.2 %)
PontMeyer N.V., Zaandam (57%)

Associates:

Publicly traded	**Interest**	**Exchange**
Koninklijke Vopak N.V. (ordinary shares)	46.6%	Amsterdam
Univar N.V. (ordinary shares)	46.6%	Amsterdam
Koninklijke Boskalis Westminster N.V.	30.9%	Amsterdam

Other

Het Financieele Dagblad Holding B.V.	36.3%	
AMB i.t. Holding B.V.	30.0%	

Other investments:

Publicly traded

GrandVision S.A.	32.8%	Paris
Cole National Corporation	19.2%	New York

Other

Navigation Technologies Corporation	2%	

Information relating to the estimated value of the investment portfolio of HAL Holding N.V.

as at December 31, 2003

General

This enclosure provides additional information about the investment portfolio of HAL Holding N.V. (“HAL”). This information relates to the consolidated subsidiaries, the associates and the other investments.

For the purpose of this enclosure, book value includes non-amortized goodwill and loans to the investments. Amounts denominated in foreign currencies have been translated at year-end exchange rates.

We emphasize that, especially with respect to non-quoted investments, the estimated value is based upon a number of assumptions. The value as realized upon sale of an investment can be materially different from these estimates.

Portfolio valuation methodology

The valuation of HAL’s portfolio for this disclosure is arrived at using a systematic process. The aim is to value the portfolio as a whole on a prudent and consistent basis.

Quoted investments

Quoted investments are valued at the closing price at the balance sheet date. In certain circumstances, for example in case of trading restrictions, an appropriate discount may be applied.

Unquoted common equity investments

Unquoted investments are valued subject to overriding requirements of prudence, according to one of the following bases:

- Cost (less any provision required);
- Recent transactions in the investee company;
- Earnings multiple;
- Other.

Cost

New investments are generally valued at cost during the first 12 months or, if later, until the availability of the first set of audited financial statements post completion of the investment. However, provisions against cost will be made if the performance of the investment is significantly below the expectations on which the investment was based.

After this initial period, investments can also remain valued at cost in the following situations:

- If an investment is loss-making and therefore the use of an earnings multiple does not seem appropriate, an investment is valued at cost less a provision in case of a possible diminution of value.
- If comparable quoted companies are not primarily valued on an earnings basis, an investment is valued at cost including any adjustments deemed appropriate.

Recent transactions in the investee company

In case of a recent significant and at arm’s length share transaction in an investee company the share price involved in this transaction is used to value the investment.

Earnings multiple

In all other circumstances investments are valued on an earnings basis using the following method:

The EBITA (Earnings Before Interest, Tax and Amortization of goodwill) of the current year is used, adjusted for non-recurring items when appropriate. The estimated value of the common equity of the investee company is determined by multiplying the (adjusted) EBITA with a multiple and subtracting the net debt and preferred shares of the investee company. The following factors will, among other things, be considered when selecting the multiple:

- the multiple paid at the time of the investment;
- the multiples HAL generally would be prepared to pay for comparable investments;
- multiples of comparable quoted companies.

When referring to multiples from comparable quoted companies a discount of at least 25% is taken into account for limited marketability unless there is a strong possibility of a short-term realisation.

Unquoted other investments

Unquoted preferred shares and loans to investee companies are generally valued at cost unless the investee company has failed or is expected to fail its payment obligations within the next 12 months. In these circumstances, these assets are valued at the lower of cost and net realizable value.

Valuation Investments

	Book Value	Estimated value	Cost price after dividend
Quoted investments	886,944	1,039,117	816,216
Unquoted investments	292,414	707,514	379,283
	1,179,358	1,746,631	1,195,499

Unquoted investments:

Value based on a multiple of EBITA	161,032	557,722	164,961
Value based on recent transactions	35,752	38,817	12,149
Valued at cost less provisions	53,365	56,553	161,414
Valued at other methods	42,265	54,422	40,759
	292,414	707,514	379,283

The multiples applied vary from 7 to 8.

Cost price after dividend represents the original purchase price, less dividends received on investments.

Quoted investments

	Interest in common shares	Price per share in Q	Market value in Q× 1,000
Koninklijke Vopak N.V. – ordinary shares	46.6%	14.90	416,320
Koninklijke Vopak N.V. – preferred shares		(*)	11,400
Univar N.V. – ordinary shares	46.6%	15.00	209,557
Univar N.V. – preferred shares		(*)	13,966
GrandVision S.A.	32.8%	20.90	160,892
Koninklijke Boskalis Westminster N.V.	30.9%	20.91	176,105
Cole National Corporation – common shares	19.2%	15.92	50,877
Total market value quoted investments			1,039,117

(*) Non-quoted

No discount was applied to the above market prices.

Statutory Balance Sheet
HAL Trust
as at December 31

In thousands of euros, after proposed distribution of income	**2003**	2002
Assets		
Investment in HAL Holding N.V.	**1,640,433**	1,635,229
Shareholders' Equity	**1,640,433**	1,635,229

Statutory Statement of Income
HAL Trust

In thousands of euros	**2003**	2002
Net income HAL Holding N.V.	**59,632**	26,204
Net income	**59,632**	26,204

Notes to the Statutory Financial Statements *(in thousands of euros)*

The accounting policies are as follows:

Investment in HAL Holding N.V.:

The investment in HAL Holding N.V. is accounted for at net asset value in accordance with the accounting principles as stated in the notes to the consolidated financial statements.

The movement for 2003 for the investment in HAL Holding N.V. is as follows:

Balance on January 1, 2003	1,635,229
Net income HAL Holding N.V.	59,632
Movement currency translation differences	(16,886)
Valuation differences	65,126
Equity adjustment	(10,247)
Proposed dividend, etc	(92,421)
Balance on December 31, 2003	1,640,433

Shareholders' Equity:

The movement for 2003 is as follows:

Balance on January 1, 2003	1,635,229
Net income 2003	59,632
Movement currency translation differences	(16,886)
Valuation differences	65,126
Equity adjustment	(10,247)
Proposed dividend, etc	(92,421)
Balance on December 31, 2003	1,640,433

As of December 31, 2003 and 2002, the Trust had issued and outstanding 63,686,850 Shares without par value.

Cash flow statement:

Dividend 2002 received from HAL Holding N.V. in 2003	79,609
Dividend 2002 paid to shareholders in 2003	(79,609)
Cash increase (decrease)	–

Distribution of Dividends

It is proposed to the Meeting of HAL Trust to instruct the Trustee to vote, at the General Meeting of Shareholders of HAL Holding N.V., in favor of the proposals to approve the Financial Statements for 2003 and to pay a cash dividend of Q1.45 per Share outstanding. If it is decided to give this instruction, the Trustee will receive a cash dividend of Q92,345,932.50

It is proposed to instruct the Trustee to distribute the amount of Q92,345,932.50 in accordance with Article VIII, Section 8.1 of the Trust Deed. Upon approval of the resolution, Shareholders will receive a cash dividend at Q1.45 per Share.

Holders of conventional Share certificates will be paid upon surrender of dividend coupon number 26 of the Shares. Holders of CF Shares (Centrum voor Fondsenadministratie) will be paid via affiliated banks and security brokers.
To registered holders of Shares, for which no Share certificates are issued, payment of the dividend due is made directly, in accordance with the conditions agreed upon with the individual holders.

The text of Article VIII, Section 8.1 of the Trust Deed reads:

“If so directed by an Ordinary Resolution, the Trustee shall distribute to the Trust Shareholders, out of the Trust Property, such amounts in cash as the Ordinary Resolution will specify, in proportion to the number of Units represented by the Shares held by such Shareholders, provided that (i) the amount of the distribution(s) shall not exceed the aggregate amount of the parts of the profits of the Trust of previous Financial Years which have been retained as Trust Property pursuant to Section 7.1.”

Auditors' Report

To the Trustee of HAL Trust, Bermuda

Introduction

In accordance with your instructions we have audited the 2003 financial statements of HAL Trust, Bermuda (pages 15 through 41). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2003 and of the result for the year then ended in accordance with International Financial Reporting Standards.

Willemstad, Curaçao
Netherlands Antilles, March 25, 2004

PricewaterhouseCoopers
Netherlands Antilles

Five-year Summary
Consolidated Balance Sheet

In millions of euros	**2003**	2002	2001	2000	1999
Assets					
Non-current assets:					
Property, plant and equipment	**338.2**	355.9	414.8	319.4	220.4
Investment properties	**189.3**	244.9	298.7	183.1	145.8
Goodwill	**420.0**	385.8	395.8	342.1	237.5
Investments in associates	**658.2**	713.6	601.4	672.0	362.3
Other investments	**234.5**	29.0	36.7	73.7	75.5
Deferred tax assets	**26.4**	3.9	–	–	–
Other non-current assets	**82.9**	70.2	162.0	128.6	46.3
Total non-current assets	**1,949.5**	1,803.3	1,909.4	1,718.9	1,087.8
Current assets:					
Marketable securities and deposits	**643.8**	816.5	978.5	674.0	923.4
Receivables	**201.4**	175.8	196.1	118.0	74.9
Inventories	**198.4**	177.5	187.3	133.2	77.1
Other current assets	**94.5**	71.0	54.5	56.0	26.6
Cash and cash equivalents	**38.6**	31.2	25.8	28.1	25.9
Total current assets	**1,176.7**	1,272.0	1,442.2	1,009.3	1,127.9
Total assets	**3,126.2**	3,075.3	3,351.6	2,728.2	2,215.7
Liabilities and Shareholders' Equity					
Shareholders' Equity	**1,640.4**	1,635.2	1,843.2	1,763.1	1,571.0
Minority interests in consolidated subsidiaries	**(8.7)**	(0.9)	30.4	29.5	15.7
Non-current liabilities:					
Provisions	**43.5**	37.1	50.7	29.3	23.4
Long-term debt	**662.2**	765.0	704.0	345.1	283.0
Deferred tax liabilities	**28.8**	29.6	26.2	19.3	9.0
Total non-current liabilities	**734.5**	831.7	780.9	393.7	315.4
Current liabilities:					
Short-term debt	**287.7**	187.4	302.7	266.3	95.8
Income tax payable	**43.0**	25.0	17.3	2.8	8.7
Accounts payable	**155.1**	161.9	168.6	97.7	59.1
Accrued expenses	**181.9**	155.4	119.3	85.9	67.5
Dividends payable	**92.3**	79.6	89.2	89.2	82.5
Total current liabilities	**760.0**	609.3	697.1	541.9	313.6
Total equity and liabilities	**3,126.2**	3,075.3	3,351.6	2,728.2	2,215.7
Shareholders' Equity per Share *(in euros)*	**25.76**	25.68	28.94	27.68	24.67

The figures mentioned above relating to 2001 and previous years differ from those in the relevant annual reports. These figures were restated to conform prior years' financial information to the current presentation and, for 1999, translated to euro using year-end exchange rates.

Five-year Summary
Consolidated Statement of Income

In millions of euros	**2003**	2002	2001	2000	1999
Net sales	**1,756.3**	1,660.6	1,666.2	922.3	654.4
Investment income	**41.7**	32.4	46.0	136.7	114.4
Earnings from associates	**78.5**	106.5	116.0	93.1	33.7
Earnings from other investments	**2.6**	–	–	13.4	1.1
Earnings from real estate activities	**25.8**	29.2	38.9	20.4	31.3
Total income	**1,904.9**	1,828.7	1,867.1	1,185.9	834.9
Raw materials, consumables used and changes in inventories	**807.2**	788.7	829.3	444.4	299.4
Employee costs	**444.9**	399.9	385.0	204.9	159.0
Depreciation property, plant and equipment	**67.9**	69.5	67.3	36.7	32.5
Amortization goodwill	**147.1**	126.2	125.0	68.7	35.9
Other expenses	**324.1**	349.3	315.9	188.5	143.2
Total costs	**1,791.2**	1,733.6	1,722.5	943.2	670.0
Operating result	**113.7**	95.1	144.6	242.7	164.9
Interest expense	**(54.3)**	(54.1)	(57.8)	(32.9)	(21.6)
Profit before taxes	**59.4**	41.0	86.8	209.8	143.3
Income taxes	**(4.2)**	(32.4)	(22.5)	(9.1)	(14.0)
Net income before minority interests in results of consolidated subsidiaries	**55.2**	8.6	64.3	200.7	129.3
Minority interests in results of consolidated subsidiaries	**4.4**	17.6	13.0	(3.6)	4.2
Net Income	**59.6**	26.2	77.3	197.1	133.5
Net income per Share *(in euros)*	**0.94**	0.41	1.21	3.10	2.10
Dividends per Share *(in euros)*	**1.45***	1.25	1.40	1.40	1.30

* proposed

The figures mentioned above relating to 2001 and previous years differ from those in the relevant annual reports. These figures were restated to conform prior years' financial information to the current presentation and, for 1999, translated to euro using average exchange rates. Dividends per share were translated at year-end rates.

Statutory Balance Sheet
HAL Holding N.V.
as at December 31

In thousands of euros, after proposed distribution of income	**2003**	2002
Assets		
Fixed assets:		
Financial fixed assets	**1,425,644**	1,302,778
Current assets:		
Deposits	**452,789**	420,699
Receivables on subsidiaries	**92,421**	79,642
Other current assets	**4,288**	9,362
Total current assets	**549,498**	509,703
	1,975,142	1,812,481
Liabilities and Shareholders' Equity		
Shareholders' Equity	**1,640,433**	1,635,229
Long-term debt	**–**	91,479
Current liabilities:		
Short-term debt	**239,535**	3,399
Accrued expenses	**2,828**	2,765
Dividends payable	**92,346**	79,609
Total current liabilities	**334,709**	85,773
	1,975,142	1,812,481

Statutory Statement of Income
HAL Holding N.V.

In thousands of euros	**2003**	2002
Income from financial fixed assets	**45,789**	11,095
Other income	**17,365**	18,545
Total income	**63,154**	29,640
Interest expenses	**(3,513)**	(3,416)
Other expenses, including income taxes	**(9)**	(20)
Net income	**59,632**	26,204

Notes to the Statutory Financial Statements HAL Holding N.V. *(in thousands of euros)*

For details concerning the accounting principles in respect of the balance sheet and statement of income, reference is made to the consolidated financial statements of HAL Trust.

Financial fixed assets
Movements for 2003 are as follows:

Balance on January 1, 2003	1,302,778
Income	45,789
Dividend	(92,421)
Increase in loans, net	223,401
Exchange adjustment and valuation differences	(53,903)
Balance on December 31, 2003	1,425,644

Shareholders' Equity
The movement for 2003 of Shareholders' Equity is included on page 18.

The authorized capital of HAL Holding N.V. is Q1,600,000 divided into 80,000,000 shares at a nominal value of Q0.02 each. On December 31, 2003 and 2002, 63,686,850 Shares were outstanding, and all were held by HAL Trust.

The Company may purchase HAL Trust Shares, when deemed appropriate, up to a maximum of 10% per year of the number of Shares outstanding at the beginning of the year.

Supervisory Directors

The fixed remuneration for the Supervisory Directors of HAL Holding N.V. paid during 2003 in accordance with Art. 23 (5) of the Articles of Incorporation was $ 100,000 (Q83,410) in total. The compensation payable to the Board of Supervisory Directors pursuant to Article 32 (1) of the Articles of Incorporation is Q74,540.

Distribution of Profits

The profit to be decided upon by the General Meeting of Shareholders of HAL Holding N.V. for 2003 is as follows:

According to the Statutory Statement of Income, the net income is:	Q	59,632,000.00
In accordance with Article 32 (1) each Supervisory Director will receive 0.025% of total profits determined by the Annual Meeting, reduced or increased by the extraordinary gains and extraordinary liabilities which have been reported in the profit and loss statement. The compensation payable according to this Article amounts to:	Q	(74,540.00)
Available for distribution to Shareholders	Q	59,557,460.00

Proposed distribution:

In accordance with Article 33(1), Q0.03 for each of the 63,686,850 Shares:	Q	1,910,605.50
Available to the General Meeting of Shareholders in accordance with Article 33 (2):	Q	57,646,854.50
From the available reserves	Q	32,788,472.50
	Q	92,345,932.50

After approval of the dividend proposal of Q1.45 per Share by the General Meeting of Shareholders of HAL Holding N.V., the dividend shall be distributed to HAL Trust for 63,686,850 shares at Q1.45 per Share:	Q	92,345,932.50

Article 32 (1) and (2) of the Articles of Incorporation read as follows:

1. From the profits determined by the general meeting of shareholders each supervisory director shall receive every year an amount equal to one/fortieth percent (0.025%) of the total profits determined by the general meeting of shareholders, reduced or increased by the extraordinary gains or extraordinary liabilities, respectively, as included as such in the profit and loss account determined. The amount to be paid to each supervisory director shall be rounded off downwards to a full number of euros. If a supervisory director should not be in office a full year, he shall receive a proportionate share of the amount. On the motion of the Board of Supervisory Directors the general meeting of shareholders may modify the aforesaid percentage of one/fortieth percent (0.025%).

2. With the approval of the Board of Supervisory Directors, the Managing Board shall fix each year the amounts that shall be reserved of the profits remaining after the application of the first paragraph of this article.

HAL Trust Organization

A Trust, which is quite common in Anglo-American law, is a property managed in accordance with a trust deed by a Trustee on behalf of the beneficial owners.

The Trust has the following three components:

The Meeting of Shareholders of HAL Trust

Except for the powers of the Trust Committee described below, control of the Trust rests with the Meeting of Trust Shareholders.

The Meeting of Trust Shareholders approves the annual accounts and decides on the distribution of profits.

Execution of the decisions of the Meeting of Trust Shareholders is the task of the Trustee. The Trustee therefore votes at the General Meeting of Shareholders of HAL Holding N.V. in accordance with the outcome of the vote taken at the Meeting of Shareholders of HAL Trust.

The Annual Meeting of Trust Shareholders takes place in Rotterdam. The members of the Board of Supervisory Directors and the Executive Board of HAL Holding N.V. shall be present at the meeting in order to explain policies pursued.

The Trustee

The function of Trustee is exercised by HAL Trustee Limited, Hamilton, Bermuda.

The Board consists of Messrs. P.J. Kalff, *Chairman*, A.R. Anderson, J.C.R. Collis, O. Hattink and J.L.F. van Moorsel, *members*, C. MacIntyre, *alternate member*.

The Trustee is the legal owner of the assets of the Trust, which consist of shares in HAL Holding N.V., Netherlands Antilles.

The powers of the Trustee are limited to execution of the decisions of the Meeting of Trust Shareholders of HAL Trust and of the Trust Committee.

The Trustee votes at the General Meeting of Shareholders of HAL Holding N.V. in accordance with the instructions of the Meeting of Shareholders of HAL Trust.

The Trust Committee

The Trust Committee is HAL Trust Committee Limited, Hamilton, Bermuda.

The Board of HAL Trust Committee Limited consists of Messrs. H. Langman, *Chairman*, A.R. Anderson, J.C.R. Collis, Dr J.M. Schröder and M. van der Vorm, *members*, C. MacIntyre, *alternate member*. This Board is appointed by the Stichting HAL Trust Commissie, shareholder of HAL Trust Committee Limited. The Board of the Stichting is appointed by the shareholders of HAL Trust and consists of Messrs. H. Langman, Dr. J.M. Schröder and M. van der Vorm.

The Trust Committee is empowered to regroup the assets of the enterprise if, in special circumstances such as international political complications, it considers it necessary to do so in the interest of the shareholders and/or the enterprise. This includes the power to appoint another Trustee, if necessary, and some duties of an administrative nature.

Description Corporate Governance HAL Holding N.V.

Netherlands Antilles public company

HAL Holding N.V. is a public company with its corporate seat in Curaçao. The Corporate Governance of HAL Holding N.V. is subject to the law of the Netherlands Antilles as well as the articles of association and regulations adopted in accordance with such law. HAL Holding N.V. reports its financial position in accordance with International Financial Reporting Standards.

HAL Holding N.V. is a holding company and parent company of a number of subsidiaries.

Share capital

HAL Holding N.V. has a share capital that is divided in shares with a nominal value of €0.02 each. All shares have the same rights. Each share carries the right to exercise one vote in the General Meeting of Shareholders. All shares are in registered form.

HAL Trust

All shares in the capital of HAL Holding N.V. are held by HAL Trust on behalf of the Trust Shareholders. For each share in the capital of HAL Holding N.V. one Trust Share has been issued by HAL Trust. All Trust Shares have the same rights. Each Trust Share carries the right to exercise one vote in the meeting of Trust Shareholders. All distributions made by HAL Holding N.V. in respect of its shares are distributed by HAL Trust to the Trust Shareholders.

HAL Trust is a trust under Bermuda law and is subject to a trust deed, the text whereof has most recently been changed on 23 May 2001. The function of Trustee is exercised by HAL Trustee Ltd. In addition, the trust deed grants certain powers to HAL Trust Committee Ltd. For further information on HAL Trustee Ltd and HAL Trust Committee Ltd, see page 49. The Trust Shares are admitted to the official listing of Euronext Amsterdam N.V.

Meetings of Trust Shareholders

In accordance with the provisions of the trust deed each year a meeting of Trust Shareholders is held in Rotterdam prior to the General Meeting of Shareholders of HAL Holding N.V. The meeting of Trust Shareholders has, inter alia, the power to direct the Trustee as to the exercise by the Trustee of its voting rights in the General Meetings of Shareholders of HAL Holding N.V. This means that the Trust Shareholders have de facto control in the General Meeting of Shareholders of HAL Holding N.V.

Neither the articles of association of HAL Holding N.V. nor the trust deed contain any protective provisions which limit the control of the Trust Shareholders. All resolutions of the General Meeting of Shareholders of HAL Holding N.V. require a simple majority of the votes cast. The same holds for the decision taking process in the meeting of Trust Shareholders.

Rights of Trust Shareholders

Each Trust Shareholder has the right to attend the meetings of Trust Shareholders, either in person or by written proxy, to speak at such meetings and to exercise his voting rights. In addition, Trust Shareholders who together represent at least 10% of all outstanding Trust Shares are entitled to request the Trustee to convene a meeting of Trust Shareholders.

Powers General Meeting of Shareholders

In accordance with the articles of association of HAL Holding N.V. the General Meeting of Shareholders of HAL Holding N.V. and therefore indirectly the meeting of Trust Shareholders, has the following powers:

1. appointment and dismissal of the members of the Executive Board and the Board of Supervisory Directors;
2. adoption of the annual accounts;
3. granting discharge to the members of the Executive Board and the Board of Supervisory Directors;
4. amendment of the articles of association, provided such amendment is proposed by the Executive Board and has been approved by the Board of Supervisory Directors;
5. remuneration of Supervisory Directors in addition to the profit percentage set by the articles of association;
6. appointment of the external auditor;

7. decisions about the distribution of profits following payment of the profit percentages and the primary dividend on shares, each as set out in the articles of association, and after the taking of certain reserves by the Executive Board subject to the approval of the Board of Supervisory Directors;
8. all other powers which the articles of association do not grant to another corporate body.

Executive Board

The Executive Board of HAL Holding N.V. is responsible for the management of the Company, which means, among other things, that it is responsible for achieving the company's targets, strategy and policy. The Executive Board is accountable to the Board of Supervisory Directors and to the General Meeting of Shareholders. In discharging its role, the Executive Board is guided by the interests of the Company and its business, taking into consideration the relevant interests of all those involved in the Company.

The Executive Board is responsible for complying with all relevant legislation and regulations, for managing the risks associated with the Company's activities and for the financing of the Company.

The number of members of the Executive Board is determined by the Board of Supervisory Directors. At present the Executive Board consists of two members. Both members have been appointed by the General Meeting of Shareholders for an indefinite period of time. They can be dismissed by the General Meeting of Shareholders. In addition, they can be suspended by the Board of Supervisory Directors.

With the approval of the Board of Supervisory Directors, the Executive Board has adopted regulations which, inter alia, provide for additional rules in respect of the decision taking process within the Executive Board, the reporting to the Board of Supervisory Directors, the treatment of possible conflicts of interest and the fulfilment by members of the Executive Board of additional offices.

The Board of Supervisory Directors determines the remuneration of each member of the Executive Board. The remuneration consists of a fixed part and a variable part, the size whereof is determined by the Board of Supervisory Directors who also decides on additional benefits. The members of the Executive Board do not participate in any option – or share schemes and do not receive any personal loans or guarantees from the Company.

Board of Supervisory Directors

The Board of Supervisory Directors is responsible for the supervision of the policies of the Executive Board and the general affairs of the company and its business. It also assists the Executive Board by providing advice. In discharging its role, the Board of Supervisory Directors is guided by the interests of the Company and its business, and shall take into account the relevant interests of all those involved in the Company. The Board of Supervisory Directors is responsible for the quality of its own performance.

The Board of Supervisory Directors consists of at least five members. The General Meeting of Shareholders can determine that the Board consists of more members. At present the Board has five members which have been appointed by the General Meeting of Shareholders for an indefinite period of time. Each year at least one supervisory director resigns in accordance with a retirement schedule set by the Board. A supervisory director resigning in accordance with the retirement schedule is eligible for re-appointment.

The Board of Supervisory Directors has chosen a chairman and a secretary from among its members.

All tasks and duties of the Board of Supervisory Directors are discharged of on a collegiate and full-board basis.
The Board of Supervisory Directors has adopted regulations which, inter alia, provide for rules in respect of the providing of information by the Executive Board, the matters that in any case must be addressed each year, the manner of meeting and decision taking by the Board, the treatment of potential conflicts of interest, the individual investments by supervisory directors and the criteria which

may possibly jeopardise the independent exercise of the position of supervisory director.

The Board of Supervisory Directors has prepared a profile for its composition. Each member is capable of assessing the broad outline of the overall policy. Together the supervisory directors have sufficient expertise to carry out the tasks of the Board of Supervisory Directors taken as a whole.

The General Meeting of Shareholders determines the remuneration of the members of the Board of Supervisory Directors. In addition, the supervisory directors receive a profit percentage at a rate prescribed by the articles of association.

Supply of information/logistics General Meeting of Shareholders

The Executive Board and the Board of Supervisory Directors provide the General Meeting of Shareholders, and the meeting of Trust Shareholders, with all relevant information that they require for the exercise of their powers, unless this would be contrary to an overriding interest of the Company.

The Executive Board and the Board of Supervisory Directors will provide all shareholders and other parties in the financial markets who find themselves in an equal position, with equal and simultaneous information about matters that may influence the price of the Trust Shares.

Any possible contacts between the Executive Board on the one hand and the press and financial analysts on the other will be carefully handled and structured, and the Company shall not engage in any acts that compromise the independence of analysts in relation to the Company and vice versa.

Financial reporting

The Executive Board is responsible for the quality and completeness of publicly disclosed financial reports. The Board of Supervisory Directors sees to it that the Executive Board fulfils this responsibility.

The annual accounts of HAL Holding N.V. are prepared in accordance with International Financial Reporting Standards. The annual accounts and the annual reports are available in English as the prevailing language, as well as in a Dutch translation. In addition, HAL Holding N.V. publishes interim reports in accordance with the provisions of the Euronext Amsterdam Listing Requirements. The annual accounts are signed by the members of the Executive Board and of the Board of Supervisory Directors. The Board of Supervisory Directors discusses the prepared annual accounts with the external auditor prior to signing of the accounts by the supervisory directors.

The General Meeting of Shareholders appoints the external auditor. Following receipt by the Board of Supervisory Directors of advice from the Executive Board, the Board of Supervisory Directors prepares a nomination for the appointment of the external auditor.
HAL Holding has no internal audit function.

The remuneration for any instructions to the external auditor other than for auditing activities requires the approval of the Board of Supervisory Directors in respect of which the Board will consult with the Executive Board.

The external auditor attends the meetings of Trust Shareholders.

Information in respect of members of the Board of Supervisory Directors

H. Langman (73) is a Dutch citizen. Mr. Langman was appointed member of the Board of Supervisory Directors of HAL Holding N.V. in 1974. In 1984 he was appointed Chairman. His current term is from 1999-2004. Mr. Langman is a former Minister of Economic Affairs and a former member of the Executive Board of ABN AMRO Bank N.V. He is Chairman of the Supervisory Board of Van Lanschot Bankiers N.V. It will be proposed to re-elect Mr. Langman this year.

S.E. Eisma (55) is a Dutch citizen. Mr. Eisma was appointed member/secretary of the Board of Supervisory Directors of HAL Holding N.V. in 1993. His current term is from 2001-2006. Mr. Eisma is a lawyer in The Hague and associated with De Brauw Blackstone Westbroek N.V., which is one of the legal advisers of HAL Holding N.V. Mr Eisma is not involved in the provision of legal services by De Brauw Blackstone Westbroek N.V. for HAL Holding N.V. Mr. Eisma is a member of the Supervisory Boards of NV SDU v/h Staatsdrukkerij-/Uitgeverij and Rabobank Nederland.

Dr. J.M. Schröder (72) is a Dutch citizen. Mr. Schröder was appointed member of the Board of Supervisory Directors of HAL Holding N.V. in 1972. His current term is from 2003-2006. Mr. Schröder is the former President and Chief Executive Officer of Martinair Holland N.V. He is Chairman of the Supervisory Boards of DPA Holding N.V. and Koninklijke Frans Maas Groep N.V and Vice-Chairman of the Supervisory Board of Koninklijke Nederlandse Munt N.V.

T. Hagen (61) is a Norwegian citizen. In 1985 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2000-2005. Mr. Hagen is Chairman of the Board of Marine Investments S.A. and Viking River Cruises S.A.

A.H. Land (64) is a Canadian citizen. In 1999 he was appointed member of the Board of Supervisory Directors of HAL Holding N.V. His current term is from 2002-2007. Mr. Land was Chairman of the Executive Board of Hagemeyer N.V. from 1985-1999. Mr. Land is a member of the Supervisory Boards of Aalberts Industries N.V. and Wavin B.V. and Chairman of the Supervisory Board of Koninklijke Nedlloyd N.V.

HAL Trust
established in Bermuda

Notice to Trust Shareholders

We hereby invite you to attend the meeting of Trust Shareholders of HAL Trust, which will be held on Thursday, May 27, 2004, at 11:00 a.m. in the Le Jardin room of the Hilton Hotel, Weena 10, Rotterdam.

The agenda of the meeting is as follows:

1. Opening
2. Instruction for the Trustee to vote at the General Meeting of Shareholders of HAL Holding N.V. to be held on Thursday, June 3, 2004, with regard to the following items on the agenda:
   (a) Report of the Executive Board of HAL Holding N.V.
   (b) Recommendations of the Board of Supervisory Directors of HAL Holding N.V.
   (c) Approval of the annual accounts of HAL Holding N.V.
   (d) Proposal for the distribution of profits.
   (e) Election of Supervisory Directors. It is proposed to re-elect Mr. H. Langman.
   (f) Discharge members of the Executive Board in respect of their duties of management during the financial year 2003.
   (g) Discharge members of the Board of Supervisory Directors in respect of their duties of supervision during the financial year 2003.
   (h) Amendment Articles of Association. It is proposed to amend Article 27.2 of the Articles of Association so that each member of the Executive Board shall be competent to represent the Company. In addition, in view of the recent introduction of Book 2 of the Netherlands Antilles Civil Code, we propose to make some technical changes to the Articles. The complete text of the proposed amendments is available without costs at the offices mentioned below.
3. Approval of the annual accounts of HAL Trust.
4. Making dividend available for distribution.
5. Report of the Trust Committee.
6. Re-appointment of Messrs H. Langman and Dr. J.M. Schröder as members of the Board of Stichting HAL Trust Commissie.
7. Other Business
8. Closing.

Bearer Shareholders who wish to attend the meeting must deposit their Bearer Shares, not later than May 21, 2004, at the offices in Amsterdam, Rotterdam or The Hague of ABN AMRO Bank N.V. or Fortis Bank (NL) N.V.; at the office of Conyers, Dill & Pearman, Clarendon House, Church Street, Hamilton, Bermuda; at the office of HAL Holding N.V., 5, Avenue des Citronniers, MC 98000 Monaco or at the office of HAL Investments B.V., “Millennium Tower”, Weena 696, 3012 CN Rotterdam, against receipt of a certificate of deposit, which will at the same time serve as a permit providing admission to the meeting.

Attention is drawn to the fact that Shareholders who will not be able to attend the meeting but wish to be represented at the meeting must provide a written proxy. For the sake of good order, it is pointed out that proxyholders will only be admitted to the meeting against surrender of the certificate of deposit (in case of Bearer Shares) together with a duly signed proxy statement.

This notice is enclosed with the 2003 Annual Report which is presented to you in accordance with Article 14, Section 4 of the Trust Deed.

HAL Trustee Ltd.

Hamilton, Bermuda, April 23, 2004