HAL Trust

Annual Report 2004

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.

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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	**2004**	2003
Income (in millions)		
Net sales	**2,403.3**	1,756.3
Investment income	**27.3**	41.7
Earnings from associates	**82.4**	78.5
Earnings from other investments	**73.2**	2.6
Earnings from real estate activities	**13.7**	25.8
Net income	**79.6**	59.6
Net income before amortization of goodwill	**248.8**	206.7
Balance sheet		
Total assets (in millions)	**3,598.3**	3,126.2
Shareholders' Equity (in millions)	**1,695.1**	1,732.8
Shareholders' Equity as percentage of total assets	**47.1**	55.4
Number of Shares (in thousands)	**63,687**	63,687
Per Share		
Net income	**1.25**	0.94
Net income before amortization of goodwill	**3.91**	3.25
Shareholders' Equity	**26.62**	27.21
Net asset value at market value of quoted associates	**31.41**	28.15**
Closing price Shares	**29.80**	23.95
Cash dividend declared	**1.80***	1.45
Exchange rates - December 31		
Euros per U.S. dollar	**0.74**	0.80

* Proposed
** After dividend

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 27, 2004, the Trustee paid a dividend of € 1.45 per share on June 4, 2004.

On December 31, 2004 and 2003, 63,686,850 shares were outstanding.

No shares have been repurchased during 2004.

The Trust Committee
HAL Trust Committee Ltd.

Hamilton, Bermuda, March 30, 2005

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

In accordance with Article 29, Part 2, of the Articles of Incorporation of HAL Holding N.V., the Executive Board has prepared the balance sheet as of December 31, 2004, as well as the statement of income for the year ended December 31, 2004, 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 2, 2005, for the approval of the annual accounts for 2004 as per the submitted statements, including the distribution of profits proposed therein.

During the year under review, our Board met five 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.

It is noted that the Dutch Corporate Governance Code as published in December 2003 by the Corporate Governance Committee chaired by Mr. M. Tabaksblat 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. T. Hagen resigns this year.
We propose to the Shareholders that Mr. T. Hagen be re-elected during the next Shareholders' meeting of HAL Holding N.V.

On behalf of the Board of Supervisory Directors,

H. Langman, *Chairman*

March 30, 2005

Report of the Executive Board HAL Holding N.V.

Introduction

Net income of HAL Holding N.V. for 2004 amounted to € 79.6 million (€ 1.25 per share) compared with € 59.6 million (€ 0.94 per share) for 2003. Net income before amortization of goodwill amounted to € 248.8 million (€ 3.91 per share) compared with € 206.7 million (€ 3.25 per share) for 2003.

Net asset value in 2004 increased by € 208 million (11.6%) to € 2,000 million and amounted to € 31.41 per share on December 31, 2004 (before distribution of income) as compared to € 28.15 on December 31, 2003 (after distribution of income). The main reason for this change is the increase in market value of the quoted associates. 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.
The difference between estimated value and book value of the non-quoted companies on December 31, 2004, based on the principles and assumptions set out on page 38 of this report, amounted to € 612 million (€ 9.61 per share) as compared to € 415 million (€ 6.52 per share) on December 31, 2003.

It will be proposed to distribute a dividend of € 1.80 per share for 2004 (2003: € 1.45). 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 during which the dividend will be paid.

Prospects

As of March 25, 2005 the value of the quoted associates and the liquid portfolio had increased by € 200 million since the end of 2004.

Amendments were made to the International Financial reporting Standards (IFRS) which are applied by HAL. Effective January 1, 2005, in accordance with IFRS 3, goodwill is no longer systematically amortized. This will have a positive effect on the income statement for 2005 and future years. Goodwill amortization for 2004 amounted to € 169 million. However, goodwill will be subject to an annual impairment test which could have an important effect on the results.

IFRS 3 also applies to acquisitions after March 31, 2004; for this reason, goodwill on the acquisition of GrandVision has not been amortized in 2004.

In view of the fact that a significant part of the Company's net income is determined by the results of the quoted associates, developments in the financial markets, and the timing of potential investments and divestitures, we do not express a further expectation as to net income for 2005.

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 particular industries. Given the emphasis on the long term, the Company does not have a pre-determined investment horizon.

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.

Risk Factors

There are a number of risks associated with the strategy outlined above and with its implementation. Besides risks which are specific to individual investee companies, major risk factors are:

Market risk

At the end of 2004 the Company had temporary investments in equities amounting to € 115 million. In addition, based on market values, € 982 millon 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 2004 HAL had temporary investments in fixed income instruments of € 462 million. 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 € 953 million long term debt outstanding at the end of 2004, € 724 million was at fixed interest rates for an average period of 3.2 year.

Currency risk

HAL has dollar 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 this risk. 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 2004 the net assets denominated in U.S. dollar amounted to approximately $ 645 million (€ 476 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. HAL's 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 on December 31, 2004 was hedged for 80%. In February 2005 it was decided to hedge in the future 50% of the market value of this company.
Barring unforeseen circumstances, we intend to continue this hedging policy.

Concentration risk

At the end of 2004 HAL had € 400 million invested in a portfolio of non-quoted long term investments. An estimate of value of this portfolio, based on the principles and assumptions set out on page 38 of this annual report, amounts to approximately € 1,012 million. The optical retail activities make up 74% of this amount. This percentage increased in January 2005 when HAL acquired an additional interest in Pearle Europe. Accordingly, there is a degree of concentration risk with respect to the optical retail industry.

At the end of 2004 HAL had invested, based on market values, € 982 million in a portfolio of quoted associates. This portfolio consisted of Koninklijke Vopak N.V. (€ 463 million), Univar N.V. (€ 298 million) and Koninklijke Boskalis Westminster N.V.(€ 221 million). Accordingly, HAL is exposed to concentration risk, also with respect to this portfolio.

At the end of 2004 HAL had invested, based on book value € 179 million in real estate assets. As these assets are primarily located in and around Seattle, unfavorable economic developments in this geographical area can have a negative impact on the value of these properties. Moreover, the value of these properties can be affected by interest rate changes.

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

We draw the attention to the fact that the investments differ in industry, size, culture, geographical diversity and stage of development. The 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 above, there are specific risk factors associated with each individual investee company.

Investments

On February 20, 2004, HAL and the management of GrandVision S.A. made a public offer for all of the outstanding shares of this French optical retailer. This succesful offer valued the company at approximately € 620 million (including € 65 million net bank debt). HAL's current interest in GrandVision is 68%. The company has 616 stores, of which 214 are under a franchise contract, primarily located in France and the United Kingdom. In addition, GrandVision acquired in 2004 all the shares of Visual S.A., a company which provides wholesale and marketing services to a retail chain of approximately 250 independant opticians. Revenues and operating income (for the purpose of this report defined as earnings before interest, exceptional items, taxes and amortization of goodwill) for 2004 amounted to € 672 million (including franchise fees) and € 58 million respectively, compared with € 619 million and € 50 million for the prior year. Same stores sales increased by 5,4% in 2004 compared to the prior year. GrandVision has approximately 6,000 employees.

In November, HAL acquired a 20% interest in Kempen & Co N.V., an Amsterdam based merchant bank which provides specialized financial services in asset management, corporate finance and securities brokerage. The company has approximately 300 employees.

On January 5, 2005, HAL acquired Luxottica Group's 21% interest in Pearle Europe B.V. for € 144 million. Luxottica Group gained control of the Pearle Europe shares in October 2004 when it acquired Cole National Corporation. HAL's current interest in Pearle Europe B.V. is 99.3%.

Divestitures

As previously announced in the 2003 annual report, HAL's interest in Schreiner Luchtvaart Groep B.V, was sold in February 2004.

A consortium of financial investors, in which HAL has a 20% stake, sold part of its investment in NavTeq Corporation when this company conducted an initial public offering (IPO) in August 2004. This transaction resulted in a capital gain for HAL of approximately € 10 million. HAL's remaining economic interest in NavTeq on December 31, 2004 is 525,000 shares with a value of € 18 million.

Following the succesful public offer of Luxottica Group for all outstanding shares of Cole National Corporation, HAL disposed of its 19% interest in this company. The transaction closed in October 2004 and resulted in a capital gain for HAL of approximately € 63 million.

Consolidated subsidiaries

Pearle Europe B.V. (Pearle), in which HAL has a 99.3% interest since January 2005, is one of Europe's largest optical retailers. The company owns a number of optical retail chains with 1,539 stores at the end of 2004 (of which 444 are franchised) in twelve European countries. The total annual revenues from these stores amounted to approximately € 930 million. The company employs approximately 5,600 people and is based at Schiphol Airport (Haarlemmermeer). Revenues for 2004 (excluding franchisees and 37% of Synoptik) increased by 10.5% to € 714 million. This increase is primarily the result of the acquisition of a 63% interest in the Scandinavian optical retail chain Synoptik in September 2003. Pearle Europe's same store sales in 2004 decreased by 6.7% when compared with the prior year. This decrease is almost completely due to the lower sales in Germany where the consumers reacted to the change in law, which effective January 1, 2004 significantly reduced government's subsidy for optical lenses. Accordingly, the German optical retail market decreased by 29% in 2004. The operating result of Pearle Europe (excluding exceptional items) increased from € 103 million to € 107 million.

PontMeyer N.V. (PontMeyer) located in Zaandam, the Netherlands, is one of the leading suppliers of timber products and building materials in the Netherlands. HAL has a 57% interest in PontMeyer. The company has approximately 1,300 employees. In 2004, the company was again faced with severe competition, which had an adverse effect on gross margins. Despite difficult market conditions, revenues for 2004 increased by 2.4% to € 382 million. The operating result (excluding exceptional items) improved by € 2.1 million from a loss of € 2.7 million in 2003 to a loss of € 0.6 million in 2004.

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 1,700 people. Revenues for 2004 decreased by 3% to € 362 million. This decrease is entirely due to lower office furniture sales as a result of adverse market conditions. Office products sales remained on the same level as in the prior year. The operating result (excluding exceptional items) decreased from € 12.1 million to € 9.5 million.

Trespa International B.V. (Trespa), located in Weert (the Netherlands), is the world market leader for High-Pressure-Laminate (HPL) compact panels for the building and office furniture industry. Trespa employs approximately 600 people. Following the acquisition in December 2004 of the shares held by management (9%), HAL currently has a 100% interest in the company. Revenues for 2004 increased by 12% to € 146 million. Despite higher raw material costs and a decrease in the U.S. dollar, operating income also increased.

Mercurius Groep B.V. (Mercurius) has its headquarters in Wormerveer (the Netherlands). The company, in which HAL has a 100% interest, is active in the printing and publishing industries. Mercurius employs approximately 900 people. The company has operations in the Netherlands, the United Kingdom, France, Spain, Belgium and Germany. Its products include plant labels, announcement cards, calendars, annual reports, financial prospectuses, magazines and telephone cards. Revenues for 2004 decreased by 6% to € 132 million. Operating income was at the same level as in the prior year. The decrease in revenue is primarily the result of lower sales of telephone cards and general printing products. In December 2004 the company sold the printing company De Bussy Ellerman Harms.

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. Following the acquisition of shares held by a member of the management, HAL's interest increased by 4.5% to 95.5%. Revenues for 2004 increased by 1.5% to € 52.3 million. Operating income for 2004 (excluding exceptional items) also increased.

Schoonenberg Hoorcomfort B.V. (Schoonenberg), located in Dordrecht (the Netherlands), employs approximately 360 people and sells hearing aids in 80 company owned stores and 7 points of sale locations in optical retail stores. HAL has a 91% interest in the company. Revenues increased from € 29.3 in 2003 to € 46.8 million. The increase is for 71% the result of the acquisition of L. de Haan Hoorapparaten at the end of 2003. Same store sales for 2004 increased by 7.5%. Operating income also increased.

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 (€ 37 million) and employs approximately 200 people. Anthony Veder operated 18 gas tankers at the end of 2004, 11 of which were owned (2003: 12). In 2004 the company repurchased two gas tankers from limited partnerships owned by private investors in the Netherlands to whom these vessels were sold in 1999. In addition, three vessels which were operating under a bareboat charter since 2001, were transferred to the operator in 2004. As a result of increasing freight rates and fleet occupancy, the loss for 2004 decreased. The increase in freight rates during 2004 did not yet allow the company to return to profitability. The company does however expect to realize a profit for 2005 as in the meantime, the contract rates were substantially increased.

International Container Services Holding B.V. (ICS) is a 66.5% 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 140 people. Revenues for 2004 amounted to € 24 million and were at the same level as the year before. The operating result (excluding exceptional items) decreased.

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 2004 increased by 2% to 919. The average price per interval increased by 9%. Accordingly, revenues increased by 11% to \$ 22.7 million (€ 17 million). At the end of 2004 the unsold inventory consisted of 1,661 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 the end of 2006. The results at the project level were higher than in the prior year. However, the decrease in the U.S. dollar resulted in a lower profit in euro's.

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 a global, independent tank storage provider specializing in the storage and transhipment of liquid and gaseous chemical products and oil products. Vopak also provides logistic services. The company operates a network of 72 tank terminals with a combined storage capacity of over 20 million m^3 in 29 countries. The company employs approximately 3,400 people. Vopak is quoted on the Euronext Amsterdam Stock Exchange. Its market value at the end of 2004 amounted to € 956 million. On December 31, 2004, HAL owned 47.5% of the common shares and 13% of the preferred shares. Revenues for 2004 decreased by 14% to € 642.1 million. Adjusted for currency translation and disposal effects, revenues increased by € 31 million (5%) compared with the prior year. Net income decreased by 16% to € 81.7 million.

For additional information on Vopak please refer to the company's annual report and its website 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. The company has a network of 164 distribution centers spread across the United States, Canada and Europe. Univar has approximately 6,700 employees. The company is quoted on the Euronext Amsterdam Stock Exchange. Its market value at the end of 2004 amounted to € 608 million. On December 31, 2004 HAL owned 46.6% of the common shares and 46.2% of the preferred shares. During February 2005 the preferred shares were repurchased. Revenues for 2004 increased by 12% to \$ 5.3 billion (€ 3.9 billion). Net income increased by 54.5% to \$ 65.2 million (€ 48.1 million).

For additional information on Univar please refer to the company's annual report and its website 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 defense 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 approximately 2,500 employees. The company is listed on the Euronext Amsterdam Stock Exchange. On December 31, 2004 the market value of Boskalis was € 702 million. HAL has an interest of 31.4% in the company. Revenues for 2004 decreased by 4% to € 1,001 million. Net income for 2004 amounted € 30.2 million (2003: € 70.9 million) after a restructuring charge of € 12.8 million. The order book of the company at the end of 2004 amounted to € 1,164 million compared with € 1,124 million at the end of 2003.

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

Other minority interests

At the end of 2004 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 for motor sports. HAL has an interest of 30% in AMB. The company has approximately 40 employees. Revenues for 2004 amounted to € 11 million and were at the same level as the year before. Operating income was also at the same level as in 2003.

Europrospectus.com Ltd.(Europrospectus) a company based in the United Kingdom, provides on-line acces to a database of approximately 150,000 European financial prospectuses. The company employs about 20 people. HAL's interest in the company, currently at 51.3%, may decrease to 50% following the exercise of options by employees. Revenues for 2004 increased by 36% to GBP 1.5 million (€ 2.1 million). Operating income also improved.

FD Mediagroep is located in Amsterdam and publishes the only Dutch financial newspaper, "Het Financieele Dagblad". The company also operates the radio station "BNR Nieuwsradio". HAL has a 39.9% interest in the company which employs approximately 240 people. Newspaper revenues increased by 4% to € 36 million. Operating income also increased. Revenues from BNR Nieuwsradio increased by € 2.1 million to € 7.6 million as a result of higher advertisement sales. Operating income also improved.

Private equity partnerships
By the end of 2004, HAL had invested in six private equity partnerships for a total book value of € 26 million. The major part of this portfolio consists of three partnerships managed by Navis Capital Partners Ltd. ("Navis"). The partnerships managed by Navis have invested in a portfolio of quoted and non-quoted companies primarily in South-East Asia. One of these companies was sold during 2004 which resulted in a gain for HAL of € 11 million.

Real Estate

The Company's investment in real estate at the end of 2004 consisted of the Shorewood Heights, a multi-family apartment community of 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 the construction of 153 condominium units and five retail spaces is in progress. Total development cost will amount to $ 37 million (€ 27 million). Mid March 2005, 145 condominiums and one retail space were pre-sold. It is anticipated that the first units will be delivered during the fall of 2005. At the close of 2004, the estimated market value of the real estate portfolio exceeded book value by $ 39 million (€ 29 million) compared to $ 11 million (€ 9 million) at the end of 2003.

Apartment communities
The Shorewood Heights apartment community is situated in one of Seattle's preeminent suburbs. The book value of this investment is approximately $ 75 million (€ 55 million). Despite substantial job creation in the Seattle area, occupancy and rental rates remained at similar levels as in 2003. This is largely due to the fact that, in a low interest rate environment, many apartment dwellers choose to purchase homes.

Office buildings
HAL owns four office properties all of which are well located in the Seattle Metropolitan Area. The total book value amounted to $ 146 million (€ 108 million). At the end of 2004, the average occupancy rate amounted to 70% compared with 65% at the end of 2003. Despite the fact that rental rates started an upward trend in 2004, the profitability of the office buildings did not yet significantly improve. This is due to the fact that rental rates for new leases are still below the rates for expiring leases. The estimated market value of the office buildings at the end of 2004 was $ 17 million (€ 13 million) higher than at the end of 2003.

Liquid Portfolio

During 2004 the corporate liquid portfolio decreased by € 42 million to € 563 million. This decrease was primarily due to the repayment of bank debt, the distribution of the dividend and acquisitions. Divestitures (Schreiner Luchtvaart Groep B.V., Cole National, and NavTeq) had a positive effect on the size of the liquid portfolio. In addition, funds 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, 2004 the liquid portfolio consisted for 80% (2003: 82%) of fixed income instruments amounting to € 448 million (2003: € 495 million), and for 20% (2003: 18%) of equities for an amount of € 115 million (2003: € 110 million).
The fixed income part of the portfolio on December 31, 2004 consisted for 95% (2003: 92%) 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 2.1% (2003: 2.2%). The equity part of the liquid portfolio on December 31, 2004 consisted mainly of shares of Western European and U.S. companies. The total equity portfolio provided a return of 25.4% (2003: 14.7%).

Results

Net income for 2004 was € 79.6 million (€ 1.25 per share) compared with € 59.6 million (€ 0.94 per share) for 2003.

The increase in *net sales* by € 647 million to € 2,403 million is primarily due to the increase in optical retail sales by € 557 million to € 1,203 million and the consolidation of Mercurius as from August 2003. The increase in optical retail sales is mainly due to the acquisitions of GrandVision in March 2004 and of Synoptik in September 2003. The various cost categories were also affected by the consolidation of GrandVision, Synoptik and Mercurius.

Investment income decreased by € 14 million to € 27 million as a result of lower realized capital gains on equities and lower dividends.

The earnings from associates and other investments increased by € 75 million to € 156 million. This increase is primarily the result of capital gains on the sale of the interests in Cole National (€ 63 million), NavTeq (€ 10 million) as well as a € 11 million gain from a private equity partnership. In addition, earnings from associates increased as a result of higher earnings from Univar. Earnings from Boskalis and Vopak were lower than in 2003.

Amortization goodwill increased by € 22 million to € 169 million as a result of the acquisition of Synoptik by Pearle Europe in 2003, the increase of HAL's interest in Pearle Europe at the end of 2003 and in January 2004 as well as the increase of HAL's stake in Mercurius in August 2003.

Executive Board HAL Holding N.V.
March 30, 2005

Financial Statements
HAL Trust

Consolidated Balance Sheet

as at December 31

In thousands of euros, before proposed distribution of income	*Notes*	**2004**	2003
Assets			
Non-current assets:			
Property, plant and equipment	1	**458,707**	338,159
Investment properties	2	**179,472**	189,283
Intangible assets	3	**820,930**	419,990
Investments in associates	4	**695,149**	658,259
Other investments	5	**25,117**	234,477
Deferred tax assets	14	**29,607**	26,420
Other non-current assets	6	**78,698**	82,898
Total non-current assets		**2,287,680**	1,949,486
Current assets:			
Marketable securities and deposits	7	**577,297**	643,812
Receivables	8	**248,294**	201,364
Inventories	9	**265,333**	198,414
Other current assets		**103,976**	94,524
Cash and cash equivalents		**115,679**	38,632
Total current assets		**1,310,579**	1,176,746
Total assets		**3,598,259**	3,126,232
Liabilities and Shareholders' Equity			
Shareholders' Equity		**1,695,090**	1,732,854
Minority interests in consolidated subsidiaries	10	**74,918**	(8,673)
Non-current liabilities:			
Provisions	11/12	**41,505**	43,474
Long-term debt	13	**953,387**	662,148
Deferred tax liabilities	14	**87,700**	28,841
Total non-current liabilities		**1,082,592**	734,463
Current liabilities:			
Short-term debt	15	**239,943**	287,660
Income tax payable		**29,859**	42,955
Accounts payable		**230,507**	155,106
Accrued expenses		**245,350**	181,867
Total current liabilities		**745,659**	667,588
Total Shareholders' Equity and Liabilities		**3,598,259**	3,126,232

Prior year figures were restated to conform prior year's financial information to the current presentation.

Consolidated Statement of Income

For the year ended December 31, 2004

In thousands of euros	*Notes*	**2004**	2003
Net sales		**2,403,349**	1,756,319
Investment income	16	**27,260**	41,740
Earnings from associates	17	**82,372**	78,524
Earnings from other investments	18	**73,222**	2,577
Earnings from real estate activities	19	**13,700**	25,769
Total income		**2,599,903**	1,904,929
Raw materials, consumables used and changes in inventories		**976,602**	807,232
Employee costs	20	**668,013**	444,886
Depreciation property, plant, equipment and investment properties	1	**99,327**	67,907
Amortization goodwill	3	**169,151**	147,105
Amortization other intangibles	3	**9,840**	6,463
Other operating expenses	21	**500,836**	317,650
Total costs		**2,423,769**	1,791,243
Operating result		**176,134**	113,686
Interest expense		**(65,391)**	(54,246)
Profit before taxes		**110,743**	59,440
Income taxes	22	**(35,288)**	(4,247)
Net income before minority interests in results of consolidated subsidiaries		**75,455**	55,193
Minority interests in results of consolidated subsidiaries		**4,169**	4,439
Net Income		**79,624**	59,632
Number of outstanding Shares		**63,686,850**	63,686,850
Net income per Share *(in euro)*		**1.25**	0.94
Dividends per Share *(in euro)*		**1.80***	1.45

* Proposed

Prior year figures were restated to conform prior year's financial information to the current presentation.

Consolidated Statement of Changes in Equity

In thousands of euros	Share capital	Retained earnings	Cum. valuation reserve	Cum. currency translation reserve	**Total**
Balance on January 1, 2003	1,274	1,604,774	(34,485)	63,666	**1,635,229**
Equity adjustment (*)	–	(10,247)	–	–	**(10,247)**
Adjusted balance on January 1, 2003	1,274	1,594,527	(34,485)	63,666	**1,624,982**
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)**
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**
Equity adjustment (*)	–	92,421	–	–	**92,421**
Adjusted balance on January 1, 2004	1,274	1,654,159	30,641	46,780	**1,732,854**
Movement cum. valuation reserve:					
- marketable securities	–	–	25,735	–	**25,735**
- other investments	–	–	(41,104)	–	**(41,104)**
- interest rate derivatives	–	–	(173)	–	**(173)**
Translation of foreign subsidiaries and financial fixed assets	–	–	–	(45,553)	**(45,553)**
Effect of hedging instruments	–	–	–	36,128	**36,128**
Dividend paid	–	(92,421)	–	–	**(92,421)**
Net profit 2004	–	79,624	–	–	**79,624**
Balance on December 31, 2004	1,274	1,641,362	15,099	37,355	**1,695,090**

All captions above are net of tax.

As of December 31, 2004, the Company has issued and outstanding 63,686,850 shares with a par value of € 0.02 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 the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such instruments. There are no restrictions on the distribution of the retained earnings to shareholders.

*) The equity adjustment in 2004 is the result of the application of IAS 10 and 37 which requires a company to recognize a liability for a proposed dividend only after it has been approved by the shareholders. The equity adjustment in 2003 relates to the effect of the restatement of the financial statements of Cole National Corporation, net of tax.

Consolidated Statement of Cash Flows

In thousands of euros	**2004**	2003
Cash flows from operating activities:		
Profit before taxes	**110,743**	59,440
Depreciation	**99,327**	67,907
Amortization	**178,991**	147,105
Share in result associates	**(81,624)**	(73,239)
Interest expense	**65,391**	54,246
Dividend from associates	**25,415**	18,720
Changes in working capital (see note 23)	**50,850**	(4,045)
Changes in provisions	**(10,264)**	(8,387)
Cash generated from operations	**438,829**	261,747
Interest paid	**(68,983)**	(53,454)
Income taxes paid	**(55,542)**	(10,972)
Net cash from operating activities	**314,304**	197,321
Cash flows from investing activities:		
Acquisition of associates and subsidiaries, net of cash acquired	**(277,389)**	(164,449)
Acquisition of other investments	**(20,790)**	(138,342)
Purchase of property, plant and equipment and Investment Properties	**(114,502)**	(61,397)
Divestment of associates	**–**	3,038
Divestment of other investments	**10,299**	1,691
Disposal of property, plant and equipment and Investment Properties	**11,644**	54,691
Change in marketable securities and deposits, net	**104,824**	161,551
Change in non-current assets	**(34,512)**	5,535
Change in minority interests	**(2,607)**	(1,605)
Effect of hedging instruments	**30,629**	92,399
Other	**–**	1,459
Net cash from investing activities	**(292,404)**	(45,429)
Cash flows from financing activities:		
Change in short-term debt	**(47,731)**	66,308
Change in long-term debt	**196,032**	(130,073)
Dividends paid	**(92,421)**	(79,609)
Net cash from financing activities	**55,880**	(143,374)
Increase in cash and cash equivalents	**77,780**	8,518
Cash and cash equivalents at beginning of year	**38,632**	31,251
Effects of exchange rate changes on opening balance	**(733)**	(1,137)
Cash and cash equivalents retranslated at beginning of year	**37,899**	30,114
Net (decrease) increase in cash and cash equivalents	**77,780**	8,518
Cash and cash equivalents at end of year	**115,679**	38,632

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 have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale assets. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results ultimately may differ from those estimates.

Changes in presentation

Effective January 1, 2004, the consolidated balance sheet is presented before proposed distribution of income in accordance with IAS 10 and 37. In addition, effective January 1, 2004, goodwill and other intangible assets are included in the line "Intangible assets" in the consolidated balance sheet. In the consolidated income statement, amortization of other intangible assets is presented separately. Comparitive figures were amended accordingly.

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. Besides risks which are specific to individual investee companies, major risk factors are: currency risks, interest rate risks, market risks and concentration risks. Reference is made to pages 8 and 9 of the Report of the Executive Board.

Foreign Currencies

(a) Functional and presentation currency: items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (« the functional currency »). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

(b) Transactions and balances: foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchanges gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the cumulative valuation reserve in equity.

(c) Company's subsidiaries: the results and financial position of all the Company's subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
   (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
   (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction) ; and
   (iii) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholder's equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Derivatives & financial instruments

Derivatives are initially recognized at fair value (external valuation performed by financial institutions) on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either: (1) hedges of the fair value of recognized assets and liabilities or a firm commitment (fair value hedges); (2) hedges of highly probable forecast transactions (cash flow hedges); or (3) hedges of net investments in foreign operations.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and stategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge: changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.
(b) Cash flow hedge: the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. However, when the projected transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the projected transaction is ultimately recognized in the income statement. When a projected transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Net investment hedge: hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity; the gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

(d) Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement.

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.

Whenever the carrying amount of an asset is greater than its estimated recoverable amount, it is subject to an impairment charge immediately so that the value of the asset does not exceed its recoverable amount. Market valuations are performed internally for the Company’s real estate operation and are subject as well to a valuation every three years by independent external valuers.

Ordinary repairs and maintenance charges are not capitalized and are expensed in the year they are incurred.

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.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company’s share of the net identifiable assets and liabilities of the acquired investment in an associate or consolidated subsidiary at the date of obtaining control.

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 2004 financial statements

Under IFRS 3, goodwill from acquisitions on or after March 31, 2004 is no longer subject to amortization but rather subject to an annual impairment test. It is carried at cost less accumulated impairment losses.
Goodwill is allocated to cash-generating units for the purpose of impairment testing.

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.

Rights of use and Key Money
Under IAS 38 revised, right of use should be considered an identified intangible asset as it is separable and arises from contractual and legal right. This intangible asset is assumed to have an indefinite life as right of use can easily be renewed and resold. Therefore it is subject to an annual impairment test.

IAS 38 revised applies to Rights of use and Key Money in France, which is a country where an active market exists. However, in other countries, key moneys are considered prepaid rent and recognized over the period of rental as operational leases.

Trademarks
The valuation of trademarks acquired in a business combination is based on the relief from royalty approach as allowed by IAS 38, using a 3% royalty rate and is being amortized over 25 years with no residual value.

Franchise contracts
The valuation of franchise contracts acquired in a business combination is based on the present value of estimated future cash flows discounted at 12.5%, and are deemed to have a 15 years average life. Therefore this intangible asset is being amortized over a 15 years period.

Computer software
Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and to bring to use the specific software. These costs are amortized over their estimated useful lives (3 to 5 years).

Costs associated with developing and maintaining computer software are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding 3 years).

Impairment of assets: assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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 are defined as available-for-sale financial assets in accordance with IAS 39. They 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). Impairment losses, if any, are charged to the P&L account.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are measured at cost.

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

Marketable Securities and Deposits

Marketable securities are designated as available-for-sale financial assets and are classified as current assets. They 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). Impairment losses, if any, are charged to net income.
Deposits are recorded at fair value and are short-term.

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. Cost is determined using the first-in, first-out (FIFO) method or the weighted average cost method.
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 employers and employees. 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 a 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

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.
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 income statement.

Revenue

Sales are recognized upon delivery of products, if any, or performance of services, net of sales taxes and discounts, in the accounting period in which they occurred. If sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.
Intercompany sales are eliminated.

(a) Sales of goods – wholesale: sales of goods are recognized when a Company's entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.
(b) Sales of goods – retail: sales of goods are recognized when a Company's entity delivers a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction. Such fees are included in distribution costs.
(c) Sales of services: sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.
(d) 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 the right to receive payment is established.

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 a straight line basis over the lease term.

Deferred Income Taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference 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 on a straight line basis over the lease term.

Research and Development

Research and development costs are charged to income in the year in which they are incurred.
Costs incurred on development projects (i.e. internally developped software) are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility, and costs can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs with a finite useful life that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

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, North America 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 2004 are as follows:

	Land & Buildings	Vessels	Equip-ment	**Total**
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**
Investments	9,731	16,171	76,572	**102,474**
Consolidations	6,371	–	122,142	**128,513**
Dispositions	(7,030)	–	(4,614)	**(11,644)**
Depreciation	(13,247)	(4,990)	(73,426)	**(91,663)**
Exchange adjustments	(343)	(5,183)	(1,606)	**(7,132)**
Book value on Dec. 31,2004	118,221	62,886	277,600	**458,707**
Cost value	205,717	104,838	919,476	**1,230,031**
Accumulated depreciation	(87,496)	(41,952)	(641,876)	**(771,324)**
Book value on Dec. 31,2004	118,221	62,886	277,600	**458,707**

2. Investment Properties

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

Movements for 2004 are as follows:

	Land & Buildings	Equip-ment	**Total**
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**
Investments	12,016	12	**12,028**
Depreciation	(7,441)	(223)	**(7,664)**
Exchange adjustments	(14,014)	(161)	**(14,175)**
Book value on Dec. 31,2004	177,916	1,556	**179,472**
Cost value	206,752	3,127	**209,879**
Accumulated depreciation	(28,836)	(1,571)	**(30,407)**
Book value on Dec. 31, 2004	177,916	1,556	**179,472**

The estimated value of the properties which are part of the Company's real estate operations amounts to approximately € 208 million ($ 283 million). This value is based on external independent valuations performed in January 2005. These valuations were based on the "Sales Comparison" and "Income Capitalization" approach.
The Sales Comparison approach uses transactions in similar properties as a reference.
The Income Capitalization approach uses a discounted cash flow model.

3. Intangible assets

Intangible assets consist of:

Goodwill	483,989
Other Intangibles	336,941
	820,930

Movements for goodwill are as follows:

	2004	2003
Balance on January 1	**419,990**	385,847
Acquisitions	**218,437**	173,911
Consolidation and adjustments	**14,713**	16,857
Reclassification to other investments	**–**	(6,991)
Amortization	**(169,151)**	(147,105)
Exchange adjustments	**–**	(2,529)
Balance on December 31	**483,989**	419,990
Cost value	**1,167,258**	943,439
Accumulated amortization	**(683,269)**	(523,449)
Book value on December 31	**483,989**	419,990

The composition of the goodwill is as follows:

	2004	2003
Associates	**9,341**	44,335
Consolidated subsidiaries	**474,648**	375,655
	483,989	419,990

The acquired goodwill during 2004 can be specified as follows:

Purchase price, net of cash acquired	428,934
Contributed by minority shareholders	90,492
Total purchase price, net of cash acquired	519,426
Less:	
Net asset value acquired	(300,989)
Total goodwill acquired	218,437

Major acquisitions

During the first half year, HAL (68%) and the management of GrandVision S.A. (32%) acquired the outstanding shares of this French company through a public offer.
GrandVision is an optical retailer with approximately 600 stores, primarily in France and the United Kingdom. GrandVision is consolidated as from April 1, 2004.
This acquired business contributed revenue of € 489 million and net income of € 6.5 million for the period from April 1, 2004 to December 31, 2004. If the acquisition had occurred on January 1, 2004, the contribution to revenue would have been € 672 million and to net income € 8.5 million.

Details of net assets acquired and goodwill are as follows :

Purchase consideration :	
Cash paid in 2004	260,844
Cash paid in 2003	159,069
Contributed by minority shareholders	90,492
Direct costs relating to the acquisition paid in 2004	6,221
Direct costst relating to the acquisition paid in 2003	846
Total purchase consideration	517,472
Less:	
Net assets acquired	(168,520)
Key money and right of use	(44,000)
Trademarks (net of tax)	(101,498)
Franchise contracts (net of tax)	(12,318)
Goodwill	191,136

The goodwill is attributable to the significant market share of GrandVision.

The assets and liabilities arising from the acquisition are as follows:

Cash and cash equivalents	24,945
Net working capital	14,779
Property, plant and equipment	128,513
Intangible assets	116,822
Long term debt	(105,329)
Provisions	(11,210)
Net assets acquired	168,520

Purchase consideration settled in cash (2004)	267,065
Cash and cash equivalents in subsidiary acquired	(24,945)
Cash outflow on acquisition in 2004	242,120

The initial accounting for this acquisition is provisional.

Impairment test

In accordance with IFRS 3, goodwill arising from post March 31, 2004 acquisitions (GrandVision S.A.) have been tested for impairment losses. The acquired cash-generating units (CGU's) have been identified as countries of operation and goodwill (€ 191,136) has been allocated accordingly to France, the United Kingdom and the Rest of Europe.

The recoverable amount of a CGU is determined based on value-in-use calculations using the discounted cash flow method. These calculations use cash flow projections based on a business plan covering a five-year period. Cash flows beyond the five-year period were

extrapolated using an estimated growth rate of nil. Key assumptions used for value-in-use calculations concern gross margin (54%-77%), growth rate beyond the five-year period (0%) and the discount rate (7%-8%).
The result of this process was the determination that the carrying value of each CGU was not impaired and, as a result, no impairment charge was recorded on goodwill nor on intangible assets with indefinite useful lives.

Movements for other intangibles are as follows:

	Rights of use and keymoney	Trade-marks	Franchise contracts & other	**Total**
Book value on Jan. 1	–	–	–	**–**
Reclassification	5,763	–	5,096	**10,859**
Investments	44,000	156,150	18,950	**219,100**
Consolidation	105,528	–	11,294	**116,822**
Amortization	(1,310)	(4,685)	(3,845)	**(9,840)**
Book value on Dec. 31	153,981	151,465	31,495	**336,941**
Cost value	171,115	156,150	59,091	**386,356**
Accumulated amortization	(17,134)	(4,685)	(27,596)	**(49,415)**
Book value on Dec. 31	153,981	151,465	31,495	**336,941**

4. Investments in Associates

The composition of the investments in associates is as follows:

	2004	2003
Publicly traded	**667,539**	631,931
Other	**27,610**	26,328
	695,149	658,259

Movements are as follows:

	2004	2003
Book value on Jan.1	**658,259**	713,631
Investments	**8,370**	10,728
Consolidation	**-**	(10,939)
Disposals	**-**	(3,038)
Reclassification to other investments	**-**	(3,759)
Reclassification to other current assets	**-**	(28,188)
Equity adjustment	**-**	(10,247)
Share in result	**81,624**	73,239
Dividends	**(25,415)**	(18,720)
Exchange adjustments	**(27,689)**	(64,448)
Book value on Dec.31	**695,149**	658,259

The equity adjustment in 2003 relates to the effect of the restatement of the financial statements of Cole National Corporation.

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

	2004	2003
Market value	**981,818**	827,348
Book value	**(667,539)**	(631,931)
Goodwill	**(8,996)**	(43,244)
	305,283	152,173

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:

	2004	2003
Publicly traded	**-**	211,769
Other	**25,117**	22,708
	25,117	234,477

Movements are as follows:

	2004	2003
Book value on Jan. 1	**234,477**	29,039
Investments	**20,790**	138,342
Reclassification from associates and goodwill	**-**	10,750
Reclassification from marketable securities	**-**	21,573
Reclassification to consolidated investments	**(160,892)**	-
Reclassification to marketable securities	**(17,510)**	
Disposals	**(51,403)**	(1,691)
Exchange adjustments	**(345)**	(4,640)
Movement valuation differences	**-**	41,104
Book value on Dec. 31	**25,117**	234,477

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

Investments in associates and other investments include interests in six private partnerships for a total amount of € 26 million (2003: € 26 million).

6. Other non-current assets

	2004	2003
Mortgage receivables	**14,334**	18,026
Loans to associates	**5,409**	10,061
Other	**58,955**	54,811
	78,698	82,898

Mortgage receivables have an average duration of four years and bear interest at an average rate of 12.4% (2003: 12.6%).

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

7. Marketable Securities and Deposits

The specification is as follows:

	2004	2003
Time deposits and other receivables	**462,165**	533,661
Other fixed income securities	**67**	95
Equity securities	**115,065**	110,056
	577,297	643,812

The analysis by segment as described on page 26 of the *"Time deposits and other receivables"* is as follows:

	2004	2003
Investments	**14,046**	38,392
Liquid portfolio	**448,119**	495,269
	462,165	533,661

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

	2004	2003
U.S. dollars	**23,269**	38,291
Euros	**438,610**	494,916
Other currencies	**286**	454
	462,165	533,661

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

On December 31, 2004 the average current yield of the time deposits and bonds denominated in U.S. dollars was 1.7% (2003: 1.2%) and those denominated in euros 2.1% (2003: 2.3%). All deposits are highly liquid.

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

	2004 %	2003 %
North-America	**56**	26
Europe	**44**	74
	100	100

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

8. Receivables

	2004	2003
Trade receivables	**265,185**	216,356
Allowance for doubtful receivables	**(16,891)**	(14,992)
	248,294	201,364

9. Inventories

The composition of the inventories is as follows:

	2004	2003
Raw materials	**27,949**	13,683
Work in process	**13,959**	12,280
Finished goods	**246,200**	189,662
Provision	**(22,775)**	(17,211)
	265,333	198,414

10. Minority Interests

	2004	2003
Balance on January 1	**(8,673)**	(856)
Acquisitions	**92,856**	4,978
Minority interests in results of consolidated subsidiaries	**(4,169)**	(4,439)
Exchange differences	**(2,301)**	(2,793)
Other	**(2,795)**	(5,563)
Balance on December 31	**74,918**	(8,673)

11. Provisions

Movements for 2004 are as follows:

	Pensions and early retirement (see note 12)	Other	Total
Balance on January 1	29,953	13,521	**43,474**
Provisions made in the year	15,381	2,937	**18,318**
Consolidations	3,646	1,433	**5,079**
Amounts used	(15,030)	(10,318)	**(25,348)**
Exchange adjustments	(145)	127	**(18)**
Balance on December 31	33,805	7,700	**41,505**

The provisions are generally of a long-term nature.

12. Pension Obligations

The Company and its subsidiaries have established a number of pension and early retirement schemes. Most of the schemes are 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, 2004.

The amounts recognized in the balance sheet are as follows:

	2004	2003
Present value of funded obligations	**304,807**	277,876
Fair value of plan assets	**262,240**	256,583
	42,567	21,293
Unrecognized actuarial losses	**(27,350)**	(8,883)
Present value of unfunded obligations	**18,588**	17,543
Net liability in the balance sheet	**33,805**	29,953

The amounts recognized in the income statement are as follows:

	2004	2003
Current service cost	**8,556**	8,144
Interest cost	**14,574**	13,264
Expected return on plan assets	**(13,455)**	(11,878)
Actuarial losses	**100**	300
Other costs	**10,761**	7,836
Total, included in Employee costs	**20,536**	17,666

Other costs relate to defined contribution and industry-wide pension plans as well as plan amendments.

The actual return on plan assets was € 14,082 (2003: € 12,582).

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

	2004	2003
Balance on January 1	**29,953**	17,113
Consolidations	**3,646**	11,518
Total expense as above	**20,536**	17,666
Plan amendment	**(5,155)**	–
Contributions paid	**(15,030)**	(16,291)
Exchange effect	**(145)**	(53)
Balance on December 31	**33,805**	29,953

The principal actuarial assumptions used for accounting purposes were:

	2004	2003
Discount rate	**4.75%**	5.00%
Expected return on plan assets	**3.9-7.0%**	3.8-7.0%
Future salary increases	**3.00%**	3.00%

13. Long-term Debt

	2004	2003
Mortgage loans	**315,088**	312,031
Other loans	**638,299**	350,117
	953,387	662,148

The summary per currency is as follows:

	2004	2003
U.S. dollars	**142,658**	162,933
Euros	**789,001**	498,460
Other	**21,728**	755
	953,387	662,148

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

	2004	2003
Between 1 and 2 years	**155,871**	137,930
Between 2 and 5 years	**508,044**	377,870
Over 5 years	**289,472**	146,348
	953,387	662,148

Mortgages are secured by pledges on vessels and real estate with a corresponding book value of € 361 million, and by pledges on inventory and accounts receivable of € 145 million. The other loans are secured to an amount of € 130 million by pledges on machinery and equipment, receivables, inventories and other current assets.
Interest rates on the long-term loans vary from 2.15% to 12.50%.
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:

	2004	2003
Loans at fixed rates	**723,783**	451,932
Loans at floating rates	**229,604**	210,216
	953,387	662,148

The fair value of long-term debt approximates the book value.

14. 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	Intangi-bles & Other	**Total**
As at Jan. 1, 2004	(14,167)	(10,695)	(9,633)	**(34,495)**
Credited/(charged) to net income	505	(379)	(5,692)	**(5,566)**
Consolidation	–	–	(63,833)	**(63,833)**
Exchange adjustments	(317)	–	–	**(317)**
As at Dec. 31, 2004	(13,979)	(11,074)	(79,158)	**(104,211)**

Deferred tax assets:

	Derivatives	Goodwill	Other	**Total**
As at Jan. 1, 2004	3,196	6,503	22,375	**32,074**
Credited to net income	–	(1,572)	9,043	**7,471**
Charged to equity	(393)	–	–	**(393)**
Consolidation	1,307	–	5,659	**6,966**
As at Dec. 31, 2004	4,110	4,931	37,077	**46,118**

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 off set 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:

	2004	2003
Deferred tax assets	**29,607**	26,420
Deferred tax liabilities	**(87,700)**	(28,841)
	(58,093)	(2,421)

Deferred income taxes are shown under note 22 as follows:

	2004	2003
Deferred tax liabilities charged to net income	**(5,566)**	1,861
Deferred tax assets credited to net income	**7,471**	21,198
	1,905	23,059

15. Short-term Debt

	2004	2003
Bank overdraft	**28,659**	22,572
Bank loans	**98,977**	163,301
Current portion long-term debt	**112,307**	101,787
	239,943	287,660

The Company and its subsidiaries have 40 credit facilities of € 558 million in total. The loans bear interest at percentages varying from 2.67% to 8.77%.

16. Investment Income

	2004	2003
Capital gains	**13,926**	20,645
Interest income	**11,854**	13,783
Dividends	**1,809**	7,933
Management fees	**(329)**	(621)
	27,260	41,740

17. Earnings from Associates

	2004	2003
Share in result	**81,624**	73,239
Capital gains	**-**	3,973
Interest from loans	**748**	1,312
	82,372	78,524

18. Earnings from Other Investments

Earnings from other investments consist of capital gains to the amount of € 73,222 (2003: € 2,577) and include a € 63 million gain on the sale of the interest in Cole National Corporation.

19. Earnings from Real Estate activities

	2004	2003
Capital gains	–	9,298
Rental income	**20,603**	26,145
Operating expenses	**(6,903)**	(9,674)
	13,700	25,769

20. Employee costs

	2004	2003
Wages and salaries	**511,806**	341,962
Social security costs	**96,638**	62,309
Pension costs	**20,536**	17,666
Other	**39,033**	22,949
	668,013	444,886

The average number of persons employed by the Company and its subsidiaries during 2004 was 15,887 (2003: 10,310).

21. Other operating expenses

Other operating expenses during 2004 include operating lease expenses for a total amount of € 127,825 (2003: € 59,598).
Research and development costs written-off amounted to € 5.8 million (2003: € 4.5 million).

22. 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.

	2004	2003
Current income taxes	**37,193**	27,306
Deferred income taxes	**(1,905)**	(23,059)
	35,288	4,247

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:

	2004	2003
Tax at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned	**42,579**	22,854
Recognition of unused tax losses and temporary differences	**(5,500)**	(25,654)
Tax-effect on non-deductible expenses and on income not subject to tax	**(1,259)**	23,383
Other	**(532)**	(16,336)
	35,288	4,247

23. Changes in working capital

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

	2004	2003
Accounts receivable	**(22,895)**	7,602
Inventories	**15,091**	11,810
Other current assets	**56,435**	6,844
Accounts payable	**7,306**	(37,106)
Accrued expenses	**(10,034)**	6,323
Taxes payable	**4,947**	482
	50,850	(4,045)

Segmentation

The composition of the revenues by segment is as follows:

	2004	2003
Investments	**2,562,118**	1,837,420
Real estate	**13,700**	25,769
Liquid portfolio	**24,085**	41,740
	2,599,903	1,904,929

The composition of net income by segment is as follows:

	2004	2003
Investments	**61,270**	17,748
Real estate	**(4,665)**	1,305
Liquid portfolio	**23,019**	40,579
	79,624	59,632

The composition of the depreciation by segment is as follows:

	2004	2003
Investments	**91,663**	59,413
Real estate	**7,664**	8,494
	99,327	67,907

The composition of assets by segment is as follows:

	2004	2003
Investments	**2,852,099**	2,327,805
Real estate	**182,909**	193,007
Liquid portfolio	**563,251**	605,420
	3,598,259	3,126,232

The composition of liabilities is as follows:

	2004	2003
Investments	**1,716,336**	1,273,362
Real estate	**111,915**	128,689
	1,828,251	1,402,051

The composition of capital expenditures is as follows:

	2004	2003
Investments	**102,474**	58,631
Real estate	**12,028**	2,766
	114,502	61,397

The segment *"Investments"* includes the entire amount of goodwill and intangibles amortization (€ 178,991).

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

	2004	2003
Europe	**2,349,843**	1,690,727
North-America	**39,290**	32,162
Other countries	**14,216**	33,430
	2,403,349	1,756,319

The composition of assets by geographical area is as follows:

	2004	2003
Europe	**3,000,355**	2,665,420
North-America	**574,932**	365,730
Other countries	**22,972**	95,082
	3,598,259	3,126,232

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

	2004	2003
Europe	**102,474**	58,631
North-America	**12,028**	2,766
	114,502	61,397

Financial derivative instruments and hedging activities

On December 31, 2004 the Company owned open forward exchange contracts maturing in 2005, to sell U.S. dollars with a counter value of approximately € 392 million (2003: € 467 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 € 8.5 million (2003: € 3.2 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 € 582 million (2003: € 334 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 € 13 million (2003: € 11.5 million) on December 31, 2004. 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, 2004 the Company and its subsidiaries had capital commitments in respect of property under construction of approximately € 15.7 million (2003: € 0.8 million) which will become payable in 2005.

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:

	2004	2003
Not later than 1 year	**146,208**	111,575
Later than 1 year but not later than 5 years	**374,257**	242,313
Later than 5 years	**158,528**	39,674
	678,993	393,562

The Company and its subsidiaries entered into various commitments to acquire minority and majority interests. On December 31, 2004 the total estimated amount of these commitments was € 11 million (2003: € 24.1 million).

Post Balance Sheet Event

In January 2005 the Company's interest in Pearle Europe B.V. was increased by 21% to 99.3% for a consideration of € 144 million.

List of Principal Investments

as at December 31, 2004

*(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 B.V., Wormerveer
Trespa International B.V., Weert
Intersafe Holding B.V., Dordrecht (95.5%)
Schoonenberg Hoorcomfort B.V., Dordrecht (91%)
Pearle Europe B.V., Schiphol (78.3%)
Koninklijke Ahrend N.V., Amsterdam (77.0%)
Poipu Resort Partners L.P., Hawaii (69.6%)
GrandVision S.A., Paris (68%)
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)	47.5%	Amsterdam
Univar N.V. (ordinary shares)	46.6%	Amsterdam
Koninklijke Boskalis Westminster N.V.	31.4%	Amsterdam

Other

Het Financieele Dagblad Holding B.V. (FD Mediagroep)	39.9%
AMB i.t. Holding B.V.	30.0%

Other investments:

Kempen & Co N.V.	20.1%

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

as at December 31, 2004

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	676,535	981,818	617,469
Unquoted investments	399,685	1,012,083	586,316
	1,076,220	1,993,901	1,203,785

Unquoted investments:

Value based on a multiple of EBITA	83,914	147,754	97,871
Value based on recent transactions	253,988	761,568	267,588
Valued at cost less provisions	27,671	66,875	185,522
Valued at other methods	34,112	35,886	35,335
	399,685	1,012,083	586,316

The multiples applied vary from 7 to 8.

Cost price after dividend represents the original purchase price, less dividends and return of capital.

Quoted investments

	Interest in common shares	Price per share in €	Marketvalue in € x 1.000
Koninklijke Vopak N.V - ordinary shares	47.5%	15.67	454,356
Koninklijke Vopak N.V. - preferred shares		(*)	9,248
Univar N.V. - ordinary shares	46.6%	20.29	283,461
Univar N.V. - preferred shares		(*)	14,198
Koninklijke Boskalis Westminster N.V.	31.4%	24.90	220,555
Total market value quoted investments			981,818

(*) Non-quoted

No discount was applied to the above market prices.

Statutory Balance Sheet
HAL Trust

as at December 31

In thousands of euros, before proposed distribution of income	**2004**	2003
Assets		
Investment in HAL Holding N.V.	**1,695,090**	1,732,854
Shareholders' Equity	**1,695,090**	1,732,854

Statutory Statement of Income
HAL Trust

In thousands of euros	**2004**	2003
Net income HAL Holding N.V.	**79,624**	59,632
Net income	**79,624**	59,632

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 2004 for the investment in HAL Holding N.V. is as follows:

Balance on December 31, 2003	1,640,433
Adjustment (see page 18)	92,421
Balance on January 1, 2004	1,732,854
Net income HAL Holding N.V.	79,624
Movement currency translation differences	(9,425)
Valuation differences	(15,542)
Dividend and variable compensation Supervisory Board	(92,421)
Balance on December 31, 2004	1,695,090

Shareholders' Equity:

The movement for 2004 is as follows:

Balance on December 31, 2003	1,640,433
Adjustment (see page 18)	92,421
Balance on January 1, 2004	1,732,854
Net income HAL Holding N.V.	79,624
Movement currency translation differences	(9,425)
Valuation differences	(15,542)
Dividend and variable compensation Supervisory Board	(92,421)
Balance on December 31, 2004	1,695,090

As of December 31, 2004 and 2003 the Trust had issued and outstanding 63,686,850 Shares without par value.

Cash flow statement:

Dividend 2003 received from HAL Holding N.V. in 2004	92,346
Dividend 2003 paid to shareholders in 2004	(92,346)
Cash increase (decrease)	–

Prior year figures were restated to conform prior year's financial information to the current presentation.

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 2004 and to pay a cash dividend of € 1.80 per Share outstanding. If it is decided to give this instruction, the Trustee will receive a cash dividend of € 114,636,330.

It is proposed to instruct the Trustee to distribute the amount of € 114,636,330 in accordance with Article VIII, Section 8.1 of the Trust Deed. Upon approval of the resolution, Shareholders will receive a cash dividend at € 1.80 per Share.

Holders of conventional Share certificates will be paid upon surrender of dividend coupon number 27 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 2004 financial statements of HAL Trust, Bermuda as included on pages 15 through 41. These financial statements are the responsibility of the Executive Board of HAL Holding N.V. 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 HAL Trust, Bermuda as at December 31, 2004 and of the result for the year then ended in accordance with International Financial Reporting Standards.

Willemstad, Curaçao
Netherlands Antilles, March 30, 2005

PricewaterhouseCoopers
Netherlands Antilles

Five-year Summary
Consolidated Balance Sheet

In millions of euros	**2004**	2003	2002	2001	2000
Assets					
Non-current assets:					
Property, plant and equipment	**458.7**	338.2	355.9	414.8	319.4
Investment properties	**179.5**	189.3	244.9	298.7	183.1
Intangible assets	**820.9**	420.0	385.8	395.8	342.1
Investments in associates	**695.1**	658.2	713.6	601.4	672.0
Other investments	**25.1**	234.5	29.0	36.7	73.7
Deferred tax assets	**29.6**	26.4	3.9	–	–
Other non-current assets	**78.8**	82.9	70.2	162.0	128.6
Total non-current assets	**2,287.7**	1,949.5	1,803.3	1,909.4	1,718.9
Current assets:					
Marketable securities and deposits	**577.3**	643.8	816.5	978.5	674.0
Receivables	**248.3**	201.4	175.8	196.1	118.0
Inventories	**265.3**	198.4	177.5	187.3	133.2
Other current assets	**104.0**	94.5	71.0	54.5	56.0
Cash and cash equivalents	**115.7**	38.6	31.2	25.8	28.1
Total current assets	**1,310.6**	1,176.7	1,272.0	1,442.2	1,009.3
Total assets	**3,598.3**	3,126.2	3,075.3	3,351.6	2,728.2
Liabilities and Shareholders' Equity					
Shareholders' Equity	**1,695.1**	1,732.8	1,714.8	1,932.5	1,852.3
Minority interests in consolidated subsidiaries	**74.9**	(8.7)	(0.9)	30.4	29.5
Non-current liabilities:					
Provisions	**41.5**	43.5	37.1	50.7	29.3
Long-term debt	**953.4**	662.2	765.0	704.0	345.1
Deferred tax liabilities	**87.7**	28.8	29.6	26.2	19.3
Total non-current liabilities	**1,082.6**	734.5	831.7	780.9	393.7
Current liabilities:					
Short-term debt	**239.9**	287.7	187.4	302.7	266.3
Income tax payable	**29.9**	43.0	25.0	17.3	2.8
Accounts payable	**230.5**	155.1	161.9	168.6	97.7
Accrued expenses	**245.4**	181.8	155.4	119.2	85.9
Total current liabilities	**745.7**	667.6	529.7	607.8	452.7
Total equity and liabilities	**3,598.3**	3,126.2	3,075.3	3,351.6	2,728.2
Shareholders' Equity per Share *(in euros)*	**26.62**	27.21	26.93	30.34	29.08

Prior year figures were restated to conform prior year's financial information to the current presentation.

Five-year Summary
Consolidated Statement of Income

In millions of euros	**2004**	2003	2002	2001	2000
Net sales	**2,403.3**	1,756.3	1,660.6	1,666.2	922.3
Investment income	**27.3**	41.7	32.4	46.0	136.7
Earnings from associates	**82.4**	78.5	106.5	116.0	93.1
Earnings from other investments	**73.2**	2.6	-	-	13.4
Earnings from real estate activities	**13.7**	25.8	29.2	38.9	20.4
Total income	**2,599.9**	1,904.9	1,828.7	1,867.1	1,185.9
Raw materials, consumables used and changes in inventories	**976.6**	807.2	788.7	829.3	444.4
Employee costs	**668.0**	444.9	399.9	385.0	204.9
Depreciation property, plant and equipment	**99.3**	67.9	69.5	67.3	36.7
Amortization goodwill	**169.2**	147.1	126.2	125.0	68.7
Amortization other intangibles	**9.9**	6.5	2.6	2.6	–
Other expenses	**500.8**	317.6	346.7	313.3	188.5
Total costs	**2,423.8**	1,791.2	1,733.6	1,722.5	943.2
Operating result	**176.1**	113.7	95.1	144.6	242.7
Interest expense	**(65.4)**	(54.3)	(54.1)	(57.8)	(32.9)
Profit before taxes	**110.7**	59.4	41.0	86.8	209.8
Income taxes	**(35.3)**	(4.2)	(32.4)	(22.5)	(9.1)
Net income before minority interests in results of consolidated subsidiaries	**75.4**	55.2	8.6	64.3	200.7
Minority interests in results of consolidated subsidiaries	**4.2**	4.4	17.6	13.0	(3.6)
Net Income	**79.6**	59.6	26.2	77.3	197.1
Net income per Share *(in euros)*	**1.25**	0.94	0.41	1.21	3.10
Dividends per Share *(in euros)*	**1.80** *	1.45	1.25	1.40	1.40

* proposed

Prior year figures were restated to conform prior year's financial information to the current presentation.

Statutory Balance Sheet
HAL Holding N.V.

as at december 31

In thousands of euros, before proposed distribution of income	**2004**	2003
Assets		
Fixed assets:		
Financial fixed assets	**1,503,590**	1,425,644
Current assets:		
Deposits	**429,464**	452,789
Receivables on subsidiaries	**–**	92,421
Other current assets	**8,371**	4,288
Total current assets	**437,835**	549,498
	1,941,425	1,975,142
Liabilities and Shareholders' Equity		
Shareholders' Equity	**1,695,090**	1,732,854
Current liabilities:		
Short-term debt	**242,842**	239,535
Accrued expenses	**3,493**	2,753
Total current liabilities	**246,335**	242,288
	1,941,425	1,975,142

Statutory Statement of Income
HAL Holding N.V.

In thousands of euros	**2004**	2003
Income from financial fixed assets	**60,060**	45,789
Other income	**21,108**	17,365
Total income	**81,168**	63,154
Interest expense	**(1,537)**	(3,513)
Other expenses, including income taxes	**(7)**	(9)
Net income	**79,624**	59,632

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 2004 are as follows:

Balance on January 1, 2004	1,425,644
Income	60,060
Increase in loans, net	78,981
Exchange adjustment and valuation differences	(61,095)
Balance on December 31, 2004	1,503,590

Shareholders' Equity

The movement for 2004 of Shareholders' Equity is included on page 18.

On December 31, 2004 and 2003, 63,686,850 Shares were outstanding with a nominal value of € 0.02 each 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 2004 in accordance with Art. 23 (5) of the Articles of Incorporation was $ 100,000 (€ 75,315) in total. The compensation payable to the Board of Supervisory Directors pursuant to Article 30 (1) of the Articles of Incorporation is € 99,530.

Distribution of Profits

The profit to be decided upon by the General Meeting of Shareholders of HAL Holding N.V. for 2004 is as follows:

According to the Statutory Statement of Income, the net income is:	€ 79,624,000.00
In accordance with Article 30 (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:	€ (99,530.00)
Available for distribution to Shareholders	€ 79,524,470.00

Proposed distribution:

In accordance with Article 31(1), € 0.03 for each of the 63,686,850 Shares:	€ 1,910,605.50
Available to the General Meeting of Shareholders in accordance with Article 31 (2):	€ 77,613,864.50
From the available reserves	€ 35,111,860.00
	€ 114,636,330.00
After approval of the dividend proposal of € 1.80 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 € 1.80 per Share:	€ 114,636,330.00

Article 30 (1) and (2) of the Articles of Incorporation read as follows:

1. From the profits, reduced or increased by the extraordinary gains or extraordinary liabilities, respectively, all as appearing from the annual statement of account approved by the general meeting of shareholders, each supervisory director shall receive every year an amount equal to one/fortieth percent (0.025%). 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. 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 N.V. 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 (74) 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 2004-2006. 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.

S.E. Eisma (56) 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 (73) 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 Board of DPA Holding N.V. and Vice-Chairman of the Supervisory Board of Koninklijke Nederlandse Munt N.V.
Mr Schröder is also member of the Supervisory Council of Stichting Het Koninklijk Militair Historisch Museum.

T. Hagen (62) 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. It will be proposed to re-elect Mr. Hagen this year.

A.H. Land (65) 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 Board of Directors of Royal P&O 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 26, 2005, 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 2, 2005, 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) Adoption 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. T. Hagen.
   f) Discharge members of the Executive Board in respect of their duties of management during the financial year 2004.
   g) Discharge members of the Board of Supervisory Directors in respect of their duties of supervision during the financial year 2004.
3. Approval of the annual accounts of HAL Trust.
4. Making dividend available for distribution.
5. Report of the Trust Committee.
6. Other business.
7. Closing.

Bearer Shareholders who wish to attend the meeting must deposit their Bearer Shares, not later than May 19, 2005, 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., 4, Avenue de la Costa, 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 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 2004 Annual Report which is presented to you in accordance with Article 14, Section 4 of the Trust Deed.

HAL Trustee Ltd.

Hamilton, Bermuda, April 29, 2005