

6. FINANCIAL STATEMENTS



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6.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

6.1.1 CONSOLIDATED INCOME STATEMENT

<i>(in thousands of euros)</i>	<u>Note</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues				
Cash trading		187,463	190,488	177,376
Listing fees		30,652	38,396	49,686
Derivatives trading		299,984	290,111	84,326
Clearing		165,071	183,684	172,771
Settlement and custody		28,236	29,051	33,254
Information services		91,154	92,073	64,268
Sales of software		172,511	148,484	101,639
Other income	6.3.1.1	15,969	24,266	14,579
Total revenues		991,040	996,553	697,899
Costs and expenses				
Salaries and employee benefits	6.3.1.2	267,763	296,620	199,007
Depreciation	6.3.1.3	67,575	74,147	36,719
IT expenses	6.3.1.4	187,781	176,458	176,781
Office, telecom and consultancy	6.3.1.5	86,169	100,479	74,630
Accommodation	6.3.1.6	52,919	52,402	20,106
Marketing	6.3.1.7	19,271	16,126	20,056
Other expenses	6.3.1.8	35,902	42,540	52,551
Total costs and expenses		717,380	758,772	579,850
Profit from operations before goodwill amortisation		273,660	237,781	118,049
Goodwill amortisation	6.3.1.9	64,793	53,111	19,048
Profit from operations after goodwill amortisation		208,867	184,670	99,001
Net financing income	6.3.1.10	23,561	(495)	81,609
Impairment of investment	6.3.1.11	(47,100)	-	-
Gain on disposal of discontinued operation	6.3.1.12	175,107	-	-
(Loss)/gain on sale of associates/subsidiaries	6.3.1.13	(1,153)	97,421	33,846
Income from associates/joint ventures	6.3.1.14	2,413	(4,235)	5,518
Total		152,828	92,691	120,973
Profit before tax		361,695	277,361	219,974
Income tax expense	6.3.1.15	134,552	92,610	85,926
Profit after tax		227,143	184,751	134,048
Minority interests	6.3.1.16	(15,388)	(18,595)	(6,719)
Net profit		211,755	166,156	127,329
Profit before goodwill amortisation		276,548	219,267	146,377
 <i>(in euros)</i>				
Basic earnings per share		1.77	1.39	1.20
Basic earnings per share before amortisation of goodwill		2.31	1.84	1.38
Diluted earnings per share		1.76	1.38	1.19
Diluted earnings per share before amortisation of goodwill		2.30	1.83	1.37

6.1.2 CONSOLIDATED BALANCE SHEET

Before profit appropriation*(in thousands of euros)*

	Note	2003	2002
Assets			
Property and equipment	6.3.2.1	108,712	112,192
Intangible assets	6.3.2.2	739,948	1,011,614
Investments in associates/joint ventures	6.3.2.3	275,218	31,642
Other investments	6.3.2.4	383,418	244,762
Other receivables	6.3.2.5	86,074	13,184
Deferred tax assets	6.3.2.6	22,336	32,171
Total non-current assets		1,615,706	1,445,565
Investments	6.3.2.7	74,009	35,381
Income tax receivable		36,756	47,593
Receivables re clearing activities	6.3.2.8	-	1,094,190
Other receivables	6.3.2.9	159,063	181,038
Cash and cash equivalents	6.3.2.10	496,761	4,409,499
Total current assets		766,589	5,767,701
Total assets		2,382,295	7,213,266
Equity and liabilities			
Issued capital		122,112	122,112
Share premium		1,172,706	1,172,706
Reserve own shares		(10,385)	(9,837)
Retained earnings		412,073	254,150
Currency exchange differences		(58,791)	(30,739)
Total capital and reserves	6.3.2.11	1,637,715	1,508,392
Minority interests	6.3.2.12	33,188	71,766
Liabilities			
Interest-bearing loans and borrowings	6.3.2.13	-	246,099
Employee benefits provisions	6.3.2.14	28,120	47,632
Other provisions	6.3.2.15	15,144	13,123
Deferred tax liabilities	6.3.2.6	49,702	17,219
Total non-current liabilities		92,966	324,073
Bank facilities		236	220,702
Interest-bearing loans and borrowings	6.3.2.13	222,258	80,647
Income tax payable		34,809	82,276
Clearing deposits	6.3.2.16	-	3,513,006
Payables re-clearing activities		-	1,094,029
Other payables	6.3.2.17	333,873	296,996
Other provisions	6.3.2.15	27,250	21,379
Total current liabilities		618,426	5,309,035
Total equity and liabilities		2,382,295	7,213,266

6.1.3 CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)

	Note	2003	2002 ^(*)
I. Cash flows from operating activities			
Net profit before income tax		361,695	277,361
Net financing income	6.3.1.10	(23,561)	495
Depreciation	6.3.1.3	67,575	74,147
Goodwill amortisation	6.3.1.9	64,793	53,111
Other non-cash or non-operational items	6.3.3.1	(501)	14,176
Impairment of investment		47,100	-
Gain on disposal of clearing operation		(175,107)	-
(Loss)/gain on sale of associates/subsidiaries		1,153	(97,421)
Total cash flow from operations before changes in working capital		343,147	321,869
Increase/decrease in non-current receivables		(21,248)	2,587
Increase/decrease in other receivables		(17,386)	49,734
Decrease in short-term payables		(23,841)	(169,525)
Total changes in working capital		(62,475)	(117,204)
Cash generated from operations		280,672	204,665
Income tax paid		(132,524)	(52,814)
Interest received		28,593	36,553
Interest paid on bank loans		(15,093)	(15,858)
Net cash flows from operating activities		161,648	172,546
II. Cash flows from investing activities			
Investments in tangible assets		(27,633)	(37,475)
Investments in intangible assets		(50,791)	(47,675)
Proceeds from disposal tangible assets		14	3,191
Acquisitions, net of cash acquired		2,012	(657,434)
Disposal of activities	6.3.3.2	(3,429,340)	8,646
Other investing activities (net)	6.3.3.2	30,853	(19,806)
Net cash flows from investing activities		(3,474,885)	(750,553)
III. Cash flows from financing and clearing activities			
Net effect of clearing		(456,384)	1,527,521
Loans received		43,156	436,067
Loans redeemed		(118,967)	(94,599)
Dividends paid		(53,832)	(41,942)
Other		(3,891)	(853)
Net cash flows from financing and clearing activities	6.3.3.3	(589,918)	1,826,194
Effects of exchange rate changes on cash and cash equivalents		(9,583)	(9,071)
Total cash flow over year		(3,912,738)	1,239,116
Net (decrease)/increase in cash and cash equivalents			
Beginning of year		4,409,499	3,170,383
End of year		496,761	4,409,499
Total cash and cash equivalents		(3,912,738)	1,239,116

(*) Format has been adjusted for reasons of comparison.

6.1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)

	<u>Note</u>	<u>2003</u>	<u>2002</u>
As at 1 st January		1,508,392	1,315,141
Dividends to shareholders		(53,832)	(41,942)
Other shares issued		-	99,825
Acquisition/disposal of own shares		(548)	(49)
Result		211,755	166,156
Realised currency exchange rate differences		12,896	-
Unrealised currency exchange rate differences		(40,948)	(30,739)
As at 31st December	6.3.2.11	<u>1,637,715</u>	<u>1,508,392</u>

6.2 INTRODUCTION TO THE NOTES AND ACCOUNTING POLICIES

Introduction

Euronext N.V. is a company domiciled in the Netherlands and was incorporated by *Société de Bourses Françaises S.A.* (SBF), *Amsterdam Exchanges N.V.* (AEX) and *Société des Bourses de Valeurs Mobilières de Bruxelles S.A./Effectenbeursvennootschap van Brussel N.V.* (BXS). These three constituting companies merged into Euronext N.V. (hereafter: the Group) as at 22nd September 2000 and were renamed Euronext Paris S.A., Euronext Amsterdam N.V. and Euronext Brussels S.A./N.V. as from that date.

The Group operates stock and derivative exchanges through subsidiaries in Paris, Brussels, Amsterdam and as from January 2002 also in London and Lisbon. The range of services originally included listing of financial instruments, the organisation of trading in such instruments, clearing, settlement, custody and the sale of related information and services. The Group disposed of its clearing activities in December 2003 (see note 6.3.5: "Discontinued operation") and became minority shareholder of the new clearing entity LCH.Clearnet Group Ltd for 24,9% of the ordinary shares and 16,6% of the Redeemable Convertible Preference Shares.

Statement of compliance

The consolidated financial statements for the year ended 31st December 2003 have been prepared in accordance with International Financial Reporting Standards/International Accounting Standards and interpretations issued by the International Financial Reporting Interpretations Committee/Standing Interpretations Committee as adopted by the International Accounting Standards Board. The consolidated financial statements for the year ended 31st December 2003 have also been prepared in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The financial statements deviate from Part 9, Book 2 of the Dutch Civil Codes on three aspects:

- the application of standard models for the balance sheet and income statements;
- goodwill amortisation is presented separately on the face of the consolidated income statement as component part of profit from operations rather than as part of depreciation;
- goodwill related to investments in associates/joint ventures is presented as part of the respective balance sheet caption (as required under IFRS) rather than presented under intangible assets.

These departures from Dutch legal requirements are done on the basis of the international character of the Group, as it is considered that this improves the insight of the international user (as required by Article 362-4 of the Dutch Civil Code). This presentation does not affect equity or net results.

Changes in the scope of the consolidation

The Group disposed of the shares it held in BCC/Clearnet on 22nd December 2003. As from that date, assets, liabilities, results and cash flows of BCC/Clearnet have been deconsolidated.

On 24th July 2003 the remaining 50% of shares in joint venture NQLX LLC held by Nasdaq were withdrawn, the Group thus becoming sole shareholder. From that date onwards the assets, liabilities, results and cash flows of NQLX LLC are fully consolidated in the Group's consolidated financial statements.

The assets, liabilities, results and cash flows of three entities acquired by GL Trade S.A. are included in the Group's consolidated financial statements since 4th November 2003, the date of their acquisition. Assets, liabilities, results and cash flows of 4-D Trading (also acquired by GL Trade S.A.) were acquired in April 2003 and have been included in the consolidated financial statements since that date.

Further reference is made to note 6.3.7, "Effect of acquisitions and disposals".

Significant accounting policies

a) Basis of preparation and measurement

The financial statements are presented in thousands of euros.

The consolidated financial statements have been prepared on an historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, investments held-for-trading and investments available-for-sale. Recognised assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged.

b) Use of estimates in the preparation of the financial statements

In preparation of the financial statements management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities.

Use of available information and application of judgement are inherent in the assessment of estimates.

c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those enterprises that are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The fair value of the assets and liabilities of newly acquired subsidiaries is the cost price of these assets and liabilities for the Group.

Not included in the consolidation are the assets, liabilities, cash flows and result of Group companies that are considered immaterial. Only the subsidiaries where restated contribution would increase the consolidated balance sheet by more than €100,000 are included in the scope of consolidation.

(ii) Joint ventures and associates

Joint ventures are those enterprises over whose activities the Group has joint control, established by contractual agreement. They are stated at net equity value using the alternative treatment allowed under IFRS. Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures and associates on an equity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases.

(iii) Transactions eliminated upon consolidation

Intra-Group balances and transactions, and any (un)realised gains or losses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. (Un)realised gains or losses arising from transactions with associates (and jointly controlled entities) are eliminated to the extent of the Group's interest in the enterprise. (Un)realised gains or losses resulting from transactions with associates and joint ventures are eliminated against the investment in the associate or joint venture.

d) Foreign currency translation

Transactions in foreign currencies are translated to euro at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro

at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The assets and liabilities of foreign (non euro) operations are translated to euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at rates approximating the foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised directly in equity.

e) Financial instruments

(i) Classification

Originated loans and receivables are loans and receivables created by the Group providing money to a debtor other than those created with the intention of short-term profit taking. Originated loans and receivables comprise loans and advances to banks and customers.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity.

Held for trading assets are financial assets that are acquired or incurred principally for the purpose of generating a profit from short-term fluctuations in price.

Available-for-sale assets are financial assets that are not held-for-trading purposes, originated by the Group, or held to maturity. Available-for-sale instruments include money market placements, and certain equity investments.

(ii) Recognition

The Group recognises held-for-trading/available-for-sale assets on the date it commits to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognised in the income statement under "net financing income".

Held-to maturity loans and originated loans and receivables are recognised in the balance sheet on the day they are originated by or transferred to the Group.

(iii) Measurement

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition all held-for-trading and available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

(v) Gains or losses on subsequent measurement

Gains or losses arising from a change in the fair value of available-for-sale assets are recognised directly in equity. When the financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss previously recognised in equity is transferred to the income statement. A decline in the fair value of an available-for-sale asset that is deemed to be other than temporary, results in a reduction in the carrying amount to fair value. The impairment is charged to the income statement as part of “net financing income” and a new cost basis for the asset is established.

Gains or losses on investments held-for-trading are recognised in income.

(vi) Derivative financial instruments

The Group uses interest rate swaps to manage its exposure to interest rate risks arising from operational and financing activities. In accordance with its treasury policy, the Group does not hold or issue such derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value.

The fair value of interest rate swaps is the amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

f) Hedging

Hedge of recognised assets and liabilities

Any resultant gain or loss arising from measurement at fair value on the derivative financial instrument is recognised in the income statement. Where a derivative financial instru-

ment hedges a recognised receivable or payable, the hedged item is also adjusted for the fair value in respect of the risk being hedged, with any resultant gain or loss being recognised in the income statement.

The carrying amount at the balance sheet date of the hedged items is the valuation basis of the investment translated to Euros at the foreign exchange rate ruling at that date and adjusted for the fair value movement in respect of the risk being hedged.

g) Property and equipment

(i) Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses (see *accounting policies under [1]*). Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as financial leases. Equipment acquired by way of financial leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

(iii) Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised with the carrying amount of the component being written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognised in the income statement as an expense as incurred.

(iv) Depreciation

Depreciation is charged to the income statement generally on a straight-line basis over the estimated useful lives of items of property and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings:	5-40 years
IT equipment:	2-3 years
Other equipment:	5-12 years
Vehicles:	3-4 years
Fixtures and fittings:	4-10 years

h) Intangible assets**(i) Goodwill**

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses (see *accounting policies under (l: "impairment")*). In respect of associates/joint ventures, the carrying amount of goodwill is included in the amount of the investment in the associates/joint ventures.

Negative goodwill arising on an acquisition represents the excess of the fair value of the net identifiable asset acquired over the cost of acquisition. To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the income statement when the future losses and expenses are recognised.

Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets that are depreciable/amortisable.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials and direct labour. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

(iii) Other intangible assets

Other intangible assets, which are acquired by the Group, are stated at cost less accumulated amortisation and impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic

benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Goodwill is amortised from the date of initial recognition; other intangible assets are amortised from the date the asset is available for use. The estimated useful lives are as follows:

Goodwill:	20 years
Capitalised development costs:	2-3 years
Patents and trademarks:	5 years

i) Investments in debt and equity securities

Investments held-for-trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement. Investments held-for-trading include deposits held for over three months and equity investments. Where the Group has the positive intent and ability to hold bonds to maturity, they are stated at amortised costs. Other investments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss recognised in equity. Realised gains or losses are recognised in the income statement with a reversal of any revaluation recorded in equity.

The fair value of investments held-for-trading and investments available-for-sale is their market price, excluding disposal costs, at the balance sheet date.

j) Trade and other receivables

Trade and other receivables are stated at cost less impairment losses.

k) Cash and cash equivalents

Cash comprise cash balances, deposits and cash deposits from third parties arising from the compulsory maintenance of a clearing fund and/or margin requirement.

Cash equivalents include current investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Deposits and other fixed interest instruments with an original maturity of less than three months are considered cash equivalents.

l) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any

indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

In the assessment of any impairment the Group applies the best available information bases on market prices. If such information is not available the Group uses discounted cash flow methods to approximate the recoverable amount.

m) Share capital and reserves

(i) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are presented as a deduction from total equity. Purchased shares subsequently sold are added at equity for the amount of the consideration received.

(ii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(iii) Costs of other equity transactions

Transaction costs related to the issuance of new shares are directly charged to equity, net of any related tax benefits. These expenses are restricted to incremental external expenses such as legal and bank fees. Expenses related to the listing of new or already existing shares are expensed.

n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at cost, net of any transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings.

When borrowings are repurchased or settled before maturity, any difference between the amount repaid and the carrying amount is recognised immediately in the income statement.

o) Employee benefits

(i) Defined contribution plans

Contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension pensions, early retirements and healthcare plans is calculated separately for each defined benefit plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The discount rate is the yield at balance sheet date on AAA credit rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan change, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement. In calculating the Group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the average remaining service period of the employees.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(iii) Equity and equity-related compensation benefits

Several stock option programmes allow certain Group employees to acquire shares of the Group. When the options are exercised, equity is increased by the amount of the proceeds received.

p) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the Group are not provided for:

q) Trade and other payables

Trade and other payables are stated at their cost.

r) Revenue

Revenues are attributed to the period to which they relate.

Operating income consists mainly of fees for executing, clearing and settlement of transactions in shares, bonds, options and futures, fees for custody, fees for providing technical infrastructure related to these activities, proceeds from the sale of exchange information and listing fees.

Sales of software comprises revenues from fees received for the sale of software licenses. These revenues are recognised in accordance with the substance of the licensing agreements. Revenues from licensing agreements with a specified period of time are amortised on a straight-line basis over the life of the agreements. Fees received under licensing agreements for which the Group has no remaining obligations to perform or to deliver are recognised immediately.

s) Expenses

Expenses are attributed to the period to which they relate.

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

(ii) Net financing income

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested, dividend income, foreign exchange gains and losses, gains on disposal, revaluations to fair value of held-for-trading financial instruments, gains and losses on hedging instruments that are recognised in the income statement as well as impairment adjustments related to available-for-sale financial instruments. Interest income is

recognised in the income statement as it accrues, taking into account the effective yield on the asset. Dividend income is recognised in the income statement on the date that the dividend is declared.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of net financing costs. The interest expense component of financial lease payments is recognised in the income statement using the effective interest rate method.

t) Income tax expense

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Goodwill not deductible for tax purposes is not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

6.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.3.1 NOTES TO THE CONSOLIDATED INCOME STATEMENT

- 6.3.1.1 Other income
- 6.3.1.2 Salaries and employee benefits
- 6.3.1.3 Depreciation
- 6.3.1.4 IT expenses
- 6.3.1.5 Office, telecom and consultancy
- 6.3.1.6 Accommodation
- 6.3.1.7 Marketing
- 6.3.1.8 Other expenses
- 6.3.1.9 Goodwill amortisation
- 6.3.1.10 Net financing income
- 6.3.1.11 Impairment of investment
- 6.3.1.12 Gain on disposal of discontinued operation
- 6.3.1.13 (Loss)/gain on sale of associates/subsidiaries
- 6.3.1.14 Income from associates/joint ventures
- 6.3.1.15 Income tax expense
- 6.3.1.16 Minority interests

6.3.1 NOTES TO THE CONSOLIDATED INCOME STATEMENT

6.3.1.1 Other income

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Rent	4,321	7,564
Permit and entrance fees	2,192	4,487
Disposal of assets	14	3,191
Other	9,442	9,024
Total	<u>15,969</u>	<u>24,266</u>

Included in "Other" are various types of miscellaneous income such as events, disposal of assets and trademark royalties received. Also included is a deferred transaction amount received in 2003 related to the sale of IT connections in 2001 of €1.8 million.

6.3.1.2 Salaries and employee benefits

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Wages and salaries	195,950	199,023
Compulsory social security contributions	46,075	50,885
Pension expenses	14,928	12,929
Employee profit sharing/share scheme	6,146	8,133
(Reversal)/creation early retirement plan	(896)	10,790
Temporary staff	5,471	19,624
Training	3,033	3,456
Other	11,592	15,029
Total	<u>282,299</u>	<u>319,869</u>
Less: Salaries capitalised under "Development costs"	11,128	13,272
Costs reimbursed by related and third parties	3,408	9,977
Total	<u>267,763</u>	<u>296,620</u>

The number of employees (full time equivalents [FTE's]) at 31st December is as follows:

	<u>2003</u>	<u>2002</u>
Euronext (excluding GL Trade S.A. and NQLX LLC) (*)	1,778	1,896
NQLX LLC	11	-
GL Trade S.A.	937	845
Total	<u>2,726</u>	<u>2,731</u>

(*) In 2004, 164 FTE's in SBU Clearing will either be transferred or recharged to LCH.Clearnet.

The split in FTE's per activity is as follows ^(*):

Activity	2003
SBU Cash & Listing	226
SBU Derivatives	610
SBU Clearing	164 ^(**)
SBU Information Services	73
Settlement and Custody	142
Support – Finance/General Services	194
Support – Legal/Audit	94
Support – Human Resources	47
Support – Business Strategy	87
Support – Corporate Information Services	43
Other Support Functions	79
Recharged	19
Subtotal	1,778
NQLX	11
GL Trade S.A.	937
Total	2,726

(*) Due to the new organisation structure per business unit, effective since 1st March 2003, a similar split in the comparative number of FTE's for 2002 is not available.

(**) In 2004 these FTE's will either be transferred or recharged to LCH.Clearnet.

6.3.1.3 Depreciation

<i>(in thousands of euros)</i>	2003	2002
Depreciation of tangible fixed assets	29,607	24,574
Amortisation of intangible fixed assets, excluding goodwill	37,968	49,573
Total	67,575	74,147

6.3.1.4 IT expenses

<i>(in thousands of euros)</i>	2003	2002
Running costs	106,168	107,258
Facilities management	48,511	35,174
Application software licences	21,830	17,615
Projects and developments	10,775	18,405
Other recharged IT expenses	497	(1,994)
Total	187,781	176,458

IT-invoices received from AtosEuronext SBF in the reporting period amounted to €167.0 million (2002: €173.8 million), of which €15.2 million were capitalised (2002: 21.2 million) and €151.8 million were charged to the income statement (2002: 152.6 million).

6.3.1.5 Office, telecom and consultancy

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Office	38,021	34,636
Telecom	10,274	10,648
Legal consultancy	6,237	9,025
Accounting and fiscal consultancy	3,512	3,005
Other office, telecom and consultancy	28,125	43,165
Total	<u>86,169</u>	<u>100,479</u>

Included in "Other office, telecom and consultancy" are advisory fees charged in relation with special projects.

6.3.1.6 Accommodation

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Rent of buildings	40,974	40,148
Security	3,739	3,914
Gas, water and electricity	5,120	3,508
Other accommodation	10,771	10,601
Costs reimbursed by related and third parties	(7,685)	(5,769)
Total	<u>52,919</u>	<u>52,402</u>

6.3.1.7 Marketing

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Advertising and press relations	4,706	3,776
Presentations	1,004	672
Events	1,775	2,213
Sponsoring	3,438	3,573
Foreign offices	3,158	3,135
Other marketing	5,190	2,757
Total	<u>19,271</u>	<u>16,126</u>

6.3.1.8 Other expenses

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Commissions	3,013	2,205
Irrecoverable VAT	5,947	7,147
Administration and taxes	8,310	6,303
Regulatory fees	11,922	10,742
Production costs Information services	1,846	3,261
Other	4,864	12,882
Total	<u>35,902</u>	<u>42,540</u>

The allowance of provisions, other than personnel, is included under the heading "Other".

6.3.1.9 Goodwill amortisation

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Related to the merger as at 22 nd September 2000 of SBF, BXS and AEX	14,540	14,117
Related to the acquisition of LIFFE (Holdings) plc	28,491	31,327
Related to the acquisition of BVLP	5,692	5,692
Impairment loss on goodwill acquisition BVLP	13,800	-
Other goodwill amortisation	2,270	1,975
Total	<u>64,793</u>	<u>53,111</u>

Since its acquisition in 2002 the activities in Lisbon have been the subject of integration with those of other Group entities and in some cases activities have been divested. In the light thereof, management has performed an analysis of the conditions that were considered at the time of acquisition in comparison with the current budget and activities. The value in use is based on discounted cashflows, at a rate of 9.5%. The business model of Interbolsa is changing. Management has concluded that the goodwill paid on the acquisition should be considered impaired for an amount of €13.8 million.

6.3.1.10 Net financing income

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Net interest income	28,593	36,553
Interest financing acquisitions	(15,093)	(19,204)
Net foreign exchange loss	(555)	(1,478)
Investments:		
- (Loss)/gain on disposal	(39)	416
- Revaluation of held-for-trading assets to fair value	9,916	(17,459)
Other	739	677
Total	<u>23,561</u>	<u>(495)</u>

The losses and gain on disposal reflect results on the sale of available-for-sale shares.

The carrying amount of the investment Atos Origin S.A. accounted in the line "Revaluation of held-for-trading assets to fair value", increased by €8.9 million following adjustment of revaluation to reflect higher market value of shares at year-end 2003. Lower market value at year-end 2002 had led to a €15.7 million provision of the investment.

6.3.1.11 Impairment of investment

The increased competition in the settlement- and custody business in Europe led to a lower discounted cashflow appraisal. Accordingly, and on the basis of the Group's direct shareholding of 2.35% in Euroclear plc, an impairment of an amount of €47.1 million has been included in the income statement for the period.

6.3.1.12 Gain on disposal of discontinued operation

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
BCC/Clearnet	175,107	-
Total	<u>175,107</u>	<u>-</u>

On 25th June 2003, the Boards of Euronext N.V., BCC/Clearnet and London Clearing House announced their intention to merge Clearnet and London Clearing House under a new independent UK holding company called LCH.Clearnet Group Limited.

On 22nd December 2003, the Group sold its 80.48% stake in the share capital of BCC/Clearnet and 17.7% in that of LCH to LCH.Clearnet Group Limited in exchange of 49.1% in the newly formed company. Subsequently, the Group sold

7.6% of these shares in 2003. The remaining interest in LCH.Clearnet Group Limited is divided into 16.6% Redeemable Convertible Preference shares and 24.9% of total capital in the form of ordinary shares.

Whilst in the possession of the Group, the Redeemable Convertible Preference Shares are intended to be either redeemed or converted into ordinary shares or to be sold in coming years. Reference is also made to note 6.3.5 "Discontinued operations".

6.3.1.13 (Loss)/gain on sale of associates/subsidiaries

(in thousands of euros)

	2003	2002
BCC/Clearnet	-	81,135
Necigef B.V. and Niec B.V.	-	9,655
STOXX Ltd	-	5,485
NextInfo S.A./N.V.	-	1,146
Other	(1,153)	-
Total	(1,153)	97,421

BCC/Clearnet, Necigef and NIEC

In February 2002 the Group and Euroclear plc agreed that Euroclear plc would exercise its option to acquire 20% of the shares of BCC/Clearnet. In addition the Group and Euroclear plc finalised the agreement for the sale of the shares of Necigef B.V. and NIEC B.V. to Euroclear plc. Necigef B.V. and NIEC B.V. are the central securities depositories in the Netherlands.

For these two transactions the Group has been attributed a 2.9% share in Euroclear plc as consideration. The shares are received in two tranches, 2.25% in 2002 and 0.65% at the beginning of 2004. The consideration given by Euroclear plc to the Group will also include the dividend (if any) which Euroclear plc would have paid on these latter shares if they had been issued directly. Meanwhile the 2.9% interest diluted to 2.35% as a result of the merger between Euroclear plc and CRESTCo.

The transfer of settlement business of CIK S.A./N.V. to Euroclear plc will be finalised in exchange of an additional 0.1% share in Euroclear plc (0.08% as per dilution).

STOXX Ltd

On 3rd December 2002 the 25% share of the Group in STOXX Ltd, Zurich was sold for a consideration of €7.5 million. The transaction resulted in a capital gain of €5.5 million.

Other

Other gain and losses on sale of associates/subsidiaries reflects the loss on liquidating non-consolidated subsidiaries.

6.3.1.14 Income from associates/joint ventures

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
AtosEuronext SBF	5,797	3,023
NQLX LLC	(5,985)	(8,850)
NextInfo S.A./N.V.	434	291
Bourse Connect S.A.	1,541	1,044
Powernext S.A.	185	(1,092)
Endex	(75)	(149)
Other	516	1,498
Total	<u>2,413</u>	<u>(4,235)</u>

The share in the results of NQLX LLC reflects the period prior to 24th July 2003. On that date, the Group became the sole shareholder of NQLX LLC. The net assets, results and cashflows of NQLX LLC have been fully consolidated in the Group's financial statements from 24th July 2003 onwards (see also notes 6.3.2.3 and 6.3.7).

6.3.1.15 Income tax expense

Reconciliation of effective tax charge

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Profit before tax	361,695	277,361
Income tax using the domestic corporation tax rates	125,528	98,699
Effect of participation exemption	(25,073)	(30,781)
Effect of capital gain tax rate	-	2,261
Non-deductible expenses	41,185	22,054
Over-provided in prior years	(7,261)	(562)
Other	173	939
Total	<u>134,552</u>	<u>92,610</u>

Part of the gain achieved from the sale of the Group's share in BCC/Clearnet in 2003 is subject to taxation at the moment of disposal of the Group's interest in LCH.Clearnet, for which a deferred tax liability of €37.2 million is formed which is charged to 2003 income. The remainder of the gain is tax exempt.

The influence of the effect of participation exemption relates to the gain on the Group's share in the sale of BCC/Clearnet which is only partially tax exempt. Furthermore this item includes the Group's share in the

losses of NQLX LLC for the period prior to its full acquisition in July 2003.

The tax exempt gain on sale of Necigef, NIEC and 20% of BCC/Clearnet in 2002 is included in the effect of participation exemption in 2002.

The non-deductible expenses mainly consist of amortisation and impairment of goodwill and other assets.

The amounts over provided in previous years is explained by certain acquisition costs of foreign entities that became tax deductible following general Dutch tax court decision.

6.3.1.16 Minority interests*(in thousands of euros)*

	<u>2003</u>	<u>2002</u>
GL Trade S.A./Financière Montmartre	(10,139)	(11,425)
BCC/Clearnet	<u>(5,249)</u>	<u>(7,170)</u>
Total	<u>(15,388)</u>	<u>(18,595)</u>

The Group controls GL Trade S.A. through a 51% participation in *Financière Montmartre* which holds 51.3% of GL Trade S.A. In addition, the Group holds 1.1% directly in GL Trade S.A.

The share of Euroclear plc in the results of BCC/Clearnet reflects their 19.52% interest in the period prior to 22nd December 2003. From that date onwards, the results of BCC/Clearnet are no longer included in the Group's consolidated accounts (see also note 6.3.1.11).

6.3.2 NOTES TO THE CONSOLIDATED BALANCE SHEET

- 6.3.2.1 Property and equipment
- 6.3.2.2 Intangible assets
- 6.3.2.3 Investments in associates/joint ventures
- 6.3.2.4 Other investments (non-current)
- 6.3.2.5 Other receivables (non-current)
- 6.3.2.6 Deferred tax assets and liabilities
- 6.3.2.7 Investments (current)
- 6.3.2.8 Receivables re clearing activities
- 6.3.2.9 Other receivables
- 6.3.2.10 Cash and cash equivalents
- 6.3.2.11 Capital and reserves
- 6.3.2.12 Minority interests
- 6.3.2.13 Interest-bearing loans and borrowings
- 6.3.2.14 Employee benefits provisions
- 6.3.2.15 Other provisions
- 6.3.2.16 Clearing deposits
- 6.3.2.17 Other payables

6.3.2 NOTES TO THE CONSOLIDATED BALANCE SHEET

6.3.2.1 Property and equipment

<i>(in thousands of euros)</i>	Land and buildings	Equipment owned	Total	
			2003	2002
Cost				
Balance at beginning of year	125,339	342,455	467,794	232,928
Effect of exchange rate differences	(6,138)	(11,459)	(17,597)	(12,186)
Reclassification	-	-	-	(8,513)
Acquisitions through business combinations	-	2,057	2,057	220,559
Other acquisitions	1,045	30,064	31,109	42,439
Effect of deconsolidation	(355)	-	(355)	(71)
Disposals	(3,814)	(7,218)	(11,032)	(7,362)
Balance at end of year	116,077	355,899	471,976	467,794
Depreciation and impairment losses				
Balance at beginning of year	75,352	280,250	355,602	175,632
Effect of exchange rate differences	(4,871)	(8,914)	(13,785)	(10,035)
Reclassification	-	-	-	(2,682)
Depreciation charge for the year	4,947	24,660	29,607	24,574
Acquisitions through business combinations	-	1,536	1,536	174,409
Effect of deconsolidation	(224)	-	(224)	(10)
Disposals	(2,779)	(6,693)	(9,472)	(6,286)
Balance at end of year	72,425	290,839	363,264	355,602
Carrying amount				
At beginning of year	49,987	62,205	112,192	57,296
At end of year	43,652	65,060	108,712	112,192

6.3.2.2 Intangible assets

<i>(in thousands of euros)</i>	Goodwill	Patents and trademarks	Development costs	Total	
				2003	2002
Cost					
Balance at beginning of year	1,018,822	10,947	217,260	1,247,029	429,231
Effect of exchange rate differences	(46,198)	-	(7,523)	(53,721)	(43,538)
Reclassification	-	-	-	-	8,471
Internally developed	-	-	21,440	21,440	17,780
Acquisitions through business combination	-	-	6	6	87,241
Other acquisitions	7,143	566	28,477	36,186	790,650
Effect of deconsolidation	-	(323)	(15,275)	(15,598)	(462)
Disposals	(189,232)	(2,948)	(6,673)	(198,853)	(42,344)
Balance at end of year	790,535	8,242	237,712	1,036,489	1,247,029
Amortisation and impairment losses					
Balance at beginning of the year	80,839	10,340	144,236	235,415	105,177
Effect of exchange rate differences	(3,013)	(25)	(5,011)	(8,049)	(4,239)
Reclassification	-	-	-	-	2,588
Amortisation charge for the year	50,993	1,516	36,452	88,961	102,684
Acquisitions through business combination	-	-	-	-	42,774
Impairment losses	13,800	-	-	13,800	-
Effect of deconsolidation	-	-	(2,301)	(2,301)	(11)
Disposals	(25,333)	(4,252)	(1,700)	(31,285)	(13,558)
Balance at end of year	117,286	7,579	171,676	296,541	235,415
Carrying amount					
At beginning of year	937,983	607	73,024	1,011,614	324,054
At end of year	673,249	663	66,036	739,948	1,011,614

Due to the sale of the Group's clearing activities in 2003, the goodwill related to these activities is disposed of.

The remaining goodwill included in intangible assets can be detailed as follows:

<i>(in thousands of euros)</i>	2003	2002
Related to the merger as at 22 nd September 2000 of SBF, BXS and AEX	146,583	235,260
Related to the acquisition of LIFFE (Holdings) plc	433,994	577,954
Related to the acquisition of BVLP	70,977	108,533
Other	21,695	16,236
Total	673,249	937,983

6.3.2.3 Investments in associates/joint ventures

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Balance at beginning of year	31,642	25,258
Currency exchange rate differences	(423)	(295)
Acquisitions and capital contributions	343,214	16,263
Acquisitions through business combinations	-	266
Result for the year	2,413	(4,235)
Dividends received	(1,978)	(4,071)
Transfer to investments in Group companies	(4,928)	-
Disposals	(91,440)	(1,861)
Other	(3,282)	317
Balance at end of year	<u>275,218</u>	<u>31,642</u>

Reported under 'acquisitions and capital contributions' is the acquisition of a 32.5% participation in the ordinary share capital of LCH.Clearnet Group Ltd. These ordinary shares have been received in exchange for the Group's shares in BCC/Clearnet and London Clearing House on 22nd December 2003. The subsequent disposal of 7.6% of ordinary shares is included under "disposals". The remaining 24.9% investment in LCH.Clearnet Group Ltd (see *table below*) fully reflects the amount of goodwill paid. This goodwill will be amortised over its estimated useful life of 20 years.

An unrealised gain of €65.3 million is netted on the ordinary shares of LCH.Clearnet since it is related to an inter-company transaction.

On 24th July, 2003 the Group increased its interest in NQLX LLC from 50% to 100%. From that date the net assets of NQLX LLC are fully consolidated (see *details below*). Prior to that date, the Group's investment was stated at net equity value. The effect of this is reported in the line "Transfer to investments in Group companies".

Other movements in the reporting period mainly consist of effects of currency exchange rate differences. The composition of this caption is as follows:

<i>(in thousands of euros)</i>	<u>% held in share capital</u>		<u>Carrying amount</u>		<u>Result</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Associates and joint ventures						
AtosEuronext SBF	50.00	50.00	22,191	18,696	5,797	3,023
NASDAQ Liffe Markets Inc	-	50.00	-	6,343	(5,985)	(8,850)
NextInfo S.A./N.V.	48.96	48.96	342	402	434	291
Bourse Connect S.A.	34.37	34.37	2,266	1,627	1,541	1,044
Powernext S.A.	34.00	34.00	2,057	1,872	185	(1,092)
LCH.Clearnet Group Ltd	24.90	-	245,462	-	-	-
Endex	10.13	10.13	907	1,225	(75)	(149)
Other	-	-	1,993	1,477	516	1,498
			<u>275,218</u>	<u>31,642</u>	<u>2,413</u>	<u>(4,235)</u>

Interests in joint ventures

AtosEuronext SBF

The Group holds a 50% interest in AtosEuronext SBF

The following summary of the asset, liabilities, revenues and expenses is based on the consolidated accounts of AtosEuronext SBF for the year ended 31st December 2003. To determine the Group's share in accordance with its accounting principles, certain restatements were made to the net assets of AtosEuronext SBF.

<i>(in thousands of euros)</i>	AtosEuronext SBF	Restatements (mainly related to goodwill)	AtosEuronext SBF restated
Non-current assets	44,928	(25,716)	19,212
Current assets	174,006	-	174,006
Total	218,934	(25,716)	193,218
Current liabilities	(148,836)	-	(148,836)
Net equity	70,098	(25,716)	44,382
Group shares (50%)			22,191
Total revenues	247,269	-	247,269
Total expenses	(231,579)	-	(231,579)
Profit from operations	15,690	-	15,690
Non-operational income/expenses	(7,416)	3,320	(4,096)
Net result	8,274	3,320	11,594
Group share (50%)			5,797

6.3.2.4 Other investments (non-current)

<i>(in thousands of euros)</i>	2003	2002
Balance as at 1 st January	244,762	128,973
Effect of currency exchange rate differences	(1,006)	(863)
LIFFE (Holdings) plc, included in consolidation	-	(68,932)
Acquisitions	199,218	174,000
Acquisitions through business combinations	-	14,554
Other acquisitions/disposals	(12,344)	(1,749)
Impairments	(47,100)	-
Other	(112)	(1,221)
Total	383,418	244,762
Sicovam Holding S.A.	55,981	55,981
LCH.Clearnet Group Ltd (RCPS)	199,218	-
Euroclear plc	126,900	174,000
London Clearing House	-	13,605
Other	1,319	1,176
Total	383,418	244,762

LCH.Clearnet Group Ltd (RCPS)

In addition to the ordinary shares received in LCH.Clearnet Group Ltd (see note 6.3.2.3), the Group received 16.6% of Redeemable Convertible Preference Shares (RCPS) in LCH.Clearnet Group Ltd.

The intention is that these shares are redeemed or converted into ordinary shares and sold in coming years. Since they do not carry any voting power, the RCPS are regarded by their substance as available-for-sale securities.

The RCPS bear a dividend of the higher of six-month Euro LIBOR plus 125 basis points and the dividends actually paid on ordinary shares. An unrealised gain of €43.5 million is included in the other payables as a deferred gain since this gain relates to an intercompany transaction.

6.3.2.5 Other receivables (non-current)

(in thousands of euros)

	2003	2002
Deposits (leases and rentals)	2,209	1,183
Loans to LCH.Clearnet S.A.	60,000	-
Loans to CBOT	21,400	-
Loans to staff	913	949
AtosEuronext SBF	-	9,698
Other	1,552	1,354
Total	86,074	13,184

On 1st July 2003 a subordinated loan agreement of €60 million has been signed with BCC/Clearnet (now LCH.Clearnet S.A.) which was drawn on 18th December 2003. The Group receives interest based on EONIA plus 2.5%. The loan is expected to be reimbursed in the coming months.

The €21.4 million drawn under the GBP 18 million loan facility to CBOT are repayable in three yearly instalments and are collateralised by a GBP 15 million bank guarantee. An upfront

Sicovam Holding S.A.

The Group has a 9.60% interest in Sicovam Holding S.A., this company mainly holds a 13.1% interest in Euroclear plc.

Euroclear plc

Represents a direct interest of 2.35% in Euroclear plc, following the sale of 20% of BCC/Clearnet, Necigef B.V. and Niec B.V. to Euroclear plc in 2002.

This investment is an available-for-sale financial instrument that has been adjusted for impairment, as further disclosed in note 6.3.1.10.

London Clearing House

17.7% of the outstanding shares of the London Clearing House (LCH) were contributed into LCH.Clearnet Group Ltd during the reporting period.

interest of 10.91% equivalent to approximately 6.0% per annum has been received.

The receivable on AtosEuronext SBF in the comparative period relates largely to the sale of IT connections in 2001. The remaining amount to be received as at 31st December 2003 of €5 million is reported as "current receivable" and will be received in 2004.

6.3.2.6 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following items:

(in thousands of euros)	2003		2002	
	Asset	Liability	Asset	Liability
Property, plant and equipment	8,723	5,089	9,181	4,494
Intangible assets	-	5,430	-	4,533
Investments	-	38,794	-	7,490
Employee benefits	10,070	543	15,964	334
Provisions	2,270	-	2,527	-
Other items	433	(154)	904	368
Tax value of loss carry-forward that has been recognised	-	-	2,876	-
Offset asset/liability	840	-	719	-
Net position in balance sheet	22,336	49,702	32,171	17,219

The majority of deferred tax assets and liabilities have an expected term longer than 5 years.

6.3.2.7 Investments (current)

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Equity securities	17,975	24,929
Fixed rate bonds	5,754	10,452
Other investments	50,280	-
Total	<u>74,009</u>	<u>35,381</u>

The equity securities mainly include an investment in ATOS Origin S.A. (0.74% of its outstanding shares). The carrying amount of this investment increased by €8.9 million following adjustment of revaluation to reflect higher market value of shares at year-end 2003. Lower market value at year-end 2002 had led to a €15.7 million negativerevaluation of the investment.

Other investments include short-term time deposits with a term over 3 months which are not readily convertible to cash or which are not subject to an insignificant risk of changes in value.

Money market funds and other short term interest and investments to an amount of €14.0 million have been transferred to the caption "Cash and cash equivalents".

6.3.2.8 Receivables re clearing activities

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Agricultural futures clearing	-	562
Funds receivable from members of clearing houses	-	325,394
Accounts to be settled	-	660,048
Margin calls receivable	-	100,878
Loans	-	7,308
Total	<u>-</u>	<u>1,094,190</u>

Due to the sale of the Group's share in BCC/Clearnet, the receivables re clearing activities were de-consolidated in 2003.

6.3.2.9 Other receivables

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Other trade receivables	143,584	149,194
Non-trade receivables	15,479	31,844
Total	<u>159,063</u>	<u>181,038</u>

The non-trade receivables contain a loan to AtosEuronext SBF of € 5 million, with an interest rate based on 6 months Euribor plus 25 basis points and is due in 2004.

6.3.2.10 Cash and cash equivalents

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Cash	47	72
Bank balances	70,992	84,481
Money market funds	20,669	2,684
Other short-term interest investments	405,053	4,322,262
Total	<u>496,761</u>	<u>4,409,499</u>

As per 22nd December 2003 the clearing activities were sold to LCH.Clearnet Group Ltd. The current investments with respect to the clearing activities are deconsolidated from that moment.

Short-term interest investments, including deposits booked in the caption "Investments (current)", have an

average maturity of one month. Investments in euros have an average effective interest rate of 2.06% (31st December 2002: effective interest rate 3.10%) and investments in pounds sterling have an average effective interest rate of 3.65% (31st December 2002: effective interest rate 4.04%).

6.3.2.11 Capital and reserves

(in thousands of euros)	Issued capital	Share Premium	Reserve own shares	Retained earnings	Currency Exchange Differences	Total	
						2003	2002
As at beginning of the year	122,112	1,172,706	(9,837)	254,150	(30,739)	1,508,392	1,315,141
Dividends to shareholders	-	-	-	(53,832)	-	(53,832)	(41,942)
Shares issued	-	-	-	-	-	-	99,825
Acquisition of own shares	-	-	(548)	-	-	(548)	(49)
Result	-	-	-	211,755	-	211,755	166,156
Realised currency exchange difference	-	-	-	-	12,896	12,896	-
Other	-	-	-	-	(40,948)	(40,948)	(30,739)
As at end of year	122,112	1,172,706	(10,385)	412,073	(58,791)	1,637,715	1,508,392

The line "Realised currency exchange rate difference" consist of a release of €12.9 million due to the disposal of assets with the sale of BCC/Clearnet and London Clearing House in 2003.

Issued capital

Movements in shares issued were as follows:

	Ordinary shares	
	2003	2002
Issued at beginning of the year	122,111,972	116,132,400
Issued share capital	-	4,838,822
Other	-	1,140,750
Issued at end of the year	122,111,972	122,111,972

The authorised share capital of Euronext N.V. amounts to €200,000,000 representing 200,000,000 ordinary shares with a par value of €1 per share. On 28th January 2002 Euronext N.V. and Bolsa de Valores de Lisboa e Porto (BVL) merged. With this merger Euronext issued 4,838,822 shares at €20.63. In 2002, 1,140,750 new shares were issued to the Stichting Option Plan SBF which are regarded as own shares in the consolidated accounts.

Share premium

The share premium at the end of the period reflects the difference between the value attributed to the shares received

from SBF, BXS and AEX and the nominal value of the shares issued by Euronext N.V. It also reflects the difference between the market price of the Euronext shares at acquisition date of the BVL shares (€20.63) and the nominal value of these Euronext shares, totalling to €95 million.

Currency exchange differences

The assets and liabilities of foreign (non euro) operations, including the goodwill paid, are translated to euro at foreign exchange rates according to the Euronext's accounting principles, resulting in negative currency exchange differences of €58.8 million.

Reserve own shares

The movement in the reserve of €0.5 million during the reporting period relates to the transactions in Euronext N.V. shares conducted by the liquidity provider on behalf of the Group under the Share Buy Back Program. This Program was approved at the General Meeting on 22nd May 2003 and launched by the Managing Board on 16th October 2003. The Program's main intention is the stabilisation of the share price. As at 31st December 2003 Euronext holds 138,461 shares under the Program with a cost of €1.8 million (2002: 104,379 shares).

The details as stipulated in article 378 BW2 of the the Dutch Law regarding transactions in own shares are included in note 12: transactions in own shares.

Additionally, as at 31st December 2003 the reserve for own shares comprises 1,454,241 shares (2002: 1,454,241) held by Euronext N.V.'s subsidiaries. 1,117,871 shares are held by the Stichting Option Plan SBF, a consolidated entity, as at balance sheet date (2002: 1,140,750).

The movement schedule for the reporting year is as follows:

	2003	
	Number of shares	Costs in thousands of euros
Balance at the beginning of year	2,699,370	9,837
Share repurchase program	34,082	571
Exercises of options	(22,879)	(23)
Balance at the end of year	2,710,573	10,385

Dividends

In relation to 2003 financial year the Managing Board and the Supervisory Board have recommended a dividend of €0,50 per qualifying ordinary share (in total €60 million), to be distributed in 2004. Since this proposal has not been approved prior to year-end it has not been provided for in the balance sheet.

The dividends in relation to the past years were as follows:

	2003	2002	2001	2000
Dividend per share in euros	0.50	0.45	0.35	0.73
Amount of dividends in millions of euros	60	54	42	72

Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the period, calculated as follows:

Net profit attributable to ordinary shareholders

(in thousands of euros)	2003	2002
Net profit for the year	211,755	166,156
Net profit attributable to ordinary shareholders	211,755	166,156

Weighted average number of ordinary shares

Ordinary shares at beginning of the year	122,111,972	116,132,400
Average number of own shares	(2,692,526)	2,810,171
Weighted average number of ordinary shares	119,419,446	118,942,571

Basic earnings per share (in euros)	1.77	1.39
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Weighted average number of ordinary shares (diluted)*(in thousands of euros)*

	<u>2003</u>	<u>2002</u>
Weighted average number of ordinary shares	119,419,446	118,942,571
Effect of transfer out of own shares under stock option schemes	788,436	818,548
Weighted average number of ordinary shares (diluted)	<u>120,207,882</u>	<u>119,761,119</u>
Diluted earnings per share (in euros)	<u>1.76</u>	<u>1.38</u>

Employee stock option plans

	SBF Stock option Scheme (*)	Euronext Stock option Scheme 2001		Euronext Stock option Scheme 2002
Exercise price (in euros)	5.62	24.00	21.60	21.08
Options outstanding as at 1 st January 2003	1,114,018	141,011	59,513	589,274
Granted and accepted	-	-	-	-
Exercised	(22,879)	-	-	-
Cancelled	(449)	(1,711)	(3,576)	(27,302)
Options outstanding as at 31st December 2003	<u>1,090,690</u>	<u>139,300</u>	<u>55,937</u>	<u>561,972</u>

(*) Number of options based on Euronext N.V. shares: 7.02 Euronext N.V. shares for 1 SBF share.

In the reporting year no options expired and none were granted.

SBF stock option scheme

The SBF option scheme was adopted by the Board of Directors of SBF (the former name of Euronext Paris S.A.) on 30th May 2000. Each option is exercisable for one share of Euronext Paris S.A. The exercise price of each option is €39.47 (7.02 times €5.62) for one share of Euronext Paris S.A. All options were granted in 2000 and may be exercised after 27th June 2002 insofar as the entitled employee is still employed by the Group or in case the holder of the options is no longer employed by the Group under certain conditions. The options expire on 27th June 2007. It is stipulated that after exercising of the options, the shares in Euronext Paris S.A. that will be acquired by the option holders are converted into shares of Euronext N.V. Each share of Euronext Paris S.A. will be converted to 7.02 shares Euronext N.V. As at 31st December 2003 this results in 1,090,690 options on shares of Euronext N.V. and an exercise price of €5.62 for a share of Euronext N.V.

Euronext Paris S.A. held at 31st December 2003 174,234 (31st December 2002: 177,494) of its own shares, being 2% (31st December 2002: 2.1%) of the total issued shares of Euronext Paris S.A. of 8,549,256 at a cost of €5,707,000. These shares are held for the completion of the SBF option scheme. As at 31st December 2003 the total number of Euronext N.V. shares that would be required in connection with this option plan, if all options are exercised, is 1,090,690. The Stichting option plan SBF has been granted 1,140,750 Euronext N.V. shares. The Stichting option plan SBF takes care of the transfer of the exercised options in SBF shares to shares of Euronext N.V.

Euronext stock option scheme 2001

As at 13th March 2001, the Managing Board of Euronext N.V. decided to put in place, prior to the first day the shares of Euronext N.V. were listed, a stock option plan for the employees of Euronext Amsterdam N.V. and Euronext Brussels S.A. and

their subsidiaries in the Netherlands and Belgium, and the employees of BCC/Clearnet working in the Netherlands and Belgium. The stock options allowed to employees of BCC/Clearnet have continued also after the sale of that entity.

The Euronext Employees stock option plan 2001 was adopted by the Managing Board of Euronext N.V. on 13th March 2001 and reviewed and approved by the Supervisory Board in meetings held on 13th March and 19th April 2001. The Euronext Employees stock option plan 2001 is directly related to the initial public offering and listing of the Euronext shares on 5th July 2001. Each option granted by Euronext N.V. entitles the option holder to purchase one Euronext share at the exercise price of €24 for employees of Euronext Brussels S.A. and for certain management employees and Directors of Euronext Amsterdam N.V., or €21.60 for other employees of Euronext Amsterdam N.V. The options can be exercised between 5th July 2004 and 5th July 2011 if the entitled employee

is still employed by the Group or in case the holder of the options is no longer employed by the Group under certain conditions. Treasury shares will be used as the options are exercised.

Euronext stock option scheme 2002

The Euronext Employees stock option plan 2002 was adopted by the Managing Board of Euronext N.V. on 5th June 2002 and reviewed and approved by the Supervisory Board on 20th June 2002. Each option granted by Euronext N.V. pursuant to the plan entitles the option holder to purchase one Euronext share held by Euronext N.V. itself at the exercise price of €21.08. The options can be exercised between 16th September 2005 and 16th September 2009 if the entitled employee is still employed by the Group or in case the holder of the options is no longer employed by the Group under certain conditions. The number of outstanding options as at 31st December 2003 is 561,972. Treasury shares will be used when options are exercised.

6.3.2.12 Minority interests

(in thousands of euros)

	2003	2002
GL Trade S.A./Financière Montmartre	33,188	25,517
BCC/Clearnet	-	46,249
Total	33,188	71,766

6.3.2.13 Interest-bearing loans and borrowings

(in thousands of euros)

	2003	2002
Bank loan	-	230,592
Loan notes	-	13,644
Other	-	1,863
Total	-	246,099

In November 2001, Euronext (UK) plc entered into a credit facility agreement for an amount of €409 million (£250 million) to partly finance the acquisition of LIFFE (holdings) plc. At 31st December 2003, the remaining balance of this loan becoming due and repayable on 12th November 2004 was booked in the current loans and borrowings for an amount of €213 million (£150 million). No guarantees were provided for this loan.

On 12th February 2004, the Group fully repaid this outstanding £150 million banking loan following the issue of a £250 million fixed-rate bond maturing on 16th June 2009 (see also note 6.3.9).

In addition to the bank financing of the acquisition of LIFFE, Variable Rate Guaranteed Unsecured Loan Notes due 2007 were issued. These loan notes (for an amount of €8.4 million [£5.9 million]) are redeemable at holders' request, but by 2007 at the latest, and are presented in the current loans and borrowings at 31st December 2003. No guarantees were provided for this loan.

6.3.2.14 Employee benefits provisions

Liability for defined benefit obligations

The Group contributes to defined benefit and defined contribution plans. In some of the locations, especially the Netherlands, the obligations are funded via pension funds of the Group. Normal retirement ages vary from 60 to 65 years. In 2002 and 2001, in some countries, the Group introduced early retirement plans for employees, meeting certain conditions for the total employment term.

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Present value of obligations	150,768	150,326
Fair value of plan assets	(110,372)	(92,946)
Deficit	40,396	57,380
Unrecognised actuarial losses/gains	(12,276)	(9,748)
Total liability	<u>28,120</u>	<u>47,632</u>

Movements in the net liability recognised in the balance sheet

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Net liability at beginning of the year as previously reported	47,632	37,685
Acquisitions through business combinations	(1,187)	526
Effect of de-consolidation	(2,331)	-
Contributions paid	(30,026)	(19,527)
Actuarial gains/losses	-	5,229
Pension expense recognised in the income statement	14,928	12,929
Early retirement plan expense recognised in the income statement	(896)	10,790
Net liability in balance sheet at end of the year	<u>28,120</u>	<u>47,632</u>

Expense recognised in the income statement

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Current service costs	13,957	9,879
Interest on obligation	6,742	6,663
Expected return on plan assets	(5,269)	(5,845)
Adjustment for limit on net asset	-	(7,480)
Actuarial gain/loss recognised	(502)	9,712
Pension expense recognised in the income statement	<u>14,928</u>	<u>12,929</u>
Early retirement plan expense recognised in the income statement	(896)	10,790
Total	<u>14,032</u>	<u>23,719</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	<u>2003</u>	<u>2002</u>
Discount rate at 31 st December	5.2%	5.0%
Expected return on plan assets at 31 st December	5.0%	5.5%
Future salary increases (incl. 2% inflation)	2.7%	3.4%
Future pension increases	1.8%	2.0%

6.3.2.15 Other provisions

<i>(in thousands of euros)</i>	<u>Personnel</u>	<u>Migration</u>	<u>Other</u>	<u>Total</u>	
				<u>2003</u>	<u>2002</u>
Balance at beginning of the year	2,349	10,676	21,477	34,502	30,303
Provisions made	8,829	-	22,141	30,970	5,630
Provisions used	(2,852)	(3,524)	(8,065)	(14,441)	(19,499)
Provisions reversed	(4)	(5,282)	(1,665)	(6,951)	(4,158)
Effect of business combinations	-	-	-	-	23,108
Effect of currency exchange rate differences	-	-	(718)	(718)	(882)
Effects of (de)consolidation of subsidiaries	-	-	(968)	(968)	-
Balance at end of the year	8,322	1,870	32,202	42,394	34,502
- Non-current (> 1 year)	804	-	14,340	15,144	13,123
- Current (< 1 year)	7,518	1,870	17,862	27,250	21,379
Total	8,322	1,870	32,202	42,394	34,502

The other provisions can be specified as follows:

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Legal and operational	2,250	9,087
Retired stockbrokers	2,735	3,267
Building dilapidation	5,226	5,347
Surplus property	263	1,062
Revenue guarantee LCH.Clearnet S.A.	20,000	-
Other	1,728	2,714
Total	32,202	21,477

The provision for the revenue guarantee issued on the occasion of the sale of BCC/Clearnet has been created as a charge against the gain on this transaction and relates to revenues for the years 2004 and 2005 (see also note 6.3.6.5).

6.3.2.16 Clearing deposits

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Clearing deposits	-	3,513,006

Clearing deposits related to margins deposited by clearing members with the clearing houses of Euronext N.V. The Group paid a floating interest rate on these amounts. The amounts received were partially invested in short-term interest investments and partially placed on deposits with banks.

Due to the sale of the Group's share in BCC/Clearnet the clearing deposits were deconsolidated in 2003.

6.3.2.17 Other payables

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Other trade payables	202,655	211,000
Non-trade payables and accrued expenses	131,218	85,996
Total	<u>333,873</u>	<u>296,996</u>

An amount of €43.5 million of deferred gain on sale of associates/joint ventures is reported as non-trade payables in relation with the sale of the Group's share in BCC/Clearnet and London Clearing House (see also note 6.3.2.3: "Investments in associates/joint ventures").

6.3.3 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement provides information about the cash flows to evaluate the changes in the net assets of the Group, its financial structure and its ability to affect the amounts and timing of cash flows.

Cash flows arising from transactions in foreign currency are recorded by applying the exchange rate at the date of the transaction or the average rate as far as the cash flows in foreign currency relate to the operating activities. The effect of the exchange rate changes is shown separately in the cash flow statement, in order to reconcile with cash and cash equivalents at the end of the year.

The Cash and cash equivalents comprises cash on hand, demand deposits and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Any part of operating, investing or financing transactions that does not require the use of cash or cash equivalents has been excluded from the cash flow statement

6.3.3.1 Cash flows from operating activities

"Operating activities" are the principal revenue-generating activities of the Group. The cash flows from Operating activities are shown according to the indirect method whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Other non-cash or non-operational items include:

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Gain on sale of assets or activities	(3,438)	(3,191)
Provisions reversed/created for staff	(1,802)	18,466
Other provisions made and reversed	7,152	(8,624)
Income from associates/joint ventures	(2,413)	4,235
Other	-	3,290
Total	<u>(501)</u>	<u>14,176</u>

6.3.3.2 Cash flows from investing activities

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Acquisitions in 2002 include the cash payments to acquire the shares of Bolsa de Valores de Lisboa e Porto and LIFFE (Holdings) plc net of cash acquired.

The cash and cash equivalents were disposed of with the sale of BCC/Clearnet and include short term interest investments (€2,823 million) and cash (€606 million). Further reference is made to paragraph 7 "Effect of acquisitions and disposals".

Other investing activities include:

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Sale of ordinary shares LCH.Clearnet Group Ltd	91,440	-
Acquisitions in, disposal of, and capital contributions to associates/joint ventures	(345)	(2,229)
Investments in equity securities and non-current investments	(28,751)	(9,687)
Dividends paid to Euroclear	(29,288)	(14,407)
Net foreign exchange losses	(1,048)	(1,478)
Other investing activities	(1,155)	7,995
Total	<u>30,853</u>	<u>(19,806)</u>

6.3.3.3 Cash flows from financing and clearing activities

Financing activities are activities that result in changes in the size and composition of equity and borrowings.

The cash received on clearing activities as collateral for margin requirements and the repayments of those amounts are shown net.

The loans received and redeemed in 2002 relate to the financing of the acquisition of LIFFE (Holdings) plc.

6.3.3.4 Cash and cash equivalents

Cash and cash equivalents comprise the following:

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Cash	47	72
Bank balances	70,992	84,481
Money market funds	20,669	2,684
Other short term investments	405,053	4,322,262
Cash and cash equivalents	<u>496,761</u>	<u>4,409,499</u>

Net balance received from clearing activities comprises the following:

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Bank facilities	-	220,702
Clearing deposits	-	3,513,006
Payables re clearing activities	-	1,094,029
Receivables re clearing activities	-	(1,094,190)
Net balance received from clearing activities	<u>-</u>	<u>3,733,547</u>

Due to the sale of the Group's share in BCC/Clearnet the assets and liabilities that result in the net balance received from clearing activities were deconsolidated.

6.3.4 SEGMENT REPORTING

The Group's risks and returns are predominantly managed by business lines. The primary format for reporting segment information therefore is by business segments.

The Group generally accounts for intersegment sales as if transfers were made to third parties at current price (arm's length).

The geographical segments are regarded as the secondary segmentation of reporting of the activities of the Group.

Business segments (primary segmentation) (*)

2003

	Listing	Cash trading	Derivatives trading	Information services	Clearing	Settlement and custody	Sales of software	Holding and unallocated	Total
Revenues by segment:									
External sales	30,652	187,463	299,984	91,154	165,071	28,236	172,511	15,969	991,040
Intersegment reallocations	(1,622)	36,026	72,064	(26,324)	(31,119)	1,411	(44,080)	(6,356)	-
Segment revenue	29,030	223,489	372,048	64,830	133,952	29,647	128,431	9,613	991,040
Segment expense	(24,124)	(125,702)	(281,789)	(43,364)	(95,267)	(20,330)	(104,563)	(22,241)	(717,380)
Operating profit per segment	4,906	97,787	90,259	21,466	38,685	9,317	23,868	(12,628)	273,660

2002

	Listing	Cash trading	Derivatives trading	Information services	Clearing	Settlement and custody	Sales of software	Holding and unallocated	Total
Revenues by segment:									
External sales	38,396	190,488	290,111	92,073	183,684	29,051	148,484	24,266	996,553
Intersegment reallocations	(3,977)	46,570	75,663	(39,228)	(45,491)	98	(19,555)	(14,080)	-
Segment revenue	34,419	237,058	365,774	52,845	138,193	29,149	128,929	10,186	996,553
Segment expense	(24,868)	(134,091)	(300,026)	(44,323)	(96,677)	(20,742)	(101,804)	(36,241)	(758,772)
Operating profit per segment	9,551	102,967	65,748	8,522	41,516	8,407	27,125	(26,055)	237,781

(*) In 2003 a new organisation structure became effective. This new structure is based on business units and has some impact on allocation of revenues and expenses between business segments.

2003

	Listing	Cash trading	Derivatives trading	Information services	Clearing	Settlement and custody	Sales of software	Holding and unallocated	Total
Total assets	13,759	54,550	316,496	57,748	-	67,457	175,513	1,696,772	2,382,295
Total liabilities	10,853	11,385	135,642	21,054	-	21,141	129,551	381,766	711,392
Other segment information									
Investments in tangible and intangible assets ...	16	216	13,415	3,928	7,805	240	18,267	23,408	67,295
Depreciation	19	144	31,426	3,624	794	276	12,261	19,031	67,575
Amortisation of goodwill	-	-	-	-	-	-	-	64,793	64,793
Gain on sale of associates/ subsidiaries	-	-	-	-	175,107	-	-	-	175,107
Loss on liquidating non-consolidated subsidiaries	-	-	-	-	-	-	-	(1,153)	(1,153)

2002

	Listing	Cash trading	Derivatives trading	Information services	Clearing	Settlement and custody	Sales of software	Holding and unallocated	Total
Total assets	11,535	43,652	301,785	50,779	5,255,952	53,332	137,262	1,358,969	7,213,266
Total liabilities	6,295	9,923	74,699	10,400	4,918,620	17,002	73,990	522,179	5,633,108
Other segment information									
Investments in tangible and intangible assets ...	23	723	38,433	5,179	6,367	432	3,979	777,953	833,089
Depreciation	32	1,367	25,392	3,512	1,014	1,863	2,679	38,288	74,147
Amortisation of goodwill	-	-	-	-	-	-	-	53,111	53,111
Gain on sale of associates/ subsidiaries	-	-	5,485	1,146	81,135	9,655	-	-	97,421
Revaluation of shares to fair value	-	-	-	-	-	-	-	(17,459)	(17,459)

Geographical segments (secondary segmentation)

	France		United Kingdom		Netherlands		Belgium		Portugal		Holding and unallocated		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	Revenues by segment	497,960	531,797	294,962	247,393	137,429	150,393	32,655	36,779	28,034	30,191	-	-	991,040
Segment result ...	138,834	168,310	93,510	59,638	47,200	26,123	(2,680)	(6,370)	1,280	4,057	(4,484)	(13,977)	273,660	237,781
Segment assets ...	1,157,575	5,787,851	428,214	341,824	297,380	290,601	96,570	88,206	59,106	42,762	343,450	662,022	2,382,295	7,213,266
Segment liabilities .	547,475	5,186,271	92,468	84,346	69,310	74,174	59,537	31,463	17,713	15,398	(75,111)	241,456	711,392	5,633,108
Other information														
Capital expenditure	36,095	33,996	22,189	27,915	7,328	1,462	1,177	1,188	506	835	-	767,653	67,295	833,049
Depreciation	20,368	28,239	38,417	35,007	5,296	7,314	2,912	2,411	582	1,176	-	-	67,575	74,147
Amortisation	2,270	1,893	-	-	-	-	735	735	-	-	61,788	50,483	64,793	53,111

6.3.5. DISCONTINUED OPERATION

On 25th June 2003, the Boards of Euronext, BCC/Clearnet and London Clearing House announced their intention to merge BCC/Clearnet and London Clearing House under a new independent UK holding company called LCH.Clearnet Group Limited.

On 22nd December 2003, the Group exchanged its stake in the share capital of BCC/Clearnet to LCH.Clearnet Group Limited and 17.7% of LCH in exchange for 49.1% of the newly formed company. Subsequently, the Group sold 7.6% of these shares to third parties. The remaining interest in LCH.Clearnet Group Limited is divided into 16.6% Redeemable Convertible Preference Shares (RCPS) and 24.9% of total capital in the form of ordinary shares. The preference shares are intended

to be either redeemed or converted into ordinary shares or to be sold in the coming years. Accordingly, despite the continued involvement with LCH.Clearnet through its shareholding in ordinary shares and RCPS, the Group considers the sale as a discontinued operation.

BCC/Clearnet, established as a credit institution under French law, was the sole clearing house and central counterparty for markets operated by Euronext (excluding Euronext.Liffe). BCC/Clearnet cleared trades for Powernext and also cleared debt securities and repos for other providers. The net assets, results and cash flows of BCC/Clearnet were fully consolidated in the Euronext consolidated accounts in the period prior to 22nd December 2003. As of that date, assets and liabilities of BCC/Clearnet have been deconsolidated.

The effect of the discontinued clearing activities of BCC/Clearnet on the Group's consolidated results, cash flows and net assets is analysed as follows:

	Continuing operations		Discontinued operation		Total	
	2003	2002	2003	2002	2003	2002
<i>(in thousands of euros)</i>						
Revenues	855,483	857,294	135,557	139,259	991,040	996,553
Costs and expenses	(620,509)	(660,843)	(96,871)	(97,929)	(717,380)	(758,772)
Goodwill amortisation	(54,563)	(42,839)	(10,230)	(10,272)	(64,793)	(53,111)
Profit from operations after goodwill amortisation	180,411	153,612	28,456	31,058	208,867	184,670
Net financing income	10,811	(14,513)	12,750	14,018	(23,561)	(495)
Impairment of investment	(47,100)	-	-	-	(47,100)	-
Gain on disposal discontinued operation	175,107	-	-	-	175,107	-
Loss/Gain on sale of associates/ subsidiaries	(1,153)	97,421	-	-	(1,153)	97,421
Income from associates/ joint ventures	2,413	(4,235)	-	-	2,413	(4,235)
Profit before tax	320,489	232,285	41,206	45,076	361,695	277,361
Income tax	(116,399)	(72,936)	(18,153)	(19,674)	(134,552)	(92,610)
Profit after tax	204,090	159,349	23,053	25,402	227,143	184,751
Minority interests	(10,139)	(11,425)	(5,249)	(7,170)	(15,388)	(18,595)
Net profit	193,951	147,924	17,804	18,232	211,755	166,156
Operating cash flow	150,838	144,382	10,810	28,164	161,648	172,546
Investing cash flow (*)	(3,463,600)	(746,967)	(11,285)	(3,586)	(3,474,885)	(750,553)
Financing and clearing cash flow	(107,442)	399,477	(482,476)	1,426,717	(589,918)	1,826,194
Effect of exchange rate on cash and cash equivalents	(9,583)	(9,071)	-	-	(9,583)	(9,071)
Total cash flow	(3,429,787)	(212,179)	(482,951)	1,451,295	(3,912,738)	1,239,116

(*) The investing cash flow for the continuing operation includes the cash and cash equivalents that is disposed of with the sale of BCC/Clearnet in 2003.

	Continuing operations		Discontinued operation		Total	
	2003	2002	2003	2002	2003	2002
<i>(in thousands of euros)</i>						
Assets (*)	2,382,295	1,891,929	3,989,090	5,321,337	6,371,385	7,213,266
Liabilities	711,392	747,951	3,865,526	4,885,157	4,576,918	5,633,108

(*) Due to reallocation of goodwill related to the clearing activities, the reported assets and liabilities of the clearing activities differ from the segment report.

The sale of the Group's stake in the share capital of Clearnet resulted in a capital gain of €175.1 million before income tax, which is computed as follows:

Gain on disposal

Redeemable Convertible Preferent and ordinary shares in LCH.Clearnet received	589,200
Group share in net assets disposed of	(89,338)
Cost price LCH shares disposed of	(12,557)
Reversal goodwill related to clearing activities	(163,899)
Currency effect on investments disposed of	(12,896)
Deferred gain	(108,780)
Costs of revenue guarantee	(20,000)
Costs associated with the transaction	(6,623)
Total gain (pre-tax)	175,107
Income tax charge	(37,176)
Net gain on disposal	137,931

6.3.6 FINANCIAL RISKS, OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

6.3.6.1 Financial risks

As a result of its global operating and financing activities, the Group is exposed to financial risks such as changes in interest rates, changes in currency exchange rates or risk that a counterpart defaults. Strict policies and procedures to measure, manage, monitor and report risk exposures have been defined and are regularly reviewed by the relevant management and supervisory bodies (Risk committee, Managing Board, Audit Committee as appropriate).

The proper identification and the daily monitoring and management of risks are carried out by a central treasury and financing department in accordance with rules and procedures in force. When allowed by local regulations and

when necessary, the Group's subsidiaries centralise their cash investment, report their risks and hedge their exposures with the Group's central treasury.

Derivatives instruments are solely use to hedge financial risks incurred in the normal course of the Group's commercial activities or financial positions. The Group does not enter into derivative instruments for speculative purposes.

Liquidity risk

The Group would be exposed to a liquidity risk in case its short term liabilities become, at any date, higher than its cash and cash equivalents and in case the Group is not able to refinance this cash deficit, for example through new banking lines.

The Group's policy is to invest cash and cash equivalents into non-speculative financial instruments, readily convertible to cash, such as money market funds, overnight deposits, term deposits and other money market instruments, thus ensuring a very high liquidity of the financial assets. The Group does not hold any off-balance sheet back-up facility or credit line.

More specifically, the Group's cash and cash equivalents' position allows the company to repay its financial liabilities at all maturities, even disregarding incoming cash flows generated by operational activities. The net position at various maturities of the financial assets and liabilities as of 31st December 2003 is described in the table below:

**Availability date of assets/
Exigibility date of liabilities**

	<u>< 6 months</u>	<u>< 1 year</u>	<u>< 5 years</u>	<u>All maturities</u>
<i>(in thousands of euros)</i>				
Financial assets	542,393	570,770	570,770	570,770
Financial liabilities	8,753	222,494	222,494	222,494
Net position	<u>533,640</u>	<u>348,276</u>	<u>348,276</u>	<u>348,276</u>

As of 31st December 2003, the consolidated loans and borrowings of the Group include:

<u>Type of loan</u>	<u>Amount</u>	<u>Maturity</u>	<u>Type of rate</u>
Banking loan in £	£150,000,000 (€212,826,334)	12 th November 2004 at the latest, prepaid on 12 th February 2004 ⁽¹⁾	Floating
Loan notes in £	£5,924,453 (€8,405,864)	at holders' request but by 7 th January 2007 at the latest	Floating
Banking loan in €	€915,000	27 th July 2004	Fixed

(1) On 12th February 2004, the Group fully repaid the £150 million syndicated banking loan following the issue of a £250 million fixed-rate bond maturing on 16th June 2009 (see also note 6.3.9).

Interest rate risk

Almost all the financial assets and liabilities of the Group are either based on floating rates or based on fixed rates with a interest term of less than one year:

Currency

(in thousands of euros)

<u>Type of rate and maturity</u>	<u>Positions in euros</u>		<u>Positions in pounds sterling</u>	
	<u>Floating rate (or fixed rate with maturity < 1 year)</u>	<u>Fixed rate (with maturity > 1 year)</u>	<u>Floating rate (or fixed rate with maturity < 1 year)</u>	<u>Fixed rate (with maturity > 1 year)</u>
Financial assets	427,111 ⁽¹⁾	5,754 ⁽²⁾	115,032	-
Financial liabilities	1,151	-	221,343	-
Net position	425,960	5,754	(106,311)	-

(1) Including €105 million fixed rate short-term deposits swapped to floating rate.

(2) Government bonds.

Based on the information above, the Group is not exposed to price risk affecting fixed-rate financial assets and liabilities.

However, the Group is exposed to cash-flow risk arising from net floating-rate positions. As the Group is lender at floating rate in euro, when euro rates decrease, the financing income of the Group decreases (€4.2 million for a 1% decrease). Similarly, as the Group is borrower at floating rate in sterling, when the sterling rates increase, the financing expenses of the Group increase (€1.1 million for a 1% increase).

Over-the-counter interest rate derivative instruments, such as swaps, are contracted with counterparts meeting minimum creditworthiness and rating standards within predetermined limits.

Currency risk

Further to the acquisition of LIFFE (Holdings) plc, a significant part of the assets, liabilities, income and expenses of the Group is recorded in pounds sterling. Therefore, the Group is exposed to a currency risk. When the euro increases in value against the pounds sterling, the contribution of equity, being the balance of assets and liabilities, and income in pounds sterling, once translated in euros, in the consolidated financial statements of the Group decreases.

The price of a pound sterling at the beginning of 2003 was €1.5373 (€/£ rate of 0.6505). As at 31st December 2003, this price had decreased to €1.4188 (€/£ rate of 0.7048). The average price in the reporting period was €1.44564 (€/£ rate of 0.69173).

On 31st December 2003, the Group's net currency position was £319 million, consisting of £562 million in assets (including £306 million goodwill) and £243 million in liabilities. The loans in pounds sterling, for a residual amount of £156 million, constitute a partial hedge of the net assets in pounds sterling. The cost of this hedge in the financing income consists in the difference between the interest rate in GBP and the one in euro. No other hedge of balance sheet currency position was implemented on 31st December 2003.

The currency exchange rate differences had a negative impact of €40.9 million on the Group's consolidated equity in 2003. The sensitivity of the cumulative exchange rate difference (€58.8 million as at 31st December 2003) to a 1 cent variation of the exchange rate (for example 0.7148 instead of 0.7048) is €6.3 million.

In order to reduce its exposure to the foreign exchange rate fluctuations, the Group may use derivatives financial products, however exclusively to hedge financial risks incurred by its commercial activities or financial positions.

At 31st December 2003, the only of such economic hedges implemented consisted of currency options hedging for an amount of €19 million for 2004. Such options qualify as financial instruments and are stated at fair value under "Current investments", the gain or loss of revaluation being reported in the income statement ("Net financing income").

Credit risk of financial instruments

The Group is exposed to credit risk in the event of a counterpart's default. The Group limits its exposure to credit risk by rigorously selecting the counterparts with which it executes agreements. Credit risk is monitored by using exposure limits depending on ratings assigned by rating agencies as well as the nature and maturity of transactions.

Investments of cash and cash equivalents in banks current accounts and money market instruments, such as short term fixed and floating rate interest deposits, are strictly restricted by rules aiming at reducing credit risk: maturity of deposits is lower than 6 months, counterparts' credit ratings are permanently watched, individual counterpart limits are reviewed on a regular basis.

In addition to the intrinsic creditworthiness of counterparts, the Group's policies also prescribe the diversification of counterparts (banks, financial institutions, funds) so as to avoid a concentration of risk.

Off-balance sheet derivatives are negotiated with leading high-grade banks.

Settlement and custody risks

Non-core activities of the Group include the settlement and custody services provided by CIK S.A./N.V. and Interbolsa S.A., which are the central security depositories for Belgium and Portugal.

As at 31st December 2003, the value of securities kept in custody by CIK S.A./N.V. and Interbolsa S.A. amounted to €280 billion (31st December 2002: €268 billion), based on the market value of shares and the nominal value of bonds.

The procedures of these subsidiaries are focused on the safeguarding of the assets in custody. The settlement risks are mitigated by early warning systems for non-settlement, and buy-in and auction procedures in case certain thresholds are surpassed.

Equity market risk

The main position of the Group consists of an investment in Atos Origin S.A. of €22.2 million. This position is monitored and reported to the Group's senior management on a daily basis.

6.3.6.2 Litigation

Certain claims have been submitted against the Group and are being contested by the Group companies concerned. In view of the information currently available, legal advice obtained and the amounts provided for, it is expected that the outcome will not have a substantial adverse effect on the Group's financial position.

The most important litigation relates to Via Net Works:

Following the initial public offering of Via Net.Works on Euronext Amsterdam and Nasdaq on 11th February 2000, Euronext Amsterdam was criticised by the media for allowing trading in shares of Via Net.Works to start before trading started on Nasdaq. Prior to the start of trading of these shares on Nasdaq, trading on Euronext Amsterdam opened and closed at a price of €89 per share. After the close of trading on the Amsterdam market, trading on Nasdaq opened at a price of \$41 per share. At the start of the next trading day, Via Net.Works price on the Amsterdam market dropped to €50 per share. The STE (now the AFM – the Netherlands Authority for Financial Markets) conducted an inquiry into the listing of Via Net.Works. In 2002, the AFM notified Euronext Amsterdam that it decided not to fine or sanction the company in connection with this initial public offering. This decision is final.

Directly following the initial public offering, legal proceedings were instituted against the Amsterdam market by a private investor and the "Via Net.Works Foundation", claiming to represent approximately 600 investors and currently claiming compensation in respect of trading losses of

approximately €11 million. The company is strongly defending itself against these claims. Both cases are pending at the district court of Amsterdam. The private investor claim (€250,000) is awaiting judgment, but no date has yet been set for the main court hearing in relation to the Foundation.

There is no major deviation to the position of litigation since 31st December 2002.

6.3.6.3 Taxes

The Group is organised along business units. Each business unit is managed from one of the Group's locations and has cross-border responsibilities. As a consequence of this cross-border functioning, some tasks per business unit are centralised and per business unit support is given from one location to another for the benefit of the Group as a whole. As a result of the close interrelation of the business unit operations in the various countries, the reported income per individual Group company may not necessarily be a justified basis for determining the taxable result. For this reason the Group asked and obtained an Advance Pricing Agreement (APA) with the relevant fiscal authorities for its activities in Belgium, France and the Netherlands. The objective is a fair allocation of the results of the Group for these three countries to be based on both local tax law and the OECD Pricing Guidelines for Multinational Enterprises and Tax Administrations. The Group has opted to split the profit by business unit as the transfer pricing methodology between the countries.

For the year 2003 the tax due has been calculated as if the envisaged APA was in force.

6.3.6.4 Operating leases

(in thousands of euros)

	<u>2003</u>	<u>2002</u>
Payments related to leases expiring in:		
Less than one year	4,772	6,677
Between one and five years	14,640	21,370
More than five years	9,632	2,574
Total	<u>29,044</u>	<u>30,621</u>

The Group leases equipment and office facilities under operating lease. The leases typically run for an initial period of three to ten years, with an option to renew the lease after those dates. Lease payments are usually increased annually to reflect market rentals. None of the leases include contingent rentals.

No significant assets were pledged other than the operating leases described above.

6.3.6.5 Contingent liabilities

Revenue Guarantee

On 22nd December 2003 LCH.Clearnet Group Ltd acquired the entire share capital of BCC/Clearnet (renamed LCH.Clearnet S.A. since then). It has been agreed that LCH.Clearnet S.A. and the Group will enter into an amended and restated Clearing Agreement.

In order to mitigate market activity volatility, the Group and LCH.Clearnet S.A. have agreed to set-up a recharging process aiming at paying or receiving any deficit or surplus (*if any*) on the LCH.Clearnet S.A. net clearing revenue in comparison with a revenue forecast agreed between parties. Such a recharging process is limited to an amount of €13.0 million in total for each 2004 and 2005. At 31st December 2003, a provision has been formed for the total guarantee amount of €26.0 million, corrected for the intercompany effect in relation to the Group's interest in LCH.Clearnet Ltd of €6.0 million.

6.3.7 EFFECT OF ACQUISITIONS AND DISPOSALS

6.3.7.1 Acquisitions

NQLX LLC

NQLX LLC was a joint venture between Nasdaq and Euronext.Liffe. On 24th July 2003 the remaining 50% of shares in joint venture NQLX LLC held by Nasdaq were withdrawn, the Group thus becoming the sole shareholder.

From the transaction date onwards the assets, liabilities, results and cashflows of NQLX LLC are fully consolidated.

GL Trade Systems HK Ltd/GL Trade Systems KK/GL Settle Ltd

In November 2003 GL Trade S.A. acquired three Mysis subsidiaries in the United Kingdom, Hong Kong and Japan. The acquired companies were subsequently renamed to GL Trade Systems HK Ltd, GL Trade Systems KK and GL Settle Ltd.

4D Trading

In April 2003 GL Trade S.A. acquired 4D Trading, based in the United Kingdom. The main activities of this company are the creation of and the trade in specialised software.

The fair value of the identifiable assets and liabilities of the acquisitions in the reporting period are:

<i>(in thousands of euros)</i>	NQLX LLC	GL Trade Systems Settle	4D Trading	Total	Total 2002
Property and equipment	-	505	16	521	46,150
Intangible assets	-	-	6	6	44,467
Other investments	-	84	-	84	14,820
Other receivables	1,580	5,682	14	7,276	280,698
Cash	7,937	1,355	19	9,311	32,805
	9,517	7,626	55	17,198	418,940
Other payables	(2,576)	(9,522)	(16)	(12,114)	(115,338)
Fair value of net assets	6,941	(1,896)	39	5,084	303,602
(Negative) goodwill arising on acquisition	(2,013)	9,118	38	7,143	767,653
Total	4,928	7,222	77	12,227	1,071,255
Consideration					
Shares issued, at fair value	-	-	-	-	99,825
Bank loan/loan notes	-	-	-	-	436,067
Own cash	-	7,222	77	7,299	518,129
Costs associated with the acquisition	4,928	-	-	4,928	17,234
Total consideration	4,928	7,222	77	12,227	1,071,255

The net cash inflow on acquisition is as follows:

<i>(in thousands of euros)</i>	NQLX LLC	GL Trade Systems Settle	4D Trading	Total	Total 2002
Net cash and current investments acquired with subsidiary	7,937	1,355	19	9,311	245,064
Cash paid	-	(7,222)	(77)	(7,299)	(902,498)
Net cash inflow	7,937	(5,867)	(58)	2,012	(657,434)

6.3.7.2 Disposals

BCC/Clearnet

At 22nd December 2003, the Group sold its stake (80.48%) in the share capital of BCC/Clearnet to LCH.Clearnet Group Limited in exchange for Ordinary Shares and RCPS in the newly formed company (see also note 6.3.5: "Discontinued Operation"). No cash has been received on this sale. The net assets disposed of contain €3.5 billion of cash and cash equivalents.

Subsequently, the Group sold 7.6% of the shares to third parties, for a proceed of €91.4 million.

The carrying value of the identifiable assets and liabilities disposed of are:

<i>(in thousands of euros)</i>	Total
Property and equipment	131
Intangible assets	13,297
Investments	2,823,082
Receivables/payables re clearing activities (net)	(37,228)
Other receivables	3,435
Trade receivables	49,151
Cash	606,258
	3,458,126
Interest bearing loans	(60,135)
Clearing deposits	(3,230,920)
Employee benefits provision	(2,331)
Other payables	(53,733)
Net assets disposed of	111,007
Group share in net assets disposed of	89,338

6.3.8 RELATED PARTIES DISCLOSURES

Identity of related parties

The Group has a related party relationship with its associates and a joint venture, with its Managing Board and Supervisory Board, and with certain employees foundations, such as pension funds and employee share foundations.

Employee foundations

FCPE Paris Bourse Actions, an employee corporate investment trust managing the employee stock ownership plan of Euronext Paris, holds 534,800 shares in Euronext N.V. as at 31st December 2003 (31st December 2002: 591,500 shares).

FCPE Euronext Growth, an employee corporate investment trust managing the employee stock ownership plan that was established for all Euronext employees in connection with the IPO of July 2001, holds 486,380 shares in Euronext N.V. as at 31st December 2003 (31st December 2002: 521,851 shares).

FCPE GL Trade Actions 1, an employee corporate investment trust of GL Trade, holds 91,662 shares in GL Trade S.A. as at 31st December 2003 (31st December 2002: 88,887 shares).

FCPE GL Trade Actions 2, another employee corporate investment trust of Euronext Paris, holds 41,493 shares in GL Trade S.A. as at 31st December 2003 (31st December 2002: 36,223 shares).

The Dutch Stichting Option Plan SBF holds 1,117,871 Euronext N.V. shares as at 31st December 2003 (31st December 2002: 1,140,750).

Further details of options granted are included under note "6.3.2.11: Capital and reserves."

Associates

All transactions with associates are priced at arm's length basis.

Joint venture AtosEuronext SBF

AtosEuronext SBF is a joint venture between Atos Origin S.A. and Euronext N.V.

In 2001 the Group sold its ICT operations in Amsterdam and Brussels to AtosEuronext SBF. Meanwhile all the continental ICT operations in Paris, Brussels and Amsterdam are outsourced to AtosEuronext SBF. A part of this transaction was the transferral to AtosEuronext SBF of the network connections of Euronext Amsterdam N.V. and Euronext Brussels S.A. with their respective cash and derivatives members.

On 30th September 2003 AtosEuronext SBF sold its 100% interest in AtosEuronext Netherlands B.V. to Atos Origin Nederland B.V. The former AtosEuronext Nederland B.V. will continue to provide services to AtosEuronext SBF.

AtosEuronext SBF invoiced in the reporting period €167.0 million IT expenses, of which an amount of €15.2 million was capitalised. Euronext Paris S.A. charged €1.3 million to AtosEuronext SBF in connection with staff seconded from Euronext Paris S.A. to AtosEuronext SBF (31st December 2002: €9.8 million). All transactions were priced at arm's length basis.

6.3.9 SUBSEQUENT EVENTS

Bond issue

On 9th February 2004, the Group issued a £250 million fixed-rate bond maturing on 16th June 2009 with a view to lengthen the profile and significantly reduce the cost of the Group's existing debt. The all-in cost of this financing, which was swapped to floating rate, amounts to 23 basis points over Libor. This bond does not contain any financial covenant nor material uncustomary provision which may lead to an early redemption. On 12th February 2004, the Group used part of the proceeds from the bond issue to fully repay the outstanding £150 million syndicated banking loan set up in November 2001 in connection with the acquisition of LIFFE (Holdings) plc.

6.3.10 REMUNERATION OF MANAGING BOARD AND SUPERVISORY BOARD

Remuneration Managing Board

The remuneration per individual member of the Managing Board for the year 2003 is as follows:

(in euros)	2003			2002		
	Salaries	Bonuses	Total	Salaries	Bonuses	Total
Jean-François Théodore	500,000	302,500	802,500	500,000	250,000	750,000
Hugh Freedberg	461,500	572,872	1,034,372	469,667	595,067	1,064,734
Joao Freixa	239,935	150,000	389,935	-	-	-
Olivier Lefebvre	300,000	181,500	481,500	285,000	142,500	427,500
George Möller	400,000	200,000	600,000	400,000	200,000	600,000
Manuel Alves Monteiro	79,503	-	79,503	324,000	-	324,000
Total	1,980,938	1,406,872	3,387,810	1,978,667	1,187,567	3,166,234

Mr Freedberg is paid in GBP. Figures for 2003 are converted at the exchange rate of GBP 1 : €1.42 (2002: GBP 1 : €1.59)

Mr Freixa joined Euronext on 1st March 2003

Mr Monteiro left Euronext on 8th March 2003

Allowances and benefits in kind

Mr Théodore is entitled to benefits in kind of €11,220 including a company car, medical insurance premium and life insurance premium.

Mr Freedberg is entitled to a car allowance of €12,780 and benefits in kind of €4,605 including medical insurance premium and life insurance premium.

Mr Freixa is entitled to expense allowances of €10,000 and benefits in kind of €1,068 for medical insurance premium.

Mr Lefebvre is entitled to benefits in kind of €19,851 including a company car, medical insurance premium and life insurance premium.

Mr Möller is entitled to allowances of €3,843 for mainly mortgage interest compensation and benefits in kind of €4,131 including medical insurance premium and telephone expenses.

Mr Monteiro was entitled to expense allowances of €2,000.

There are no loans and guarantees made to members of the Managing Board.

Pensions Managing Board

Each member of the Managing Board has an individual pension arrangement. This results from the different geographical, and hence, legal and fiscal, backgrounds of each member. The total charge for the Group for the year 2003 amounts to €918,922 (2002: €1,898,000).

Mr Jean-François Théodore is benefiting from an insurance contract that, at the condition that he would still be in the company at the age of 60, will provide from this age onwards a retirement income of €375,000 (including all not-related to the company pension rights). The charge corresponding to the year 2003 was €490,528 (2002: €349,000 and a one time charge relating to past service pension commitments with respect to previous years of €750,000).

Mr George Möller is entitled to an annual pension according to the following scheme:

- age 60 till 62:	€105,155
- age 62 till 65:	€174,551
- from the age of 65 onwards:	€165,037

The charge corresponding for the year 2003 was €103,392 for yearly pension premium and €280,000 for past service and future pension costs (2002: €106,000 and a one time charge related to past service pension commitments of €330,000).

Mr Olivier Lefebvre is entitled to an annual pension payment of €95,000 from the age of 62 onwards. The premium charge for the Group in the year 2003 was €122,332 (2002: €68,000 and a one time charge relating to past service pension commitments with respect to previous years of €113,000).

Mr João Freixa's pension arrangement is based on a defined contribution scheme. His retirement age is 62. The pension on retirement is dependent upon personal arrangements with third party insurance companies. The charge for the Group in the year 2003 was €74,233.

Mr Hugh Freedberg's pension arrangement is based on a defined contribution scheme. The pension on retirement is dependent on the personal arrangements with third party insurance companies. The charge for the Group in 2003 was €128,438 (2002: €128,000).

Severance payment to Mr Möller

As from 1st April 2004, Mr Möller is no longer employed by the company. In addition to the amounts relating to Mr Möller's pension (see details above), the Supervisory Board agreed on a severance payment of €1,500,000. It was agreed that Mr Möller will repay Euronext each year until 31st December 2009, a certain portion (25%) of the (positive) difference between his future salary (fixed and variable) from a new employment on the one hand and his 2003 Euronext salary (fixed and variable) on the other hand with a maximum of €750,000. Mr Möller will be entitled to keep the options granted under the option schemes 2001 and 2002.

Interest of members of the Managing Board in stock options schemes

The table below gives an overview of the interests per individual member of the Managing Board in the stock option schemes of Euronext N.V.

Name	Option scheme and exercise price		Number of options 1 st January 2003	Granted during 2003	Exercised during 2003	Number of options 31 st December 2003
Jean-François Théodore	SBF option scheme	5.62	100,849			100,849
	Option scheme 2001	24.00				
	Option scheme 2002	21.08				
George Möller	SBF option scheme	5.62	28,507			28,507
	Option scheme 2001	24.00				
	Option scheme 2002	21.08				
Olivier Lefebvre	SBF option scheme	5.62	20,833			20,833
	Option scheme 2001	24.00				
	Option scheme 2002	21.08				
João Freixa	SBF option scheme	5.62	13,093			13,093
	Option scheme 2001	24.00				
	Option scheme 2002	21.08				
Hugh Freedberg	SBF option scheme	5.62	44,524			44,524
	Option scheme 2001	24.00				
	Option scheme 2002	21.08				

The number of options relating to the SBF option scheme and the corresponding exercise price reflect the options and exercise price of shares in Euronext N.V.

GL Trade has an employee stock option plan and an employee stock ownership plan in place. None of the members of the Managing Board hold GL Trade options.

Following the resignation of Mr Monteiro the options held by Mr Monteiro as at 1st January 2003 totalling 26,349 options under the option scheme 2002 lapsed.

Remuneration Supervisory Board

During 2003 the individual members of the Supervisory Board received the following remuneration:

Name	Membership	Committees	Total	
			2003	2002
Jan-Michiel Hessels (Chairman)	35,000	2,500	37,500	37,500
Dominique Hoenn (Vice-chairman)	30,000	2,500	32,500	32,500
Jean Blondeau	25,000	974	25,974	27,500
George Cox	25,000	-	25,000	17,603
André Dirckx ⁽¹⁾	-	-	-	-
Paul van den Hoek	25,000	-	25,000	17,603
Baron Jean Peterbroeck	25,000	2,500	27,500	27,500
Ricardo Salgado	25,000	2,500	27,500	19,364
René de La Serre	25,000	-	25,000	25,000
Rijnhard van Tets ⁽²⁾	15,274	1,528	16,802	-
Remi Vermeiren	25,000	1,528	26,528	25,000
Sir Brian Williamson ⁽³⁾	12,500	-	12,500	-
Aad Jacobs ⁽⁴⁾	9,726	974	10,700	26,761
	277,500	15,004	292,504	256,331

(1) Mr André Dirckx abstains from remuneration.

(2) Mr Rijnhard van Tets was appointed on 22nd May 2003.

(3) Sir Brian Williamson received in his function as Chairman of LIFFE (Holdings) plc a remuneration of £ 300,180, consisting of £152,340 salary (which includes £4,500 car allowance) and £147,840 bonus. In addition the Group paid £27,728 pension contributions. In addition Sir Brian received benefits in kind of £3,490 in respect of private medical insurance premium paid by the Company. Sir Brian Williamson resigned from his function as Chairman of LIFFE (Holdings) plc with effect from 1st July 2003 and has since received remuneration for his membership of the Supervisory Board of Euronext N.V.

(4) Mr Aad Jacobs resigned on 22nd May 2003.

None of the members of the Supervisory Board take part in any option scheme of the Group.

There are no loans nor guarantees made to members of the Supervisory Board.

6.3.11 GROUP ENTERPRISES

Group companies as at 31st December 2003

	<u>Ownership</u>
Euronext N.V.	
Euronext Paris S.A.	100.00%
• SEPB S.A.	100.00%
• GL Trade S.A. (directly held by Euronext Paris S.A.)	1.06%
• GL Multimedi@ S.A.	17.96%
• Financière Montmartre S.A.	51.00%
- GL Trade S.A. (*)	51.30%
- GL Multimedi@ S.A.	80.00%
- GL Consultants Inc.	90.00%
- GL Trade AG	100.00%
- GL Trade Solutions Pte Ltd	100.00%
- GL Trade UK Ltd	100.00%
- GL Trade Japan KK	100.00%
- GL Trade B.V.	100.00%
- GL Trade Iberica S.L.	100.00%
- GL Trade Schweiz AG	100.00%
- GL Trade Australia Pty Ltd	100.00%
- GL Trade Asia Ltd	100.00%
- GL Trade Italia SRL	100.00%
- GL Trade Belgium S.A.	100.00%
- GL Trade South Africa Pty Ltd	100.00%
- GL Settle Ltd	100.00%
- GL Trade Systems HK Ltd	100.00%
- GL Trade Systems KK	100.00%
- Finsoft Ltd	100.00%
- 4D Trading	100.00%
Euronext Brussels S.A./N.V.	100.00%
• C.I.K. S.A./N.V.	100.00%
Euronext Amsterdam N.V.	100.00%
• Euronext Amsterdam Clearing & Depository N.V.	100.00%
- Euronext Amsterdam Intermediary B.V.	100.00%
• Euronext Amsterdam International B.V.	100.00%
• Euronext Indices B.V.	100.00%
Euronext Lisbon, S.A.	100.00%
• Interbolsa S.A.	100.00%

(*) The ownership percentage of the subsidiaries of GL Trade S.A. represent the direct interest held by that company. FL Software Ltd and FL Worldwide Ltd, which are not included in the table above, are 100%-owned by GL Trade UK Ltd. The activities of these companies were transferred to GL Trade UK Ltd on January 2001.

Group companies as at 31st December 2003 (continued)

	<u>Ownership</u>
Euronext UK plc	100.00%
• LIFFE (Holdings) plc	100.00%
- LIFFE Administration and Management	100.00%
- LIFFE Options plc	100.00%
- LIFFE Futures plc	100.00%
- LIFFE Development Ltd	100.00%
- LIFFE Services Ltd	100.00%
- B.F.E. Debenture Trustees Company No.1 Ltd	100.00%
- LIFFE (Nominees) Ltd	100.00%
- LIFFE Ltd	100.00%
- LIFFE Trustees Ltd	100.00%
- London Traded Options Market Ltd	100.00%
- The London Futures and Options Exchange Ltd	100.00%
- LIFFE USA Ltd	100.00%
- LIFFE.com Ltd	100.00%
- LIFFE Market Solutions Ltd	100.00%
- Market Solutions USA LLC	100.00%
- The London Commodity Exchange (1986) Ltd	100.00%
- The Baltic Futures Exchange	100.00%
- LIFFE Ventures Inc.	100.00%
- LIFFE Ventures II Inc.	100.00%
- SwapsCONNECT Ltd	100.00%
- NQLX LLC	100.00%
Stichting Option Plan SBF	100.00%

Associates and joint ventures as at 31st December 2003

Associates

NextInfo S.A./N.V.	48.96%
Cote Bleue S.A.	40.00%
Bourse Connect S.A.	34.37%
Powernext S.A.	34.00%
LCH.Clearnet Group Ltd	24.90%
Endex	10.13%

Associates and joint ventures (continued)

	<u>Ownership</u>
Joint ventures	
AtosEuronext SBF	50.00%
- Diamis	60.00%
- Euronext SPRL Belgium	100.00%
- AtosEuronext Belgium S.A.	100.00%
- AtosEuronext Connect B.V.	100.00%
- Bourse Connect S.A.	15.20%
Other Investments as at 31st December 2003	
Euronext Markets Inc.	100.00%
La Financière Evénement S.A.	100.00%
La Financière de l'Octet S.A.	100.00%
Euronext London Ltd	100.00%
Euronext GmbH	100.00%
Ecole de la Bourse InterAction S.A.R.L.	50.00%
MTS Next Ltd	33.33%
MTS France S.A.	22.50%
I-Wex.com Ltd	18.67%
Sicovam Holding S.A.	9.60%
Euroclear plc	2.35%
Atos Origin S.A.	0.74%

6.3.12 TRANSACTIONS IN OWN SHARES

Transactions regarding repurchase program at Euronext Paris Stock Market.

Transaction date	Buy Euronext N.V. shares	Sell Euronext N.V. shares	Average Share Price	Total value transaction including commissions
As at 31st December 2002	104,379			
Purchases January	19,733		19.43	384,589.44
Sales January		982	20.92	(20,491.43)
Purchases February	15,248		17.13	262,028.62
Sales February		1,350	17.34	(23,337.28)
Purchases March	46,635		16.65	778,786.07
Sales March		25,451	17.27	(438,246.78)
Purchases April	3,300		18.76	62,098.74
Sales April		50,747	18.68	(945,304.89)
Purchases May	35,383		19.98	709,143.18
Sales May		57,405	20.64	(1,181,507.57)
Purchases June	16,077		21.78	351,255.72
Sales June		30,690	21.89	(669,849.99)
Purchases July	35,642		20.74	741,509.79
Sales July		38,615	21.47	(826,427.47)
Purchases August	34,540		21.54	746,216.10
Sales August		37,156	22.16	(821,054.78)
Purchases September	54,556		21.92	1,199,297.03
Sales September		28,506	22.29	(633,631.86)
Purchases October	27,191		21.18	577,595.40
Sales October		11,901	21.70	(257,513.80)
Purchases November	51,857		20.35	1,058,343.36
Sales November		23,977	20.52	(490,421.04)
Purchases December	19,700		19.31	381,620.44
Sales December		19,000	19.67	(372,638.72)
Total buy/sell	359,862	325,780		
Total as at 31st December 2003	138,461			

As at 31st December 2003 Euronext N.V. owned 138,461 own shares as a consequence of the Share Buy Back Programme (31st December 2002: 104,379).

The average purchase price after commissions of shares purchased in 2003 amounts to €20.15 per share (2002: €20.54) and the average sale price after commissions of shares sold in 2003 amounts to €20.51 per share (2002: €20.91).

6.4 COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

Company income statement for the year ended 31st December 2003

<i>(in thousands of euros)</i>	<u>Note</u>	<u>2003</u>	<u>2002</u>
Costs and expenses			
Other expenses		32,808	33,123
Total costs and expenses		32,808	33,123
Result from operations		(32,808)	(33,123)
Net financing income		(597)	(2,297)
Realised currency exchange rate differences		(10,886)	-
Impairment Euroclear		(37,355)	-
Reversal of goodwill clearing activities	6.4.3	(92,385)	-
Income from subsidiaries		379,436	196,852
Total		238,213	194,555
Profit before tax		205,405	161,432
Income tax		6,350	4,724
Net profit		211,755	166,156

Company balance sheet as at 31st December 2003

<i>(in thousands of euros)</i>	<u>Note</u>	<u>31st December 2003</u>	<u>31st December 2002</u>
Assets			
Investments	6.4.2	100,645	138,000
Investments in Group companies	6.4.3	1,430,819	1,441,989
Total non-current assets		1,531,464	1,579,989
Investments		1,877	1,775
Receivables from Group companies		43,602	6,712
Other receivables	6.4.4	19,372	29,779
Cash		147,099	2,618
Total current assets		211,950	40,884
Total		1,743,414	1,620,873
Equity and liabilities			
Issued capital		122,112	122,112
Share premium		1,172,706	1,172,706
Reserve own shares		(10,385)	(9,837)
Retained earnings		412,073	254,150
Currency exchange differences		(58,791)	(30,739)
Total capital and reserves	6.4.5	1,637,715	1,508,392
Payables to Group companies		84,790	103,633
Other payables	6.4.6	20,909	8,848
Total non-current liabilities		105,699	112,481
Total		1,743,414	1,620,873

NOTES TO THE COMPANY FINANCIAL STATEMENTS

6.4.1. Accounting policies

Euronext N.V. (the Company) was established on 17th July 2000. As at 22nd September 2000 the company acquired virtually all the shares of SBF, BXS and AEX. The acquisition has been accounted for as a reversed acquisition by SBF of Euronext N.V., BXS and AEX and, therefore, no goodwill has been reported on the activities of SBF. The subsidiaries are accounted for using the equity method.

Pursuant to the exemption provided by the Dutch Civil Code of book 2 part 9, article 402, the Company's Income Statement is presented in an abbreviated form.

Further reference is made to the accounting policies as included in the notes to the consolidated financial statements, which are applicable identically to the Company financial statements unless stated differently.

6.4.2. Investments

Due to the transaction with Euroclear plc, the Company has acquired a direct interest of 2.35% in Euroclear plc. In 2003 the fair value of Euroclear plc has been reconsidered. As a result, the investment held by the Company is considered impaired. After impairment, the carrying value of the Company's investment amounts to €100.6 million (see also notes 6.3.2.4 and 6.3.1.11 in the consolidated financial statements).

6.4.3. Investments in Group companies

Movements in the year were as follows:

<i>(in thousands of euros)</i>	<u>2003</u>	<u>2002</u>
Balance as at 1 st January	1,441,989	742,564
Net results	379,436	196,852
Dividends received	(226,590)	(59,830)
Acquisition Euronext Lisbon S.A. Portugal	-	138,072
Contribution of share capital Euronext (UK) plc	-	455,374
Reversal goodwill clearing activities	(92,385)	-
Impairment loss on goodwill related to acquisition of Euronext Lisbon S.A. Portugal	(13,800)	-
Other	(57,831)	(31,043)
Balance as at 31st December	<u>1,430,819</u>	<u>1,441,989</u>

<i>(in thousands of euros)</i>	2003				
	<u>Capital</u>	<u>Reserves and retained earnings</u>	<u>% held in share capital</u>	<u>Carrying amount</u>	<u>Revenues excluding taxes</u>
Subsidiaries (more than 50% of share capital held)					
Euronext Paris S.A.	130,333	435,132	100.0	565,465	497,960
Euronext Amsterdam N.V.	50	317,959	100.0	318,009	137,429
Euronext Brussels S.A.	34,000	(2,548)	100.0	31,452	32,655
Euronext UK plc	455,393	(52,417)	100.0	402,976	294,962
Euronext Lisbon S.A.	8,750	104,167	100.0	112,917	28,034
Total				<u>1,430,819</u>	<u>991,040</u>

<i>(in thousands of euros)</i>	2003				
	Net income (loss) Group's share	Dividends received by Euronext N.V.	Assets	Liabilities	Cash and cash equivalents
Subsidiaries (continued) (more than 50% of share capital held)					
Euronext Paris S.A.	208,897	88,092	1,157,575	564,546	353,796
Euronext Amsterdam N.V.	128,240	105,000	297,380	69,310	17,783
Euronext Brussels S.A.	10,731	33,498	96,570	59,537	10,221
Euronext UK plc	17,540	-	875,074	448,836	65,373
Euronext Lisbon S.A.	14,028	-	59,106	17,713	32,068
Total	379,436	226,590	2,485,705	1,159,942	479,241

Relations between the parent company and subsidiaries:

The Euronext group carries out its operations in Belgium, France, the Netherlands, Portugal and the United Kingdom - through its five wholly-owned subsidiaries Euronext Brussels S.A., Euronext Paris S.A., Euronext Amsterdam N.V., Euronext Lisbon S.A. and LIFFE (Holdings) plc.

Its principal strategic assets are linked to the Group's trading platforms: NSC for the cash markets, LIFFE CONNECT® and Switch for the derivatives markets and Clearing 21® for the Group's clearing platform. Upgrades, management and maintenance of the platforms are more specifically provided by the Group's entities (AtosEuronext, Euronext.liffe Market Solutions). These two group entities also perform the software development of the Group. The assets are held by Euronext, except for NSC which is owned by AtosEuronext.

The Group's revenues come from the operations of its subsidiaries. Relations between Group entities and with other related parties are governed by agreements based on market conditions.

The Group also has an internal policy of paying interim dividends, under the terms of which the subsidiaries pay a dividend to the holding company based on a review of the financial statements prepared for interim results.

No loans and advances were made by Euronext N.V., nor were guarantees given.

Equity interests of the subsidiaries

The Group's subsidiaries all have their own subsidiaries and some subsidiaries hold minority stakes in related businesses.

6.4.4. Other receivables

(in thousands of euros)

	2003	2002
Income tax receivable	10,644	22,378
Other current receivables	8,728	7,401
Total	19,372	29,779

6.4.5. Capital and reserves

Movements in the year were as follows:

I Δ (in thousands of euros)	Issued capital	Share premium	Reserve own shares	Retained earnings	Currency exchange differences	Total 2003	Total 2002
Balance at 1 st January 2002	122,112	1,172,706	(9,837)	254,150	(30,739)	1,508,392	1,315,141
Shares issued	-	-	-	-	-	-	99,825
Own shares acquired/sold	-	-	(548)	-	-	(548)	(49)
Result for the period	-	-	-	211,755	-	211,755	166,156
Dividends to shareholders	-	-	-	(53,832)	-	(53,832)	(41,942)
Realised currency exchange rate difference	-	-	-	-	12,896	12,896	-
Other	-	-	-	-	(40,948)	(40,948)	(30,739)
Balance at 31st December 2002	122,112	1,172,706	(10,385)	412,073	(58,791)	1,637,715	1,508,392

As from 5th July 2001, the authorised share capital of Euronext N.V. amounts to €200,000,000, representing 200,000,000 ordinary shares with a par value of €1 per share. On 28th January 2002 Euronext N.V. and Bolsa de Valores de Lisboa e Porto (BVLP) merged. With this merger Euronext issued 4,838,822 shares at €20.63 (issued capital €99 million). In 2002 1,140,750 new shares were issued to the Stichting Option Plan SBF.

The relevant articles of association regarding the distribution of dividends are included in chapter 7 “Other information”.

For more detailed disclosures, reference is made to note 2.11 in the consolidated financial statements.

6.4.6. Other payables

(in thousands of euros)	2003	2002
Income tax payable	11,429	-
Other payables	9,480	8,848
Total	20,909	8,848

6.4.7. Off-balance sheet items

For the off-balance sheet items, including litigation and subsequent events, reference is made to the notes on the consolidated financial Statements (see § 6.3.6).

The company and all of its fully owned Dutch subsidiaries form part of the Dutch tax unity. As such, all entities are jointly and individually liable for the taxation due.

Amsterdam, 18th March 2004

The Managing Board

Jean-François Théodore, chairman and CEO

| Hugh Freedberg

| João Freixa

| Olivier Lefebvre

| George Möller Δ

The Supervisory Board

Jan-Michiel Hessels, chairman

Dominique Hoenn, vice-chairman

| Jean Blondeau Δ

| George Cox Δ

| André Dirckx Δ

| Paul van den Hoek Δ

| Baron Jean Peterbroeck Δ

| Ricardo Salgado

| René de La Serre Δ

| Rijnhard van Tets Δ

| Remi Vermeiren Δ

| Sir Brian Williamson Δ

6.5 ANNEX – LCH.CLEARNET TRANSACTION EFFECT ON EURONEXT GROUP FOR THE YEAR ENDED 31ST DECEMBER 2003

<i>(in thousands of euros)</i>	<u>Euronext 2003</u>	
Revenues		
Clearing revenues	165,071	Including €135 million of clearing segmental revenues (external sales -/- retrocession).
Other revenue categories	810,000	
Other income	15,969	Includes €0.3 million related to BCC/Clearnet.
Total revenues	991,040	
Costs and expenses		
Salaries and employee benefits	267,763	of which €18.6 million relates to BCC/Clearnet.
Depreciation	67,575	of which €0.8 million relates to BCC/Clearnet.
IT expenses	187,781	of which €49.1 million relates to BCC/Clearnet.
Office, telecom and consultants	86,169	of which €7.1 million relates to BCC/Clearnet.
Accommodation	52,919	of which €2.6 million relates to BCC/Clearnet.
Marketing	19,271	of which €1.3 million relates to BCC/Clearnet.
Other expenses	35,902	of which €17.1 million relates to BCC/Clearnet.
Total costs and expenses	717,380	
Profit from operations before goodwill amortisation	273,660	
Goodwill amortisation	(64,793)	of which €10.2 million relates to clearing activities.
Profit from operations after goodwill amortisation	208,867	
Net financing income	(23,561)	Includes €12.5 million related to BCC/Clearnet. Financing income would have increased by €10.4 million due to interest receivable on additional cash from sale of clearing and income on RCPS.
Gain on disposal of discontinued operations	175,107	Non-recurring income from sale of clearing activities.
Gain on sale of associates/subsidiaries	(1,153)	
Income from associates/joint ventures	2,413	Income from associate LCH.Clearnet would have contributed €16.2 million to this category. Amortisation of goodwill related to acquisition LCH.Clearnet would have had a negative effect of €12.0 million.
Total	152,828	
Profit before tax	361,695	
Income tax expense	134,552	Includes €18.2 million related to BCC/Clearnet and the tax effect on the gain of sale clearing activities of €42.4 million. Due to increase of net financing income by €10.4 million, income tax expense increases by €3.7 million.
Profit after tax	227,143	
Minority interests	(15,388)	Includes €5.2 million related to Euroclear's share in BCC/Clearnet.
Net profit	211,755	