

Reconciliation of the profit and loss reported under Belgian GAAP to the profit and loss under IFRS as of 30 June 2004

Amounts in 000 Euro

	Operating revenu	Operating profit	Finance result (incl. Goodwill)	Profit from Ordinary activities	Extraordinary result	EBI	Taxes	EAT
Published in accordance with BGAAP	103.679	5.360	-1.696	3.664	9	3.673	-1.328 -36,2%	2.345
IFRS restatements								
1. Repurchase agreements	-2.523			0		0		0
2. Discounts for cash settlements	-189	-189	189	0		0		0
3. Reclassification of extraordinary items	8	9		9	-9	0		0
4. Impact on depreciation and amortization charges								
- a. Derecognition of formation expenses		22		22		22	-7	15
- b. Reversal of goodwill amortization			636	636		636		636
- c. Reclassification of lease contracts		9	-24	-15		-15	5	-10
- d. Reclassification of government grants related to assets		174	-174	0		0		0
- e. Derecognition of certain assets		73		73		73	-42	31
- f. Impairment loss on goodwill (half year)		-870		-870		-870		-870
5. Treasury shares		16	-5	11		11	-5	6
6. Recognition of ACO interest through retained earnings			765	765		765	-260	505
7. Measurement of interest rate swap			-46	-46		-46	15	-31
8. Defined benefit plan		99	-31	68		68	-23	45
9. Share based payment		-3		-3		-3		-3
10. Deferred tax income				0		0	176	176
11. Tax free reserves				0		0	-462	-462
Published in accordance with IFRS	100.975	4.700	-386	4.314	0	4.314	-1.931 -44,8%	2.383

Explanation of the impact of the transition to IFRS Consolidated Income Statement as at 30 June 2004

1. In accordance with Belgian Generally Accepted Accounting Principles (BGAAP) the income received for sale of goods for which Ter Beke has agreed to repurchase these good after external transformation by non-group companies is recognised as revenue. In accordance with IFRS this income is deducted from the cost related to the repurchase of the goods.
2. In accordance with IFRS, Ter Beke deducts the discounts granted to clients for cash settlements from revenue while under BGAAP these costs are recognised as finance costs.
3. Items of income and expense which are classified as extraordinary items under BGAAP are classified as operational results under IFRS.
4. Since measurement, recognition and presentation of assets and goodwill in accordance with IFRS is significantly different from the accounting treatment in accordance with GAAP, there are several effects on depreciation charges:
 - a. Costs related to capital increases are not capitalized under IFRS; hence there is no recognition of depreciation charge on formation expenses in accordance with IFRS
 - b. In accordance with IFRS goodwill is not amortized and instead must be tested for impairment annually, while under BGAAP Ter Beke continues to amortize goodwill.
 - c. The different classification of lease contracts resulted in limited differences
 - d. Capital grants are deducted from the carrying amount of the related asset in accordance with IFRS. Hence the income related to the capital grant is recognised over the useful life of the asset by way of a reduced depreciation charge instead of being reported as finance income under BGAAP.
 - e. As explained in the transition note on the opening IFRS balance sheet, certain items that were previously recognised as assets in accordance with Belgian GAAP, do not classify as property, plant and equipment under IFRS. As a consequence, the depreciation charge related to those assets under BGAAP is reversed in the IFRS figures.
 - f. Per 30/6/04 Ter Beke tested its goodwill on impairment which resulted in the recognition of an impairment loss on its French operations.
5. Gains or losses related to transactions with treasury shares are not recognised in profit or loss in accordance with IFRS. These gains are losses are recognised immediately in equity.
6. The subordinated automatic convertible debenture (ACD) is classified as an equity instrument under IFRS. Hence the interest after tax on the ACD is not longer recognised as finance cost, but immediately recognised in retained earnings in accordance with IFRS.

7. The change in the fair value of the interest rate swap contract is recognised in the income statement in accordance with IFRS.
8. Ter Beke accounts for defined benefit plans in accordance with IAS 19 which results in a decrease of employee costs as compared with BGAAP.
9. Ter Beke accounts for share option plans in accordance with IFRS 2. The application of this standard has a limited impact on the income statement as of 30/6/04.
10. Under BGAAP Ter Beke does not recognise deferred tax assets. In accordance with IAS 12 Ter Beke recognises a deferred tax asset for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.
11. Under BGAAP the tax effect on increases in tax-free reserves in Ter Beke Luxembourg SA was mentioned in the notes to the financial statements but not recognised. Under IFRS this effect is recognised in the income statement.