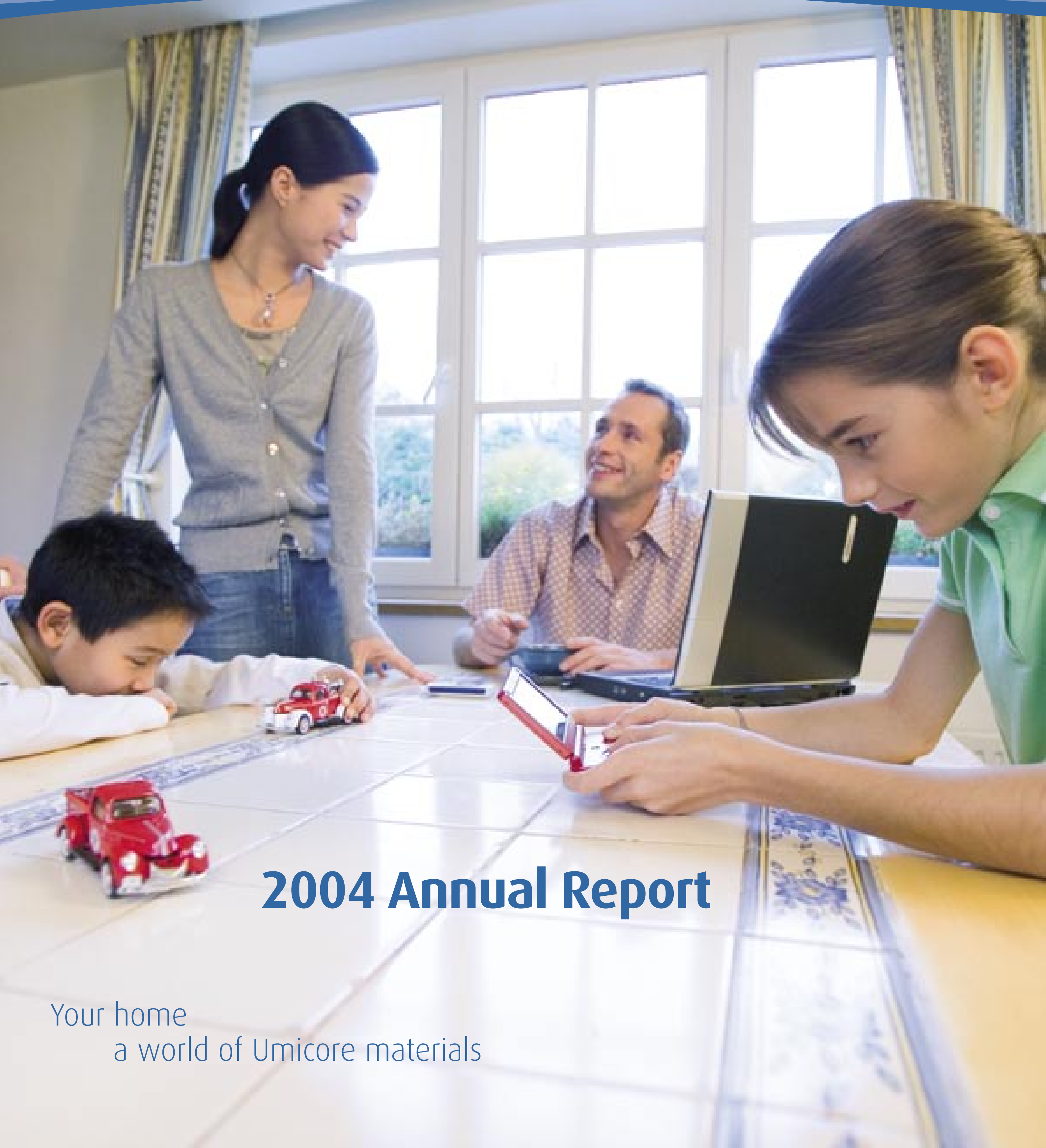
umicore

materials for a better life



2004 Annual Report

Your home
a world of Umicore materials

Contents

Materials for a better life...

Umicore is a specialty materials company with activities in five business groups.

Advanced Materials

The world's leader in cobalt and germanium compounds and materials.

Did you know? Umicore's compounds can be found in the rechargeable batteries in a quarter of the world's laptop computers and mobile phones.

Precious Metals Products and Catalysts

One of the world's top three producers of automotive catalysts and a leading producer of other precious metals based compounds and functional products.

Did you know? Approximately one car in four produced today contains a Umicore catalyst.

Precious Metals Services

The ultimate precious metals recycler.

Did you know? Umicore is the only recycler in the world that can process a full range of precious metals bearing materials – from industrial by-products to end of life materials such as electronic scrap and spent automotive catalysts.

Zinc

The world's number one in zinc specialty products and recycling.

Did you know? More than a quarter of Umicore's zinc comes from recycling. Zinc can be found in a wide range of applications such as paint, tyres, zippers and roofing.

Copper

One of Europe's leading copper producers.

Did you know? Umicore's products are used in the production of copper wires, sheets and tubes. A typical family car can contain up to 1,500 copper wires totaling some 1.5km in length.

Message to the shareholders

The challenge for Umicore at the beginning of 2004 was to move on from what had been a landmark year in 2003 in terms of the evolution of the Group. The challenge was on three levels: to successfully complete the process of creating a fully integrated company united by a common and coherent strategy; to realize the potential of the Group in terms of financial performance and to enhance the understanding of the company in the wider world. The first two goals were clearly achieved in 2004. The integration of the PMG activities was completed ahead of schedule and the financial results of the Group progressed significantly in almost all areas. However, more work still needs to be done to fully explain the full nature of our transformation to all relevant stakeholders.

Operating results

Almost all business units improved their performance over the previous year. Umicore was helped by a favourable business environment: economic growth in the world was at its highest for many years; metals prices were generally strong and our key markets developed well. Furthermore, we were protected from the negative evolution of the dollar by our prudent hedging policy. But beyond these positive external factors, we think it is essential to highlight the strong intrinsic performance in Umicore's businesses.

This performance was built on outstanding contributions from our teams around the world. Much of Umicore's success over the past years has been built on the fostering of entrepreneurship and ownership within a decentralized operational structure. This has enabled our colleagues to pursue their own objectives within a broad framework and with the support from the corporate centre limited to those areas where there is clear value added. One of our challenges as Umicore grows is to ensure the successful marriage of this spirit of independance and the integration of our businesses behind a common Group identity and goal.

A smooth integration

Our first concern in setting the targets for the integration process after the PMG acquisition in 2003 was to minimize unnecessary disruption in the various businesses, so that we would stay focused on our operations and on our customers. Only in the areas where there was a clear need to harmonize and streamline procedures and practices or where there were strong cost benefits did we seek rapid changes. This approach paid off in 2004, with all former PMG businesses continuing to grow and delivering results ahead of our expectations. In the coming years, we will have to further deepen the integration to ensure that Umicore realizes its full potential. In this respect "The Umicore Way", a framework of guiding principles, was published this year as the foundation for a shared understanding about what is common and essential for our Group.

Dealing with the past

The agreement, which we signed in April with the Flemish Authorities, was another very significant development. With this agreement, we moved forward pro-actively and decisively to deal with the longstanding issue of historical pollution in and around our four Flemish sites. The cost of dealing with this legacy of 125 years of industrial activity is high, although it had no impact on our results as the necessary provisions had been built up in previous years. By dealing with the issue once and for all and preventing this environmental inheritance being passed on to future generations Umicore is following the right path in developing a sustainable future for itself and doing so in harmony with its stakeholders.

Investing for the future

As Umicore develops as a specialty materials company the importance of staying at the forefront of technological developments becomes ever more important. In 2004 the company's research and development spending reached almost € 90 million, the equivalent of 5% of Group revenues. We are more than ever convinced that for all of our businesses, technological leadership and a deep understanding of our customer needs will be the single most important factor determining our success in the future.

For any company able to generate strong free cash flows, capital allocation decisions are of key importance. In 2004 the company's organic growth initiatives included the launch of investment projects such as a new automotive catalyst test centre in Germany, an automotive catalyst production facility in China and a facility for the production of optical assemblies for car night vision systems in the US. Umicore's philosophy remains to grow where possible through our own internal initiatives and to complement these with acquisitions if and when there is a compelling strategic fit and value can be created.

Support from our shareholders

For Umicore, 2004 was the first year during which we no longer had a large "reference" shareholder. Following the sale by Suez of their 28% stake, Umicore shares are now widely dispersed amongst investors from all over the world. In 2004, our share price evolution has reflected the respect of the investment community for the way we have developed the company and executed our strategy. One of our objectives for 2005 is to attract more specialist research coverage in order to deepen the understanding of Umicore in the financial markets.

A sharper focus for Umicore

In early 2005 we announced two measures aimed at sharpening Umicore's strategic focus. By the end of April 2005 Umicore's copper operations will be spun off as a separately listed company called Cumerio. This will enable Umicore to move ahead more swiftly in its evolution as a specialty materials business. For Cumerio, whose performance has been turned around in recent years, it provides the opportunity to pursue a growth strategy capitalizing on its unique geographic positioning and strong free cash flow generating potential. The Cumerio management will now be able to do so on its own strategic terms and with full control over its own capital allocation.

In zinc we announced our intention to reduce our output of commodity zinc by 130,000 tonnes and to concentrate on the development of our downstream zinc specialties activities. Unfortunately this will involve job losses at two of our facilities in the North of France. During the course of the social plan negotiations Umicore will do its utmost to ensure that an equitable settlement is found for the people affected.

Both of the above initiatives will add clarity to the structure of our business and will also have the effect of reducing our sensitivity to external factors.

2005 and beyond

In 2005, the general economic context will be more challenging and many of the positive factors seen in 2004 will be less supportive. The weakness in the US dollar and the roll off of our dollar hedging protection will impact some of our European operations. We have communicated clearly the impact that this could have in 2005. However, the underlying growth dynamics of our key markets remains sound. It is up to us to build on them. We are confident that Umicore has the technologies, the ambition and, above all, the people that will enable us to thrive in 2005 and beyond.

Thomas Leysen
Chief Executive Officer

Karel Vinck
Chairman

Key figures

(amounts in € million)	Belgian GAAP 2000	Belgian GAAP 2001	IFRS 2002	IFRS 2003	IFRS 2004
Turnover	3,834.7	3,511.2	3,160.6	4,677.1	7,115.3
Revenues excluding metal	1,035.7	1,058.2	1,036.0	1,358.0	1,901.5
Recurring EBIT	163.4	134.1	97.5	145.9	291.6
Non-recurring EBIT	-	-	(24.8)	(39.4)	(7.1)
Total EBIT	163.4	134.1	72.7	106.5	284.5
Recurring EBIT margin %	15.7%	12.8%	9.3%	10.7%	15.3%
Net consolidated profit (loss), Group share	136.1	116.0	32.9	60.1	168.3
Net consolidated profit (loss) before non-recurring items, Group share	140.0	105.2	63.4	89.6	181.9
Net consolidated profit (loss) before non-recurring items and goodwill amortization, Group share	152.8	117.3	69.3	97.8	192.1
EBITDA	307.8	276.3	223.1	277.4	485.8
Capital expenditure	111.0	178.1	152.7	148.3	161.7
Cash flow before financing	226.2	59.7	180.6	(527.8)	138.0
Consolidated net financial debt	184.3	261.5	131.3	619.1	562.0
Net debt/(Net debt + Equity) (end of period) %	13.8%	18.6%	11.0%	34.2%	30.3%
Capital employed (end of period)	1,464.8	1,514.7	1,347.6	2,071.2	2,146.5
Return on Capital Employed (ROCE) %	11.7%	9.5%	6.5%	8.3%	13.1%
Total shares outstanding (end of period)	25,617,515	22,600,000	22,600,000	25,420,175	25,454,875
Average number of shares - basic EPS	n/a	n/a	22,600,000	22,865,537	25,424,107
EPS declared (€/share) - basic	5.31	5.13	1.45	2.63	6.62
EPS declared (€/share) - fully diluted	-	-	1.45	2.57	6.43
EPS adjusted (€/share) - basic*	5.96	5.19	3.07	4.28	7.56
EPS adjusted (€/share) - fully diluted	-	-	3.07	4.18	7.34
Workforce at end of period	7,892	8,237	8,338	11,470	11,478

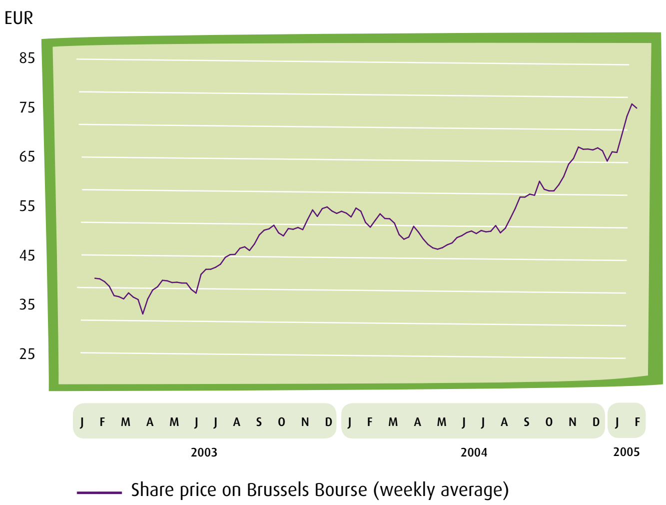
* For 2000 - 2001, "EPS adjusted" corresponds to the previously reported "EPS adjusted before metal inventory write-downs and goodwill amortization"

Contribution to Recurring EBIT*

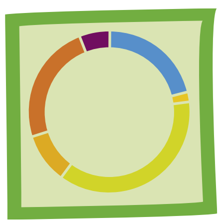
(amounts in € million)	Belgian GAAP 2000	2001	2002	IFRS 2002	2003	2004
Advanced Materials	25.4	31.5	20.9	17.6	37.3	69.9
Synthetic Diamonds	8.0	5.4	10.1	13.8	12.8	4.6
Precious Metals Products and Catalysts**	-	-	-	-	42.9	120.3
Precious Metals Services	30.6	50.3	52.5	53.2	45.7	33.3
Zinc	85.8	50.7	16.5	17.8	28.4	78.6
Copper	25.0	13.0	9.7	8.7	0.9	20.7
Corporate and Investments	(11.4)	(16.8)	(16.9)	(13.6)	(22.0)	(35.8)
Total EBIT	163.4	134.1	92.8	97.5	145.9	291.6
Including Group share in net profit (loss) from associates	13.5	13.0	15.1	13.0	18.0	27.7

* New EBIT definition applied from 1999 - please see glossary of financial definitions
** For five months of 2003 only (except Thin Film Products - 12 months)

Price of the Umicore Share



Contribution to recurring EBIT*



- Advanced Materials 21%
- Synthetic Diamonds 2%
- Precious Metals Products and Catalysts 37%
- Precious Metals Services 10%
- Zinc 24%
- Copper 6%

* Excluding Corporate and Investments

Umicore helps provide the power for your laptop computer with its materials for rechargeable lithium-ion batteries.

Advanced Materials

Profile

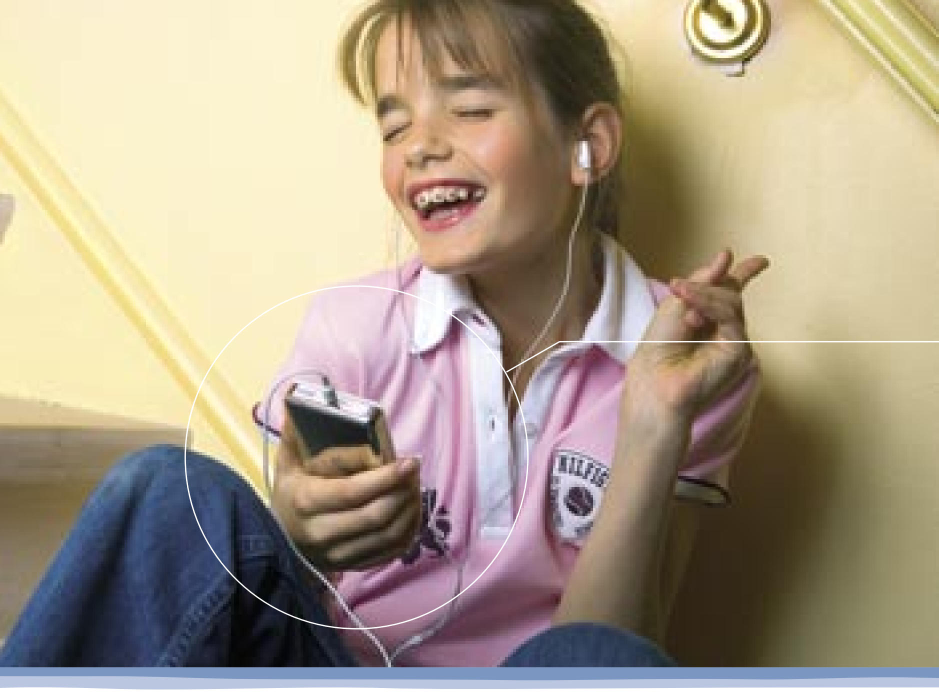
The Advanced Materials business group produces high-purity metals, alloys, compounds and engineered products for a wide range of applications and is the world leader in cobalt fine powders and compounds and germanium products. Advanced Materials serves a variety of market sectors from the more traditional – such as the hard metals tooling industry – to the most hi-tech, including the rechargeable battery, micro-electronics and satellite sectors.

Umicore's Advanced Materials businesses aim to develop innovative, application-based products in close collaboration with its customers. They seek to anticipate developments in the technology-intensive sectors they serve and to use their expertise in specialty materials science to develop ground-breaking new products. Research and development programmes undertaken in conjunction with customers and partners are also key elements in the strategy of Advanced Materials along with developing a closed-loop offering to its customers.

The Advanced Materials business group is divided into three business units: Engineered Metal Powders; Specialty Oxides and Chemicals; Electro-Optic Materials as well as Umicore's interests in synthetic diamond production (in a joint venture with Element Six).

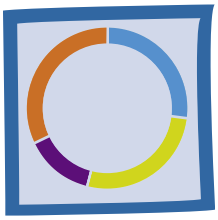
Key Figures

	Belgian GAAP		IFRS		
(€ million)	**2000**	**2001**	**2002**	**2003**	**2004**
Turnover	434.5	364.8	354.1	354.9	547.5
Revenue (excluding metal)	202.0	216.0	213.2	221.2	306.3
EBIT - Recurring	25.4	31.5	17.6	37.3	69.9
EBIT - Non-recurring	n/a	n/a	(3.8)	(2.7)	(1.1)
EBIT - Total	25.4	31.5	13.7	34.7	68.8
Recurring EBIT margin %	12.6%	14.6%	8.3%	16.9%	22.8%
EBITDA	46.7	56.8	39.4	53.6	98.5
Capital expenditure	27.0	33.9	18.8	17.9	24.9
Average capital employed	226.9	232.6	239.5	203.0	294.1
Recurring ROCE %	10.0%	13.8%	7.1%	18.1%	23.6%
Workforce	1,034	1,100	1,383	1,337	1,495

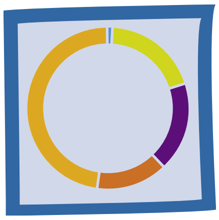


Lithium-ion batteries can increasingly be found in other portable electronics such as your MP3 player or digital camera.

1 | Revenue by business line (Engineered Metal Powders + Specialty Oxides and Chemicals)



2 | Geographical breakdown of sales (Engineered Metal Powders + Specialty Oxides and Chemicals)



Revenues and earnings of the Advanced Materials business reached record levels in 2004. Overall revenues for the year were up by 38% on 2003 while earnings increased by € 32.6 million, up 87%. The first half of the year was particularly strong but the growth levels seen in this period were followed by a period of consolidation in the second six months of the year.

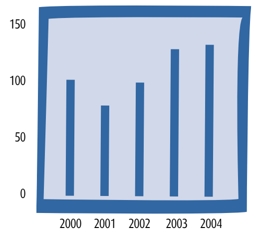
Specialty Oxides and Chemicals

In **Rechargeable Batteries**, an outstanding first semester was followed by a period of customer destocking particularly for cobalt oxide precursor material. Sales of Umicore's Cellcore range of lithium cobaltite products reached record levels and Umicore reached a position of overall world market leadership in this segment. Umicore's alloyed Cellcore MX products entered the qualification phase with customers and large scale production is scheduled to begin in April 2005. The trend towards new uses for lithium ion (Li-ion) technology gathered pace with Li-ion batteries being used in applications such as light power tools and vacuum cleaners. In nickel hydroxide the performance of the company's Chinese joint venture (Jiangmen Chancsun Umicore) was highly encouraging. Strong sales levels of spherical nickel hydroxide powders were proof of the market potential in this sector.

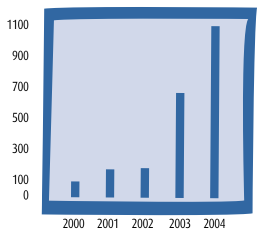
In **Ceramics and Chemicals** sales volumes strengthened gradually throughout the year supported by healthy demand from the catalysts and plating sectors. Market share gains resulted from Umicore's diversified portfolio of products and services and its wide geographical spread. The success of Umicore's precursor materials for catalytic applications was a major factor in the performance of the business line and a recycling contract was

Umicore's nickel hydroxide is used in nickel metal hydride batteries that provide power for your portable tools.

3 | **Sales trends of cobalt products**
(units of metal sold in 2000 = 100)



4 | **Sales trends of lithium cobaltite**
(units of metal sold in 2000 = 100)



signed with a petro-chemical operation in the US which will involve the construction of a new recycling unit at Umicore's facility in Arab, Alabama. In cobalt oxide, the influx of Chinese pigment-grade products on the European market led to a further weakening of prices although Umicore was able to counter this to some extent with increased production of these products at its Ganzhou Yi Hao Umicore facility in China (formerly Hongsheng).

As of the 1st January 2005 the Umicore Climeta operations in Blodelsheim, France were transferred to the Ceramics and Chemicals business. This unit, previously part of Umicore Copper, produces copper and nickel chemicals for electroplating applications.

In **Refining** Umicore was able to further increase cobalt production during 2004, primarily as a result of a successful capacity expansion at the Ganzhou Yi Hao plant.

Engineered Metal Powders

In the hard metals segment of **Tool Materials** the business recorded significant growth in revenues and volumes despite a slight increase in pressure on premiums and overall prices in the second half. The growth in the Asian market was a significant positive factor while the European tooling market also saw increased demand compared with 2003. In terms of end-user sectors, the continued growth in most regions of the construction and oil-drilling industries had a positive influence. The electronics industry exhibited significant strength in the first half but this showed signs of easing up towards the end of the year. Overall, Umicore was able to make market share gains on the strength of its technical and service differentiation. In diamond tool materials the performance was stable throughout the year with the construction and stone processing industries in Europe

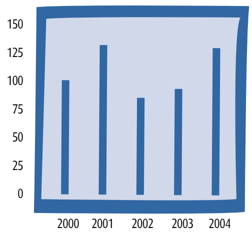
and South Korea exhibiting strong demand. A market move towards pre-alloyed powders in 2004 was evident and is an area where Umicore is well placed to benefit with its advanced Cobalite® range of powders.

In **Primary Batteries**, volumes were down on 2003 despite some improvement later in the year. A part of the price pressure during the year was countered by innovation in Umicore's products.

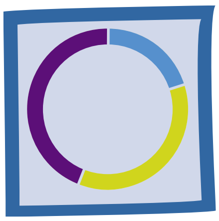
The new **Electronic Powders** business line was able to establish itself during the year with a number of key customer relationships being set up, primarily in Asia. The properties of Umicore's ultra-fine spherical copper and nickel powders for multi-layer ceramic capacitors (MLCCs) will provide a base for growth in this business.

Germanium has many properties and can be found in the heat-resistant, clear plastics in your kitchen.

5 | Sales trends of germanium products
(units of metal sold in 2000 = 100)

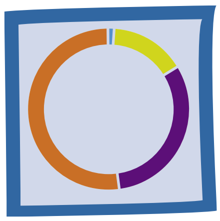


6 | Revenue by business line (Electro-Optic Materials)



- High-Purity Chemicals 20%
- Optics 36%
- Substrates 44%

7 | Geographical breakdown of sales (Electro-Optic Materials)



- Africa/Middle East 1%
- Asia/Australia 15%
- Europe 32%
- North America 52%

Electro-Optic Materials

Volumes in the **Substrates** business line were up by 45% year-on-year. The recovery in the world's satellite programmes has been the main reason behind the improvement. Although satellite launches for 2004 were below what has been the historical average (20-30 per year) the launch numbers for 2005 are set to increase with demand for direct television links through satellites and high-speed internet connections fuelling the trend. Sales of 4" germanium substrates for LEDs continued to grow throughout the year. Research efforts focused on enabling the use of germanium in terrestrial solar energy applications.

In the **High-Purity Chemicals** business virgin deliveries of germanium tetrachloride for fibre optic applications were 95% up on 2003 based mainly on an increase in deliveries in the first half as customers restocked. However, once this restocking was completed deliveries fell away in the second half. The end-market for fibre optics showed no signs of a significant recovery with delays in the take-up of "last mile" infrastructure. Sales volumes of germanium dioxide improved year-on-year.

The focus in the **Optics** business line increasingly centred on the GASIR® project for optical assemblies for night vision systems in cars. The production facility in Quapaw, Oklahoma is set to start production in mid-2005. GASIR® also generated interest from the thermal imaging market in general as the advantages of its comparative low cost and high performance became apparent. Sales of germanium lens blanks were up compared with 2003 and new competition in this sector led to a greater degree of pressure on prices. In the coatings segment, the Dundee-based activities focused on developing and fine-tuning new technologies.

Cobalt is famous as a pigment and is used to provide the blue colouring for your ceramics.

Synthetic Diamonds

Key Figures

	Belgian GAAP		IFRS		
(€ million)	**2000**	**2001**	**2002**	**2003**	**2004**
Contribution to Umicore EBIT and EBITDA:					
Recurring	8.0	5.4	13.8	12.8	4.6
Non-recurring	n/a	n/a	0.0	(11.1)	(4.0)
Total	8.0	5.4	13.8	1.7	0.5

Megapode sales were up 25% compared to 2003. All market segments showed volume growth with poly-crystalline products the most significant. However, continued price pressure in grits, combined with a very strong Rand and Euro compared to the US dollar, placed further pressure on earnings. The increased volume, economies of scale, further cost cutting and efficiency improvements as well as a more favourable product mix allowed Megapode to partially counter the negative currency effects. A charge of € 4 million linked with the transition to IFRS accounting norms at Megapode was taken as a non-recurring contribution.

Umicore's materials are used to provide the decorative coating on household appliances such as your taps.

Precious Metals Products & Catalysts

Profile

Precious Metals Products and Catalysts produces a range of complex functional materials based on an extensive expertise in chemistry, metallurgy and materials science using mainly precious metals. Its activities serve a wide range of industries including automotive, jewellery, electronics, pharmaceutical and optics.

Precious Metals Products and Catalysts focuses on customers whose businesses are driven by changes in technology and legislation and who need novel, tailor-made materials to enable their products to perform their intended functions. It aims to develop market leadership based on its expertise in complementary technology platforms such as catalysis, solid state chemistry and surface technology. Recycling and a closed-loop business model are key elements in the strategy of Precious Metals Products and Catalysts.

The headquarters of Precious Metals Products and Catalysts are in Hanau (Germany). The business is organized in five business units: Automotive Catalysts; Jewellery and Electroplating; Precious Metals Chemistry; Technical Materials and Thin Film Products. The combined businesses have more than 20 production sites in 15 countries around the world.

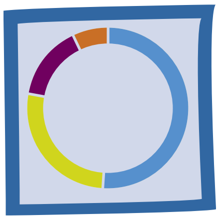
Key Figures

	IFRS	
(€ million)	**2003***	**2004**
Turnover	646.0	1,678.7
Revenue (excluding metal)	286.9	698.0
EBIT - Recurring	42.9	120.3
EBIT - Non-recurring	0.0	(0.4)
EBIT - Total	42.9	119.9
Recurring EBIT margin %	14.9%	17.2%
EBITDA	62.9	164.1
Capital expenditure	13.7	49.2
Average capital employed	538.3	580.5
Recurring ROCE %	17.5%	20.7%
Workforce	3,156	3,114

* Five months for ex PMG activities and 12 months for Thin Film Products (previously in Advanced Materials)

Your car is fitted with an automotive catalyst which helps reduce pollution.

1 | Geographical breakdown of business group sales



- Europe 51%
- America 27%
- Africa 15%
- Asia 7%

Overall recurring EBIT for 2004 reached € 120.3 million, while proforma revenues improved some 4%. This provided confirmation of strong evolution across the portfolio of activities.

Automotive Catalysts

Overall registrations of new vehicles in 2004 for North America and Europe increased moderately by some 2% year-on-year. Sales of new vehicles, despite continuously being bolstered by aggressive incentive schemes, showed signs of weakening in both markets in the final quarter, however. The production of vehicles in North America slowed in the fourth quarter and a similar picture was evident in the European market. Umicore's sales of automotive catalysts continued to rise through the year as the company continued its growth phase, particularly in North America.

The business unit announced the development of a new technology that enables the partial use of palladium as a catalyst in diesel emission control systems for passenger cars. Platinum had hitherto been the only material capable of fulfilling this function. The new technology provides car manufacturers with a degree of flexibility in their choice of catalyst materials for diesel engines. This development made a significant impact in the market and reinforced Umicore's reputation as a technology leader. Orders were received in 2004 that will lead to deliveries in early 2006. In the later part of the year Umicore's research efforts began to focus on developing technologies that will enable the extension of the substitution ratio above the current level of 25%.

The palladium breakthrough also offered added scope for broader and faster introduction of catalytically activated diesel particulate filters (DPFs). In July, the German association of the automotive industry (VDA) announced that, following current market trends, by 2008/2009 all new diesel cars for the domestic market produced by a member company will be equipped with a particulate filter.

Minute amounts of precious metals compounds are used to provide the adhesive coating to your memo notes.

2 | Sales of Technical Materials

- BrazeTec 31%
- Electronic Packaging Materials 18%
- Contact Materials 29%
- Platinum Engineered Materials 22%

Preparation for the introduction of new legislation on heavy duty diesel (HDD) emissions continued and in 2004 Umicore expanded its presence in the retrofit market for diesel trucks and other heavy-duty vehicles. Umicore's R&D investments increased in this area and in this context the new test centre at Hanau, Germany, which was opened on 16 February 2005, will have a major role to play.

Construction work at the new production facility in Suzhou, China continued on schedule and production is expected to start in the second half of 2005.

Technical Materials

In **Electronic Packaging Materials** sales volumes were up 26% compared with 2003. Business was strong particularly in the second and third quarters, driven by Microbond pastes and wires business for die attach applications where Umicore is a world leader. The production facility in Singapore grew in importance and boosted sales to customers in the Asian electronics market. The growth of European customers in Asia and the shift of production facilities from Europe to this region also proved beneficial. Development projects included new die attach pastes for LED brake light applications in cars.

Year-on-year sales levels in **BrazeTec** were up by 5%. Sales of specialty brazing materials were strong in Asia. Although the European market remained buoyant there was increasing competition from US producers benefiting from the weaker US dollar. Overall profitability was enhanced through more effective prioritization of markets.

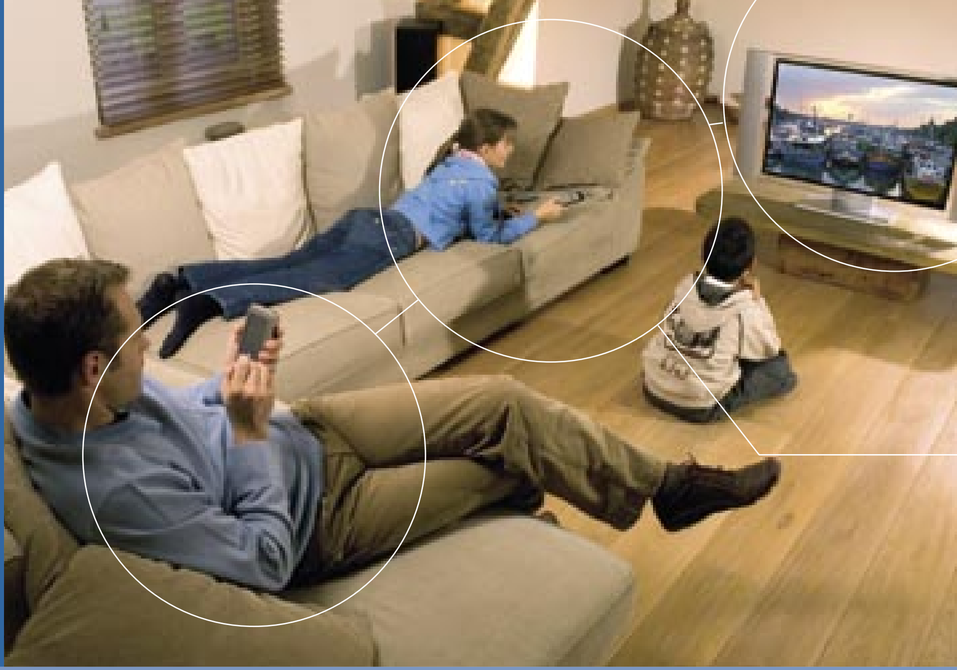
Umicore provides precious metal products that are used to make your gold and silver jewellery.

The pattern of the year was similar in **Contact Materials**. Sales rose by 6% with one of the biggest successes being the introduction of advanced, cadmium-free products into the US market for both automotive and non-automotive applications.

Overall sales levels for the year in **Platinum Engineered Materials** were up by some 6%, led by strong sales of equipment for the manufacture of TFT glass. The TFT glass sector was driven by the sustained growth in the LCD display / television market throughout 2004. Sales of gauze fell because of aggressive competition.

Jewellery and Electroplating

The Jewellery segment saw a significant improvement with sales to smaller scale customers well up on the levels of 2003. This was indicative of increasing consumer confidence – a trend confirmed by the high levels of pre-Christmas sales in the fourth quarter. In **Industrial Metals**, sales of silver products for all applications were up year-on-year. In **Electroplating** performance levels were high throughout the year. Both the electronics segment and decorative products (eg rhodium electrolytes for plating white gold) were buoyant. A notable trend was the increased demand for the surface treatment of non-precious metal substrates with precious metals coatings.



Umicore's products are not only used to make the glass in your flat screen TV but can also be found behind the screen in the form of indium tin oxide which helps provide the image.

Precious Metals Chemistry

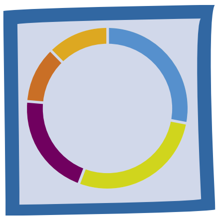
Umicore's organometallic chemicals and catalysts revenues were significantly ahead of 2003 with a growth rate higher than that of the market. These products are used in processes such as the production of synthetic active substances in pharmaceuticals and fine chemicals and for the production of plastics, solvents and polymers. Sales of inorganic chemicals also improved. An additional positive effect was achieved through the enlarged range of recovery options resulting from the close cooperation with Umicore`s Precious Metals Refining operations in Belgium.

Thin Film Products

Sales levels were strong throughout 2004. Overall revenues were up by 24% year-on-year. In **Displays** the strength of the TFT sector drove sales of indium tin oxide (ITO) and chrome targets and the performance of the facility in Providence, Rhode Island improved significantly following completion of a capacity expansion. **Electronics** revenues improved substantially although some slowing down in the market was evident towards the end of the year. In **Optical Data Storage** sales of silver targets improved and a full integration

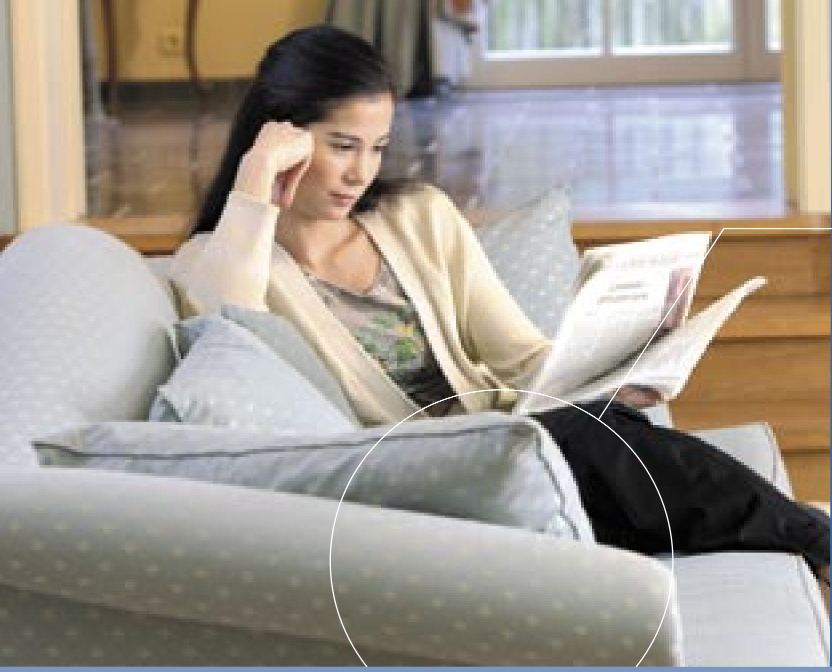
Umicore's coating materials are used to provide the data storage layer on your CDs.

3 | **Sales per application (Thin Film Products)**



- Optics 27%
- Microelectronics 27%
- Optical Data Storage 23%
- Wear Protection 11%
- Displays 12%

with the Allgemeine activities in Pforzheim was completed. New target materials for high speed DVD-RW applications were developed. **Optics** sales were strong in the first half of the year as new products were introduced but slowed during the second half. The **Wear Protection** segment showed good growth driven by healthy demand from the tooling industry. The main facility in Balzers, Liechtenstein, moved to new premises with expanded production capabilities, and new cleanrooms and laboratories.



Sodium antimonate is used as a flame retardant in your living-room fabrics

When your washing machine needs replacing, the electronic components can be recycled by Umicore

Precious Metals Services

Profile

Precious Metals Services is the world market leader in recycling complex materials containing precious metals. Its core business is to provide full-feature refining and recycling services to an international customer base. Precious Metals Services recycles and refines precious metals and other non-ferrous metals from a wide range of complex industrial intermediate materials (by-products from other non-ferrous smelting and refining operations) and precious metals-bearing scrap from electronic, photographic and catalytic applications. Precious Metals Services is unique in the breadth of materials it is able to recycle and the flexibility of its operations.

Umicore's precious metals recycling operations are located in Hoboken (Belgium), Hanau (Germany) and Guarulhos (Brazil). Its collection and preprocessing network for end-of-life car catalysts includes companies in Alzenau (Germany), Covington (USA), Guarulhos (Brazil), a joint venture with Rhodia called Cycleon (France). Umicore's Precious Metals Management unit is based in Germany and the United States.

Key Figures

	Belgian GAAP		IFRS		
(€ million)	**2000**	**2001**	**2002**	**2003**	**2004**
Turnover	739.7	764.3	768.8	1,717.0	2,263.8
Revenue (excluding metal)	189.2	199.3	201.0	214.7	204.9
EBIT - Recurring	30.6	50.3	53.2	45.7	33.3
EBIT - Non-recurring	n/a	n/a	0.0	0.0	(2.3)
EBIT - Total	30.6	50.3	53.2	45.7	31.1
Recurring EBIT margin %	16.2%	25.2%	26.5%	21.3%	16.3%
EBITDA	50.9	71.4	78.2	71.3	58.3
Capital expenditure	14.6	17.9	36.3	23.2	20.9
Average capital employed	176.5	176.0	166.6	240.6	300.6
Recurring ROCE %	17.4%	28.6%	32.0%	19.0%	11.1%
Workforce	1,226	1,179	1,160	1,180	1,289

Umicore refines silver which is then used to plate your cutlery.

Recurring EBIT for the full year was down 27% at € 33.3 million. This was primarily due to lower availability of raw materials – notably in the first half of the year. The completion of a restructuring programme removed the losses resulting from the Hanau refining operations during the second half of the year. A meaningful year-on-year comparison of returns is not possible due to the fact that the capital-intensive Metals Management activities were only incorporated for five months in 2003.

The supply situation improved during the year with the increases seen in most metals prices leading to an upturn in the flow of some industrial residues, particularly in the second half of the year. However, the lead industry in Europe produced much lower volumes and the market for global tankhouse slimes from the copper industry remained very competitive with the improvements in TC/RCs not leading to any significant increase in smelting production (and therefore residues). The flow of by-products from the zinc industry were augmented by the silver-bearing leach residues from Umicore's Auby smelter.

In end-of-life materials the second half of 2004 showed significant improvements in the supply volumes of electronic scrap. It was unclear whether this was directly related to the anticipated increases brought about by the WEEE legislation in the EU. Umicore dedicated much effort during 2004 to developing supply networks for securing such material. In addition, a seminar on the impact of WEEE was co-hosted by Umicore in Antwerp in October to help stimulate better understanding of the issues at stake and also to establish commercial contacts.

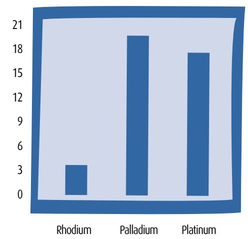
Supplies of spent automotive catalysts showed a year-on-year improvement as a result of Umicore's broadened collection and processing network in Belgium, France, Germany and the US. Supplies of spent industrial catalysts improved significantly largely as a result of increased activity in the petro-chemical sector.

The improved prices in most metals benefited Umicore during 2004 and the sales values of specialty metals such as selenium and indium were much improved.

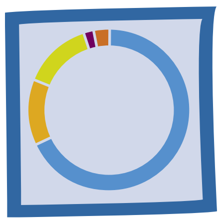
The Hoboken facility continued to improve its productivity throughout the year and an even more effective materials flow through the plant was achieved. A capacity increase was decided for the production of sulphuric acid, which will enable more economic benefit to be derived from this by-product.

In Metals Management the overall volatility of precious metals prices presented good trading opportunities throughout the year. During the first half Umicore took advantage of high precious metals prices (particularly in silver and platinum) and was able to fix a portion of its anticipated 2005 sales of these metals at attractive rates.

1 | **PGM production**
(in tonnes)



2 | **Geographical origin of materials in 2004**
(expressed in terms of refining charges)



- Europe 68%
- North America 13%
- Africa/Middle East 14%
- Central and South America 2%
- Asia 3%

3 | **Source of materials in 2004**
(expressed in terms of refining charges)

- By-product in zinc and lead industry 39%
- Electronic scrap 10%
- By-product in precious metal industry 16%
- By-product in copper industry 11%
- Catalysts 12%
- Preprocessing 4%
- Other 7%
- Concentrates 1%

Zinc oxides are an essential ingredient in sun-block creams that protect your skin.

Zinc alloys are used to make the zippers found in many of your clothes.

Zinc

Profile

Umicore has a unique profile within the zinc industry. It is downstream integrated and covers the industry's value chain from smelting to the production of semi-finished and finished products such as alloys, chemicals and building materials – all for a variety of applications. It has a total production capacity of over 600,000 tonnes of zinc.

Umicore's zinc business uses its smelting and recycling activities to feed the production of added value products. In smelting the strategy focuses on pursuing operational excellence in terms of cost and efficiency, maximizing production and optimizing the input of recycled materials. In added value products Umicore seeks to develop leadership positions in every market and where possible to offer a 'closed loop' service to its customers. Growth initiatives centre on further development of the added value product businesses. Umicore Zinc is organized around four business units: Zinc Smelting, Zinc Alloys & Chemicals, Building Products, as well as a 47% stake in Padaeng Industry (PDI), South East Asia's sole sizeable zinc producer, located in Thailand.

NOTE: in February 2005 Umicore announced its intention to restructure its Zinc business segment. Plans involved an increased focus on specialty products and a reduction in commodity zinc production of some 130,000 tonnes per year. For further information on the progress of these plans visit www.umicore.com.

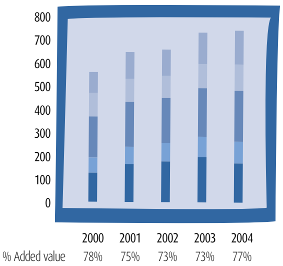
Key Figures

	Belgian GAAP		IFRS		
(€ million)	**2000**	**2001**	**2002**	**2003**	**2004**
Turnover	971.8	817.9	754.0	803.6	933.8
Revenue (excluding metal)	439.1	443.5	425.0	440.6	481.4
EBIT - Recurring	85.8	50.7	17.8	28.4	78.6
EBIT - Non-recurring	n/a	n/a	(16.7)	(9.0)	2.4
EBIT - Total	85.8	50.7	1.1	19.3	81.0
Recurring EBIT margin %	19.5%	11.4%	4.2%	6.4%	16.3%
EBITDA	128.2	86.6	52.7	64.2	132.7
Capital expenditure	25.3	41.6	43.4	45.0	41.5
Average capital employed	333.2	290.5	236.2	264.5	359.5
Recurring ROCE %	26.7%	17.0%	6.5%	10.0%	21.4%
Workforce	2,448	2,691	2,860	2,863	2,875

Zinc is used to vulcanize the rubber tyres on your car, trailer, lawnmower....

1 | **Sales of refined zinc and specialty products***

(in '000 tonnes)



- Zinc oxide, powders and other semis
- Building Products
- Special Alloys - die-casting
- Special Alloys - galvanizing
- Commodity zinc

* Including associates

The average zinc price for the year was USD 1,047 per tonne, some USD 219 higher than for 2003. The zinc price hedging arrangements entered into at the beginning of the year meant that Umicore's effective zinc price obtained for 2004 was USD 1,034 per tonne This improvement was the main driver behind the significant rise in EBIT to € 78.6 million. Overall revenues improved 9% to € 481 million.

Zinc Smelting

Combined annual production at Auby and Balen reached 517,000 tonnes. Treatment charges for the year were below the levels seen in 2003. However, Umicore's long-term contracts enabled overall terms for the year to surpass the European benchmark level. Some of the shortfall in earnings from treatment charges was made up by the significant rise in the price of sulphuric acid. In terms of concentrate supplies for 2005, Umicore had already covered 50% of its needs (volumes and conditions) by the end of 2004.

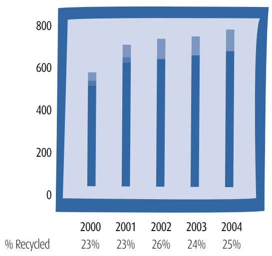
Umicore took advantage of the rising zinc price in 2004 to lock in earnings for 2005. The net result of all hedging operations was that on 31 December 75% of the company's zinc price exposure was hedged at an average rate of USD 1,156 per tonne. The projected dollar earnings of this operation were also hedged.

Umicore renewed its electricity supply contracts for Belgium and France until 2007. The incremental effect of higher prices and increased taxation will lead to some € 5 million in additional energy costs as from 2005. To mitigate the effect of rising energy prices, Umicore undertook a review to identify further future possibilities to reduce energy consumption.

The major part of the restructuring programme announced at the beginning of 2004 was completed during the year in agreement with union representatives.

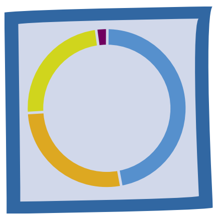
Zinc on your roof not only keeps you dry, it looks good too.

2 | **Overall zinc production**
('000 tonnes contained zinc)



- Production ex-secondaries
- Thermal Zinc Overpelt
- Slabs Auby + Balen + Padaeng

3 | **Market Segmentation - Alloys***



- Die-Casting 47%
- Continuous Galvanizing 27%
- General Galvanizing 24%
- Other 2%

* Excluding associates

Padaeng

Annual sales volumes were level with those of 2003. The effect of the year-on-year improvement in the zinc price benefited Padaeng but was partially offset by lower treatment charge levels for Asian smelters and increased electricity costs in Thailand. The flotation plant contributed to increased flexibility and cost effectiveness in raw material feed. Padaeng intensified the development of its downstream alloys business in Thailand and other Asian markets.

Zinc Alloys and Chemicals

In the **Fine Zinc Powders** business volumes and premiums for Umicore's products were strong throughout the year in all regions, but especially so in Asia. The improvement in the zinc price led to increased recycling margins.

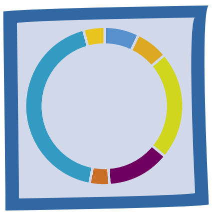
The **Zinc Oxides** business reported improved year-on-year performance. The European market was better balanced thanks to a reduction in Chinese imports combined with strong demand in most end-user sectors. The year-on-year improvement in the zinc price also led to improvements in recycling margins.

In **Die-casting** overall volumes for the year were 4.6% up on 2003 with China and Eastern Europe showing the strongest growth. The French-based GM Metal operations delivered a high level of support to the Overpelt operations not only in terms of recycling but also in their ability to supplement the alloy production in times of high demand.

In the **Galvanizing** segment sales of products for general galvanizing improved particularly in the French and Italian markets. The increased activity in the steel sector also led to increased demand for continuous galvanizing products throughout the year. In galvanizing as a whole the trend towards specialty products continued with sales volumes of these products increasing by 11%.

Die-cast zinc components can be found inside many of your home appliances.

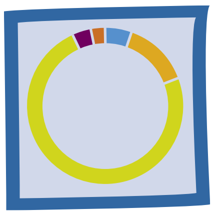
4 | Market segmentation
Zinc oxide & fine powder*



- Tyres 7%
- Ceramics 7%
- Chemicals 22%
- Feed grade 13%
- Rubber 4%
- Paints 43%
- Others 4%

* Excluding associates

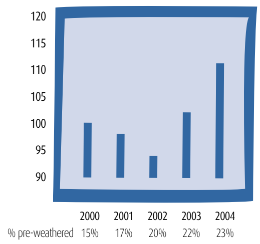
5 | Geographical breakdown of Zinc Alloys & Chemicals sales*



- Africa / Middle East 5%
- Asia & Oceania 14%
- European Union 74%
- Other Europe 4%
- Americas 3%

* Excluding associates

6 | Total sales Building Products*
(2000 = 100)



* Including associates

Building Products

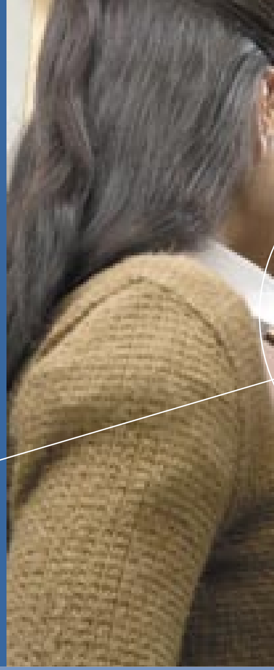
Overall volumes for the year were 7% up on 2003. Margins held up fairly well despite the year-on-year increase in the zinc price. In terms of geographical mix the French market was the main area of growth and most other traditional markets improved. However, sales in Belgium were somewhat lower than had been hoped for. Increased sales volumes were recorded in the newer markets, primarily outside Europe. A greater proportion of more specialized products, such as pre-weathered zinc, were sold in line with the business development strategy. Two products – ANTHRA-ZINC NG (a pre-weathered product with an organic coating) and the new PLULINE rainwater system were introduced during 2004.

The multi-metal transforming operations in Switzerland, Slovakia and Germany contributed to the overall product and service offer of the business and also to the overall improvement in commercial performance.

Long-term efforts in offering specification advice and tracking architectural projects started to pay off in 2004. An increase in project-related sales and further growth in the proportion of added-value products sold, particularly pre-weathered material, are specific signs of this success. Notable projects using Umicore's products in 2004 included The Opera House in Singapore, and the Cité Multimédia in Montreal, Canada.

Copper is found in many places in your home such as the wires that bring power to your cooker...

... or the copper tubing in your central heating system.



Copper

Profile

Umicore Copper is an integrated European operator with its operations covering smelting, refining, recycling and transformation to semi-finished products. The operations have a combined capacity of more than 500,000 tonnes per year of copper products ranging from copper rod – where Umicore is Europe's largest non-integrated producer – to cakes, billets and more specialized products such as oxygen-free rod.

Umicore Copper operates from four sites: Pirdop in Bulgaria (smelting and refining), Olen in Belgium (refining and copper products), Avellino in Italy (copper products) and Blodelsheim in France (copper products).

NOTE: In February 2005 Umicore announced plans to proceed with a demerger and separate listing of its copper activities – to be known as Cumerio. For further information on the progress of the demerger proposals, visit www.umicore.com.

Key Figures

	Belgian GAAP		IFRS		
(€ million)	**2000**	**2001**	**2002**	**2003**	**2004**
Turnover	1,154.5	1,036.2	926.5	928.1	1,454.5
Revenue (excluding metal)	205.3	199.4	196.8	194.5	210.9
EBIT - Recurring	25.0	13.0	8.7	0.9	20.7
EBIT - Non-recurring	n/a	n/a	(1.4)	(5.9)	0.0
EBIT - Total	25.0	13.0	7.3	(5.0)	20.7
Recurring EBIT margin %	12.2%	6.5%	4.4%	0.4%	9.8%
EBITDA	54.4	43.5	39.5	28.1	50.2
Capital expenditure	38.1	77.3	43.3	34.5	18.9
Average capital employed	399.7	417.3	422.8	427.7	465.3
Recurring ROCE %	6.2%	2.9%	1.8%	0.0%	4.1%
Workforce	2,087	2,120	1,809	1,734	1,560

... or as a decorative and functional material in your lighting.

Full year results were substantially above those of 2003 with recurring EBIT reaching € 20.7 million. Revenues increased by 8% to € 210.9 million.

Withdrawals of copper material from the LME and Comex warehouses accelerated during 2004, as a consequence of the supply deficit resulting from a 9% increase in world demand for copper. LME inventories went down from 104,575 tonnes at the beginning of the year to a year-end low of 48,875 tonnes.

Due to the tightness in copper availability, the copper price further increased and reached an average settlement price of USD 2,972 per tonne (versus USD 2,760 per tonne in 2003), with an average backwardation of USD 91 per tonne. The increasing copper price encouraged concentrate producers to increase mine output with a significant effect on the balance of the concentrates market. The resulting rise in TC/RCs was sharp although only limited benefit was felt by Umicore Copper as treatment charge terms are generally re-negotiated on an annual basis. Producer premiums also rose significantly in Europe due to the shortage of cathode material but the main benefit will only be felt in 2005.

Umicore Copper was able to ensure that its smelting and refining operations were fully supplied with concentrates, blister, anodes and scrap. The smelting and refining activities at Pirdop (Bulgaria) continued the excellent track record of 2003 and finished the year with 227,029 tonnes of anodes produced, up 7%. Pirdop also refined 20% more cathodes, reaching a production of 55,254 tonnes in 2004.

Cathode production at the Olen refinery reached a record high of 343,181 tonnes, up 5.5% on 2003. This was achieved with 19,500 tonnes less feed from Pirdop, demonstrating Umicore Copper's ability to secure a wide range of raw material supplies from reliable sources. The anodes not used in Olen were sold in the growing market in the Black Sea region, a trend that is set to continue.

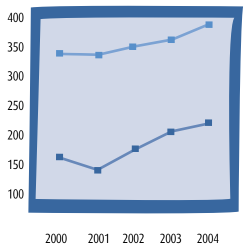
Overall, annual deliveries of copper wire rod rose 12% to 407,019 tonnes in 2004. Wire rod deliveries in Northern Europe increased by over 21%, while Italy experienced a decline of 4% due mainly to the reduced availability of cathodes for toll orders. Deliveries of speciality and oxygen-free rod were 63% higher than in 2003 and European demand in 2004 outstripped supply capabilities. In October approval was given for a doubling of the specialty rod production capacity to 30,000 tonnes per year by the end of 2005. Shipments of cast shapes totalled 93,621 tonnes for the year up 25% compared with 2003.

The Climeta operations, acquired in 2003, contributed positively to Umicore Copper's result in its first full year of integration.

1 | **Geographical breakdown of sales**

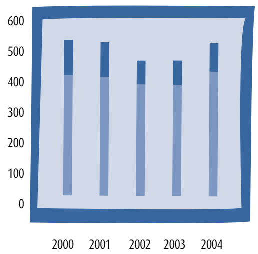
- Benelux 17%
- Germany 14%
- France 7%
- Italy 37%
- Spain 5%
- Other Europe 12%
- Other World 8%

2 | **Production of copper anodes and refined copper**
('000 tonnes)



— Refined copper
— Copper anodes

3 | **Sales of copper semis**
('000 tonnes)



- Shapes
- Wirerod

Corporate & Investments

Profile

This segment includes shared operational functions and corporate activities, as well as the Research Development and Innovation function and the Fuel Cells venture. This segment also includes the company's financial investments that do not report directly into one of the company's business groups.

Key Figures

	Belgian GAAP		IFRS		
(€ million)	2000	2001	2002	2003	2004
EBIT - Recurring	(11.4)	(16.8)	(13.6)	(22.0)	(35.8)
EBIT - Non-recurring	n/a	n/a	(2.9)	(10.7)	(1.8)
EBIT - Total	(11.4)	(16.8)	(16.5)	(32.7)	(37.6)
EBITDA	(1.7)	(4.5)	(0.5)	(4.4)	(18.5)
Capital expenditure	6.0	7.4	10.8	14.1	6.3
Average capital employed	153.0	207.2	250.9	214.6	81.5
Workforce	1,097	1,147	1,126	1,200	1,145

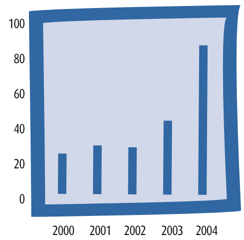
TRAXYS

Traxys – a 50% joint venture with Arcelor involved in raw materials trading and marketing – was able to take advantage of a supportive business environment driven by Chinese and US demand, especially for materials for steel mills and foundries. The equity method contribution to Umicore's EBIT amounted to € 6.8 million for 2004.

RESEARCH, DEVELOPMENT AND INNOVATION

Research and Development is a key component of sustainable innovation-led growth. It helps to create the higher value-added products, processes and services on which the future of Umicore is increasingly focused.

1 | **R&D expenses**
(€ million)



2004 was a record year in terms of R&D spending. Total spending in R&D related activities, including venture activities amounted to € 89 million, which represents 5% of revenues, excluding metal value. This puts Umicore at the top end of the league of chemical companies in terms of R&D intensity (ref. The 2004 R&D scoreboard, Department of Trade and Industry, United Kingdom, 2004). More than 500 people worldwide are involved in R&D activities.

Most of the expenses are borne by the business units of the Group, the balance is registered at corporate level and includes developments of new technology platforms, the venture activities and more generic Research and Development for the benefit of the entire company.

The main projects undertaken for the benefit of the business units in 2004 included the development of new and next generation products and solutions in areas of powder metallurgy, precious metals chemistry, battery materials, automotive catalysts, target materials, alloys, galvanochemistry, contact materials, the semiconductor industry and die-casting alloys. The projects are market-driven and focus both on the short and the longer term. In this respect, fine-tuning Umicore's products to provide a perfect fit for the applications of our customers is an integral part of Umicore's R&D effort. Another area of focus is the development of the most appropriate industrial production and recycling processes in order to guarantee a high quality product made in a cost competitive way.

Flanders' Materials Center

In 2004, the regional government of Flanders, Belgium, approved funding to set up a competence center in Materials Research together with Umicore, two other trans-national companies, Arcelor and Agfa, and Agoria, the federation of the technological industry in Belgium. The competence center, Flanders' Materials Centre (FLAMAC), is the first initiative of its kind in the European Union and will create an industrial technology platform and academic research centre. It will start its activities in 2005. The three industrial companies have agreed to fund 50% of the set-up and operating costs of the Centre and have made a commitment to perform contract research with FLAMAC in its first three years of existence. The main research area will be combinatorial chemistry which is now commonly used in the pharmaceutical industry and has the potential to speed up the development of new materials.

Fostering innovation

Under the guidance of the Umagine programme (a process to stimulate creativity and innovation and foster new business development opportunities that lie beyond the scope of the business units) several initiatives were developed through setting up market-driven R&D programmes around a number of technology platforms.

Nanomaterials are under investigation as a major family of materials with interesting functionalities and major market potential. The first products are now being launched and a start-up venture line was created (see below).

The development of complex engineered oxides is being studied based on Umicore's expertise notably in the area of materials for rechargeable batteries.

The wide area of energy storage and generation is an exciting and growing area for the materials world. In this development platform the focus is on materials for batteries, fuel cells and solar cells.

Successful projects will lead to the creation of new business lines that are either integrated into an existing business unit or that are developed within a venture type start-up environment.

Venture Unit - an incubator for new business concepts

Internal venturing is a tool for creating and nurturing new businesses within Umicore. It is a final proving ground for projects that successfully pass the R&D feasibility hurdles. Two venture lines were active in 2004.

The first involved the recycling of rechargeable batteries and more particularly Li-ion batteries. A process was developed to recover valuable metals from spent rechargeable batteries whereby cobalt and nickel are converted back into battery chemicals without generating hazardous waste. The high yield, environmentally friendly process won the European Environmental Press (EEP) Association's Gold Award 2004. This business is now in the start-up phase. It is complementary to the business unit Specialty Oxides and Chemicals, which makes nickel and cobalt-based battery chemicals and with Precious Metals Refining where precious metals from used laptop computers, mobile phones and other portable electronic devices are recycled.

The Nanoventure commercializes the products developed in the technology platform Nanomaterials. In the course of 2004, Umicore signed an agreement with U.K.-based Oxonica Ltd. to produce nanomaterials for the development of a new skincare product ingredient – OPTISOL UV absorber – a photostable product for enhanced UVA protection. A production plant is currently under construction for start-up in 2005. Another nano-compound under development is a new generation nanomaterial for Chemical Mechanical Polishing (CMP) applications for the latest generation polishing of wafers used in the electronics industry. Both the process and product development are performed by Umicore's central research laboratory in Olen, Belgium.

FUEL CELLS

An important long-term development platform for Umicore is the Fuel Cell unit, based in Hanau. The unit develops and markets materials for proton exchange membrane fuel cell systems (PEMFC). Umicore is one of the main developers of the materials that form the heart of fuel cells. It offers electrocatalysts (elyst™), assembled with a membrane to make a membrane electrode assembly (MEA, pMembrain™), the "reactor" where hydrogen reacts with oxygen to generate electricity. A range of fuel processing catalysts (protonics™) has also been developed to extract hydrogen from hydrocarbons. The Fuel Cells business is founded on core Umicore competencies such as precious metals chemistry, catalysis and surface technology. Umicore's ability to offer precious metals management and recycling services enhances the company's value proposition in this field.

In 2004 customer interest in Umicore's various fuel cell related products continued to increase. A joint development agreement was signed in one application field with a leading global OEM as one of Umicore´s key partners in fuel cells.

Besides precious metal related materials and components, Umicore started to prepare for the integration of its recycling competencies in the fuel cell business model. As an example of this process, Umicore was awarded the "f-cell Special Award" from the Stuttgart Regional Economic Development Corporation in Germany. The prize is awarded for innovative technology concepts that help bring fuel cells to market. Umicore's Fuel Cells team, in collaboration with scientists in Precious Metals Services, developed an innovative recycling process to tackle the issue of gas emissions during the recycling of membranes, thereby making the recycling of MEAs safer and more cost-efficient.

Human Resources

Umicore has grown in terms of its number of employees - from 8,338 at the beginning of 2003 to 11,478 at the end of 2004. However, the growth of the company goes far beyond numbers of people. Umicore is now present in many more countries and covers more product areas than was the case only a few years ago. The binding together of all the different elements of the expanded Group was one of the priorities for senior management during 2004.

Integration of former PMG activities

Although significant progress was made towards the integration of the former PMG activities in the months following the acquisition, the process was finalized in 2004. The integration of the marketing teams was completed and the complex restructuring programme at Hanau and Hoboken implemented. An indication of the success of the integration process was a very low voluntary attrition rate among former PMG employees in the eighteen months since June 2003.

The integration process was also accelerated by the redefinition of the human resources policies of Umicore to take into consideration the broader and more diverse nature of the Group. One of the main integration challenges was to retain a Umicore culture which reflected the characteristics of all the Group's entities – both new and old. An important development in this context was the creation of "The Umicore Way".

The Umicore Way

The Umicore Way was devised as a means of encapsulating the principles of the Group in terms of strategy, business orientation and business practice. The Umicore Way explains the vision of the Group and the values it seeks to promote. It serves as a reference point for all employees. The Umicore Way was introduced by means of an extensive roadshow carried out by Umicore's senior management which visited seven locations in four continents.

Following on from the Umicore Way was the adoption of a Code of Conduct for all Umicore employees. The Code is designed to provide a framework for ethical business practice throughout Umicore. It has been distributed throughout the Group and has been translated into four languages.

World-wide Human Resources organization

A new world-wide human resources network was established during 2004. This was part of a strategy to introduce a regional structure to the Group running parallel to the business structure based on business groups and their sub-divisions. In the new network most HR issues are dealt with on a country basis with support being provided by a regional HR co-ordination team. The Corporate HR team, based in Brussels, is configured to provide the guidance necessary in issues such as the Group-wide management training syllabus, remuneration policy, talent management and succession planning. In 2004, the regional HR policies were fully aligned in order to permit a more homogeneous, consistent and recognizable 'Umicore' series of policies. This was achieved after full consultation with the regional and country co-ordinators and taking into consideration regional and national requirements.

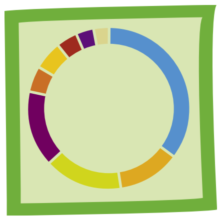
Remuneration policy

Umicore's remuneration policy was also adapted to further align management remuneration with business results. This system links individual performance with the economic performance of an individual's business unit (normally EVA related) and overall Group performance (ROCE related). This system was implemented across the Group and encompasses all of Umicore's approximately 1,400 management staff. The increase in numbers of management staff following the PMG acquisition meant that stock options were no longer a viable remuneration tool for managers outside the group of 32 senior executives. However, the new bonus system provides a fitting cash-based incentive system, which is better equipped to reward outstanding performance.

Preparation for Cumerio

In the context of preparing for the demerger of Umicore and its copper activities (announced in February 2005), work was carried out in 2004 to ensure that the human resource function of the copper activities could act as a stand-alone unit. The "carve-out" process – which also involved elements such as financial systems, logistics, information systems and EHS – was successfully completed during the year.

1 | **Geographical spread of Umicore's workforce**
(including associates)



- Belgium 35%
- France 12%
- Germany 16%
- Other Europe 15%
- North America 5%
- Latin America 6%
- Asia (other) 4%
- China 4%
- South Africa 3%

Working together: four employees on why they chose Umicore

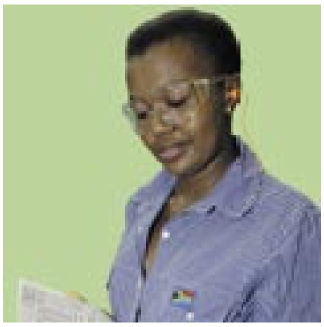
Lu Jung Dong

Sales, Engineered Metal Powders
Songjing (Shanghai), China

Eight years ago when I was working in metal trading, I sold cobalt to Umicore. There, I met the manager of the cobalt powders business who told me about the company. I thought it offered a lot of opportunities for young people because of its size, worldwide reach and variety of products.

My main responsibility at Umicore is developing our cobalt market in China and Taiwan. This means frequently visiting key customers. I explain how Umicore's technical expertise can help improve the quality of our customers' products. I also explain how, as the biggest cobalt producer worldwide, we can offer consistent supply and pricing.

I'm aiming to move to a higher management position. Eventually, I would like to spend a few years working in Europe and then bring that experience back to China. I always want to keep moving.



Nomfundo Mooi

Shift Operator, Automotive Catalysts
Port Elizabeth, South Africa

Umicore chose me actually! I began working at what was then the automotive catalysts business of Degussa five years ago. When this unit was purchased by Umicore in 2003, however, the original things that attracted me remained: the company takes good care of us and our families. I also appreciate all the training I've received, for example computer use, fire-fighting, quality control, and tool operation. I am very pleased that Umicore has maintained this high standard.

I am the senior member of a three-person team in a production line. I take care of quality, verify that the parameters are on spec, do paperwork and handle any downtime. We're part of four groups working twelve-hour rotating shifts to run the factory 24 hours a day, seven days a week.

I want to work my way into a staff position and then up to management level. With the help of a bursary from Umicore, I'm studying human resources management. I would like to grow as Umicore grows.

Wanderley Santana

**Production Leader, Technical Materials
Guarulhos (São Paulo), Brazil**

In 1994 I was working for a Umicore customer, a big communications equipment company. I was impressed with Umicore's professionalism: always on time with high quality products. So I decided to submit my résumé. Umicore offered me a job in the production area of brazing alloys, electrical contacts and extruded products.

Now, I lead a team of 32 people. My main focus is to guarantee the delivery of products demanded by the production plan, meeting all the quality, safety and environment requirements. I also work to motivate people and promote team spirit. I do this by giving people more responsibility and by recognizing the contributions they make.

2004 was a wonderful year and I want to continue giving my best to advance my career at Umicore. I intend to continue in my department because there are many opportunities here. Maybe I will become a manager. I know that Umicore will support me with the necessary training.

Ursula Saint-Léger

Senior Vice-President, Corporate Human Resources Management Brussels, Belgium

I came to work at Umicore because I was offered an attractive, challenging position. Umicore had very specific qualities in mind when it came to the role I was to fill. Above all, for me, it was a unique opportunity to build a new HR vision within a company that is changing rapidly.

Leading the HR function, my job is to make sure that the 'people aspect' is at the heart of any high-level business decisions. I also ensure that the policies and global structure of Umicore HR are fully understood by the whole organization. At the same time, I try to better understand the situations of our people around the world.

Because I recently joined the company, I have spent a lot of time talking about changes. Now I'm ready to act. My ambition is to be an HR director that can really make a difference at Umicore. I feel that I can bring a degree of sensitivity to the role that will help not only in how Human Resource Management is carried out in Umicore but also in how it is perceived.

Environment, Health & Safety

Umicore strives for excellence in environment, health and safety (EHS) performance. This is part of the Group's overall commitment to the principles of sustainable development. This means that there is no compromising on occupational health and safety and that the Group seeks to minimize its environmental impact and its use of natural resources such as water and energy. Equally important, continuous efforts are made towards reducing the impact of the company's products, services and historical legacy on the environment. Umicore is committed to dealing with these issues in a transparent, responsible, accountable and proactive way.

Umicore's approach to environmental, health and safety issues is set out in 'The Umicore Way' – a document outlining Umicore's principles in terms of overall business practice.

Environmental issues

The processing of non-ferrous metals at Umicore's plants in Belgium, France and the Netherlands started over 100 years ago. Many production techniques used then would be unsustainable compared to today's standards, and resulted in soil and groundwater contamination.

In April 2004 Umicore made significant progress towards resolving the issue of historical pollution in and around its Flemish sites. Umicore, the Flemish Ministry for Environment and the Flemish Waste Authority (OVAM) signed an agreement complementing the existing covenant signed in 1997. This sets out a timetable and costs for the remediation of Umicore's Flemish sites and their neighbourhoods.

Umicore will invest a total of € 77 million in the context of the covenant. This includes € 39 million of remediation work and € 23 million for operational expenses over the coming 15 years. In addition, a fund has been established to tackle the problems in the surrounding areas. Umicore and the Flemish Government will both be contributing € 15 million to this fund.

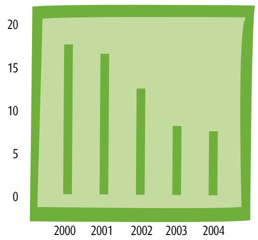
Although the covenant covers a period of 15 years, it is Umicore's intention to complete the majority of the work as soon as possible.

Progress was made towards meeting the objectives set out in the covenant. By the end of 2004 work had already reached an advanced stage at the Balen site, while at Hoboken work had begun on the first stages of a project to ascertain remediation requirements in the Moretusburg neighbourhood.

As part of the preparation process for the negotiation of the covenant in Flanders, Umicore had estimated likely costs at the end of 2003 and made the necessary provisions in its books. As a result no new provisions were required as a result of the covenant.
At 31 December the amount of environment-related provisions in Umicore's books stood at € 129 million.

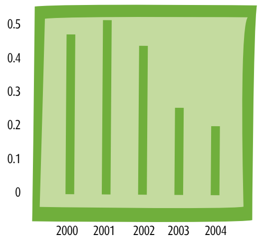
1 | **Frequency rates**

Number of accidents (with at least one lost day) per one million working hours



2 | **Severity rates**

Number of real lost calendar days per thousand working hours



In France risk assessments were tabled with the authorities for the Auby plant (December) and for Viviez, the assessment work was completed and was scheduled to be presented to the authorities in the first quarter of 2005.

In terms of climate change initiatives, Umicore has implemented energy efficiency programmes at all industrial sites in Belgium, which in turn has led to the granting of CO_2 emissions rights under the European Emission Trading system.

Measurement and reporting

Umicore uses Environmental Performance Indicators (EPI) to assess all relevant environmental data and to evaluate progress against 8 Group environmental objectives. The five main groups of environmental performance indicators (input, output, environmental management, societal and financial performance) that form the basis of the reporting system are collected at site-level. Specific data on the company's environmental performance are published in the 2004 corporate Environment Health and Safety Report (available from June 2005). The collection, processing and analysis of the data and information contained in this report is verified by an external auditor.

In the 2004 Environment Health and Safety Report Umicore will provide comprehensive data to cover all the sites that were acquired as part of the PMG acquisition in 2003. Due to time constraints only a summary report for the major sites from the acquired entity were included in the 2003 report.

Health and Safety

Umicore continued to make good progress in improving the health and safety performance throughout the Group. In 2004 the frequency rate of 7.1 was down on the previous year's figure of 7.6 – the eighth year in a row that this figure has been reduced. Similarly the severity rate fell from 0.24 to 0.19. The safety targets that were set in 1999 for achievement by the end of 2004 have, as a result, been surpassed by a considerable margin. Umicore has set new safety objectives for the period 2005-2007.

Sustainable Development and Public Policy

Umicore actively participated with the European Non-ferrous Metal Association (Eurometaux) in the analysis of the potential impact the new European chemical policy (REACH) might have on it products and different markets. It included participation in the European Commission's Business Impact Study. Indeed Umicore was selected as the European Case study to assess the impact REACH would have on the supply of raw materials. While in its current form it is anticipated that REACH would have a major impact, the formal regulatory requirements have yet to be determined and would not be known until its probable implementation in 2007.

Umicore is committed to active participation in the regulatory arena within Eurometaux and is a signatory of the International Council on Mining and Metals' Sustainable Development Charter.

From 2006 Umicore will be issuing a full Sustainable Development Report.

Investor relations

In 2004 Umicore's share price increased by 24% from EUR 55.65 to EUR 69.25. This performance was 5% lower than that of its domestic stock market index, the Bel 20. Umicore outperformed the European Dow Jones Stoxx 600 Index by 13%.

Overview of performance

	Relative performance	
	Versus BEL 20	Versus DJ STOXX 600
2000	+14%	+9%
2001	+20%	+33%
2002	+27%	+37%
2003	+22%	+19%
2004	(5%)	+13%

Reclassification

In November Umicore was reclassified in the combined FTSE – Dow Jones International Classification Benchmark system as a specialty chemicals company. This reflects Umicore's portfolio of activities, which have evolved significantly over recent years. Based on this reclassification, benchmarking against the Dow Jones Non-Ferrous Index no longer provides the most meaningful peer-group comparison. Henceforth all industry-related comparisons will be against the Dow Jones Specialty Chemicals Index which Umicore outperformed by 10% in 2004.

Shareholder base

In 2004 the exit of Suez-Tractebel as a strategic shareholder in Umicore was completed. The only shares still held by Suez-Tractebel on 31 December 2004 covered outstanding call options.

In 2004 a Belgian company, Parfimmo, along with Degroof built a 3% strategic holding in Umicore. Umicore's free float at 31 December (total shareholder equity minus treasury shares and strategic holdings) stood at approximately 94%.

Treasury shares and stock option plans

The company retains the authorization from the shareholders to repurchase a maximum of 10% of its share capital. At 31 December 2004 Umicore held 731,687 shares, representing 2.9% of the outstanding equity. These shares may be used to limit potential dilution resulting from the exercise of existing stock option plans.

During 2004 Umicore attached subscription rights to all outstanding stock options. The exercise of stock options in November and December led to 34,700 new shares being created and an equivalent increase in the company's share capital. At 31 December 2004 there were 1,468,915 options outstanding, each equivalent to one Umicore share.

Dividend

Umicore aims to pay a stable or gradually increasing annual dividend.

The Board of Directors proposed that the dividend related to 2004 be increased to € 1.65 (gross) per share. In 2005 Umicore's Board also proposed to the management of Umicore's Copper business that they recommend a dividend of € 0.30. At the time of writing, this business was in the process of a demerger operation which would see it established as an independent listed company called Cumerio. The demerger operation entitles Umicore shareholders to shares in the new company Cumerio at a ratio of one Cumerio share for every Umicore share held.

Analyst coverage

The institutions that carried out equity research on Umicore during 2004 were (in alphabetical order):

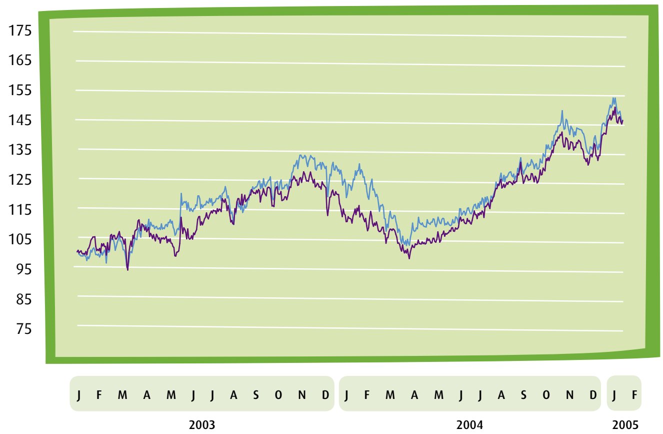
International	Belgium
ING	Delta Lloyd
Merrill Lynch	Fortis
Royal Bank of Canada	KBC Securities
UBS Warburg	Petercam
Williams de Broë	SG Bank De Maertelaere

It is anticipated that the number of analysts covering Umicore will increase during 2005 as a result of Umicore's clearer fit within the specialty chemicals sector.

A sustainable investment

Umicore is part of the FTSE4Good Index, has been awarded a "best in class" rating by Storebrand Socially Responsible Investments and is also part of the new Kempen / SNS Smaller Europe SRI Index.

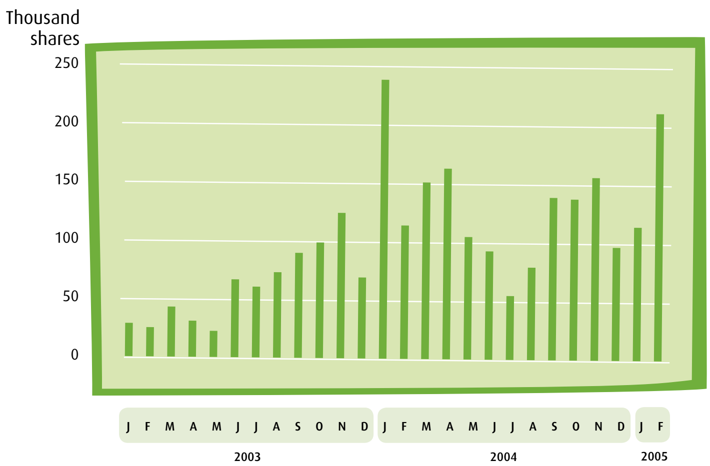
Share price evolution



Umicore vs EuroStoxx 600

Umicore vs Dow Jones Specialty Chemicals Index

Volume (monthly average in thousands)



Data per share

(in €)	Belgian GAAP 2000	2001	IFRS 2002	2003	2004
Equity, Group share	42.95	47.50	45.32	49.39	48.65
Net consolidated profit (loss), Group share (EPS declared)	5.31	5.13	1.45	2.63	6.62
Net recurring consolidated profit (loss), before goodwill amortization, Group share (EPS adjusted)	5.96	5.19	3.07	4.27	7.56
Cash flow before financing	8.83	2.64	7.99	(23.08)	5.43
Gross dividend	1.40	1.40	1.40	1.60	1.95*
Net dividend	1.05	1.05	1.05	1.20	1.43*
Net dividend per share (presented wih VVPR strip)	1.19	1.19	1.19	1.36	1.62*
Share price (in EUR)					
high	42.00	50.40	51.65	56.95	70.30
low	29.85	37.00	32.60	33.25	47.23
close	40.00	44.25	41.13	55.65	69.25
average	37.94	43.97	43.44	45.61	55.67
PER	6.7	8.5	13.4	13.0	9.2
Total number of shares - end of period	25,617,515	22,600,000	22,600,000	25,420,175	25,454,875
Average number of shares - basic EPS	n/a	n/a	22,600,000	22,865,537	25,424,107
Market capitalization (in € million)	1,025	1,000	930	1,415	1,763

(*) Assumes acceptance by shareholders of Board of Directors' proposal of Umicore gross dividend of € 1.65 per share and acceptance by Cumerio shareholders of a dividend of € 0.30 per share which was recommended to Cumerio's Board by Umicore.

	2000	2001	2002	2003	2004
Capital at 31.12 (amounts in thousands)	BEF	€	€	€	€
Issued capital	15,529,240	500,000	500,000	561,947	562,393
Stock option plans				446	768
Total	15,529,240	500,000	500,000	562,393	563,161

	2000	2001	2002	2003	2004
Shareholder base 31.12 (%)					
Suez Tractebel	25.25%	28.62%	28.56%	15.68%	0.54%
Umicore	8.00%	4.07%	8.04%	2.79%	2.87%
Fidelity	n/a	n/a	n/a	n/a	6.06%
Parfimmo	n/a	n/a	n/a	n/a	3.00%
Free float	66.75%	67.31%	63.40%	81.53%	87.53%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Number of shares at 31.12					
Type of shares					
Registered shares	4,810,969	3,887	4,158	4,834	6,223
Bearer shares	20,806,546	22,596,113	22,595,842	25,415,341	25,448,652
Total [1, 2, 3]	25,617,515	22,600,000	22,600,000	25,420,175	25,454,875

1) In 2004 Umicore carried out two capital increases. These amounted to a total of 34,700 shares created as a result of the exercise of stock options with linked subscription rights.
2) In 2003 the company carried out three capital increases. These amounted to 2,820,175 shares with VVPR strips. 2,400,000 shares were created as a result of the equity offering in November 2003, while the remainder were created as a result of the conversion of options in the ESOP 1999 plan into ordinary shares.
3) In 2001 the extraordinary general meetings of 30 March and 21 December decided to cancel 1,617,515 shares and 1,400,000 shares respectively.

Financial Review

Recurring earnings

Net recurring earnings, Group share, for 2004 reached € 181.9 million compared to € 89.6 million in 2003. This represented earnings per share of € 7.15. The year-on-year earnings increase reflected the inclusion of the PMG activities for a full 12 month period as well as strong growth in most of Umicore's business segments.

In line with the accounting rules in effect since 31 December 2003, and pending adoption of IFRS 3 and the revisions to IFRS 36 and 38, goodwill continued to be amortized. A charge of € 10.2 million was therefore recorded in the income statement. Excluding such goodwill amortization, net recurring earnings, Group share were € 192.1 million, corresponding to € 7.56 per share. There will be no amortization of goodwill from the beginning of 2005.

Recurring operating results more than doubled compared to prior year to reach € 263.9 million in 2004, reflecting the first full year contribution of the PMG activities acquired in August 2003 and strong revenue growth in the Advanced Materials and Precious Metals Products & Catalysts segments. The Zinc activities benefited from higher zinc prices expressed in US dollars combined with favourable exchange rates. The profitability of the Copper business showed considerable improvement despite record low market conditions, driven by yield improvements and sales growth. Overall, the Group continued to benefit from favourable US dollar exchange rates to the euro in 2004, as a result of the consistent application of its hedging policy.

Recurring income from associates increased 54% year-on-year to € 27.7 million, due to the increased contribution from joint ventures in Automotive Catalysts and Advanced Materials, as well as the strong performance of Traxys.

Financial results and taxation

Financial charges for the period were € 49.9 million. Of this amount € 31.5 million were interest charges. The interest charge increased year-on-year mainly as a result of the debt arising from the acquisition of PMG in 2003. Financial charges also included an amount of € 9.4 million related to the actualization of non-current provisions. The actualization charge increased by € 3.5 million compared to 2003 as a result of the reduction in discount rates (which are linked to long-term interest rates) during the period. The one-off charges involved in setting up Umicore's medium and long-term financing arrangements at the beginning of 2004 were also included.

The recurring tax charge for the period was € 44.8 million, corresponding to an overall effective tax rate of approximately 21% on pre-tax consolidated income.

Cash flows and debt

Umicore generated pre-tax operating cash flows of € 323 million in 2004, up 22% on 2003. Working capital requirements increased during the year by some € 79 million largely due to the effect of higher metal prices on trade receivables. In proportion to revenue, however, working capital requirements were lower than in 2003.

Capital expenditure was € 162 million. The non-maintenance portion of this expenditure was primarily allocated to growth projects such as the construction of an automotive catalyst plant in Suzhou, China, the new test centre for automotive catalysts in Hanau, Germany, the construction of a facility in Quapaw, Oklahoma, to produce optical assemblies for night vision devices, and the battery materials capacity expansion in South Korea.

Strong cash flows enabled Umicore to pay down its medium-term borrowings and overall net financial debt was reduced to € 562 million, corresponding to a gearing ratio (debt/debt + equity) of 30%. Long-term financial debt increased in 2004 as a result of the arrangements entered into to refinance the PMG acquisition. These consisted of a € 150 million eight-year bond issue and a € 450 million five-year syndicated bank loan of which € 250 million was still outstanding at year-end.

Non-recurring items

Non-recurring items included an insurance indemnification of € 4.4 million following a fire at the Galva45 zinc subsidiary and a € 2.2 million write-down of palladium inventory in Precious Metals Services.

The € 12.5 million loan to Kovanco was written off as a matter of prudence in view of developments affecting the financial condition of the borrower. This charge, which was reported as income from financial investments, was offset to some extent by the write back of impairments recorded in previous years on Umicore's investment in Adastra.

Hedging

Umicore's effective dollar rate for 2004 was 0.96 USD/EUR compared to an average market exchange rate of 1.24 USD/EUR. During 2004 Umicore covered half of its zinc price exposure for the year through a combination of forward sales and a 'collar' operation, resulting in a realized zinc price of USD 1,034 per tonne. In addition, in the second half of the year, Umicore hedged 75% of its zinc price exposure for the year 2005 at an average forward rate of USD 1,156 per tonne. Umicore also took advantage of the higher prices of some metals (notably platinum and silver) to lock in the metal price related income on certain contracts. By also hedging the projected dollar earnings from these operations, Umicore's currency hedging position at 31 December covered two thirds of the US dollar exposure for 2005 at an average rate of 1.13 USD/EUR.

Environmental provisions

No additional environmental provisions were made during 2004. The company signed a Covenant with the Flemish Authority for Waste Treatment (OVAM) in April concerning the remediation of soil in and around Umicore's Flemish sites. Umicore had already built up sufficient provisions in previous years to cover this work. The total amount of environmental provisions at the end of the year was € 129 million.

Post-closing events

In February 2005 Umicore announced a proposal to de-merge its copper business as a separate listed company called Cumerio. The proposal will be submitted to shareholders for approval in the course of April 2005. At the same time, a further focusing of the zinc activities on specialty products was announced, entailing a reduction in zinc production of 130,000 tonnes. These changes are expected to take place in 2005. Readers should be aware that the financial statements and information in the annual report as a whole include the full scope of the company's Copper and Zinc segments.

Glossary financial definitions

EBIT:
Operating profit (loss) of fully consolidated companies + Group share in net profit (loss) of companies accounted for under equity method.
Non-recurring items are shown separately.

Non-recurring EBIT:
Includes non-recurring items related to restructuring measures, impairment of assets, and other income or expenses arising from events or transactions that are clearly distinct from the ordinary activities of the company. Metal inventory write-downs are part of the non-recurring EBIT of the business groups.

Recurring EBIT margin:
Recurring EBIT/revenues (excluding metals).

EBITDA:
EBIT as defined above + (depreciation and amortization + increase in provisions - provisions write-backs + inventory write-downs - inventory write-backs) of fully consolidated companies.

Revenue excluding metals:
All revenue elements - value of purchased metals.

Return on Capital Employed (ROCE):
Recurring EBIT/average capital employed, where EBIT is adjusted for certain financial items such as securitization costs.

Capital employed:
Total equity + net interest-bearing debt.

Capital expenditure:
Investments in tangible and intangible assets.

Cash flow before financing:
Net cash generated by (used in) operating activities + Net cash generated by (used in) investing activities.

Net financial debt:
Non current financial debt + current financial debt - cash and cash equivalents - treasury shares.

EPS:
For EPS calculations treasury shares are included in the total number of outstanding shares.

EPS declared - basic:
Net earnings, Group share/average number of outstanding shares.

EPS declared - fully diluted:
Net earnings, Group share/(average number of outstanding shares + number of potential new shares to be issued under the existing stock option plans).

EPS adjusted - basic:
Net recurring earnings before goodwill amortization, Group share/total number of outstanding shares.

EPS adjusted - fully diluted:
Net recurring earnings before goodwill amortization, Group share/(average number of outstanding shares + number of potential new shares to be issued under the existing stock option plans).

Price Earnings Ratio (PER):
Closing price/Basic EPS adjusted.

Market Capitalization:
Closing price x total number of outstanding shares.

VVPR strips:
The VVPR shares were stripped on 26 March 1999. Coupon No.5 from VVPR shares entitled holders to a sheet of VVPR strips and coupon No.5 of the ordinary shares was cancelled. In Belgium, each VVPR strip, presented together with the ordinary coupon of the same number (before 30 November in the year of dividend payment), gives the bearer the right to a reduced rate of withholding tax. This currently amounts to a reduction from 25% to 15%.

Umicore Group
2004 Financial statements

Contents

Consolidated income statement

	Notes	2004	2003
			(€ thousand)
Turnover	7	7,115,280	4,677,082
Other operating income (*)	7	53,821	38,753
Operating income		***7,169,101***	***4,715,835***
Raw materials and consumables used		5,743,129	3,652,385
Payroll and related benefits	8	603,495	484,120
Depreciation and impairment result		187,087	138,148
Increase & reversal of provisions (*)		8,881	31,036
Other operating expenses	7	365,631	310,474
Operating expenses		***6,908,224***	***4,616,163***
RESULT FROM OPERATING ACTIVITIES		**260,877**	**99,672**
Finance Cost - Net	9	(49,892)	(33,599)
Income from other financial investments	10	(10,189)	(2,426)
Share in result of companies accounted for using the equity method	15	23,626	6,856
PROFIT (LOSS) BEFORE INCOME TAX		**224,422**	**70,503**
Income taxes	11	(41,857)	(2,530)
PROFIT (LOSS) AFTER TAX		**182,565**	**67,973**
Minority interests	22	(14,249)	(7,851)
GROUP PROFIT (LOSS) OF THE PERIOD		**168,316**	**60,122**
Basic earnings per share		6.62	2.63
Diluted earnings per share (**)	35	6.43	2.57
Proposed dividend per share		1.65	1.60

(*) Increase & reversal of provisions includes the reversal of excess provisions which were previously reported as "Other operating income".

(**) Assumes that all stock options which were in-the-money as at the end of the period but not covered by treasury shares would be exercized.

Consolidated balance sheet

(€ thousand)

	Notes	31/12/04	31/12/03
NON-CURRENT ASSETS		**1,385,786**	**1,412,478**
Intangible assets & equity transaction expenses	12	31,369	28,687
Goodwill	13	86,249	91,320
Property, plant and equipment	14	920,690	950,770
Investments accounted for using the equity method	15	204,744	194,466
Financial assets	16	36,875	56,234
Trade & other receivables	19	17,339	8,555
Deferred tax assets	20	87,952	81,974
Assets employee benefits		568	472
CURRENT ASSETS		**1,883,040**	**1,696,184**
Current loans granted		78	131
Inventories	18	963,300	905,558
Trade and other receivables	19	727,409	631,446
Income tax receivables		9,710	5,990
Treasury shares	17	27,946	23,405
Current investments	16	502	561
Cash and cash equivalents	21	154,095	129,093
TOTAL ASSETS		**3,268,826**	**3,108,662**
GROUP SHAREHOLDERS' EQUITY		**1,236,926**	**1,129,365**
Share capital		563,161	562,393
Share premiums		97,212	96,764
Retained earnings		711,675	582,902
Currency translation adjustment		(135,122)	(112,694)
MINORITY INTERESTS	22	**56,777**	**62,594**
NON-CURRENT LIABILITIES		**819,263**	**462,925**
Provisions for employee benefits	25	198,814	201,561
Financial debt	23	414,814	35,501
Trade debt & other payables	24	4,635	4,983
Deferred tax liabilities	20	44,008	39,882
Provisions for environment	27	112,997	112,102
Provisions for other liabilities & charges	28	43,995	68,896
CURRENT LIABILITIES		**1,155,860**	**1,453,778**
Financial debt	23	329,747	736,706
Trade debt & other payables	24	773,819	657,418
Income tax payable		26,189	30,991
Provisions for environment	27	15,522	18,583
Provisions for other liabilities & charges	28	10,583	10,080
TOTAL EQUITY & LIABILITIES		**3,268,826**	**3,108,662**

On 21 February 2005 Umicore's Board of Directors authorized these financial statements for issue.

Consolidated cash flow statement

	Notes	2004	2003
			(€ thousand)
Consolidated profit (loss) (Group share)		168,316	60,122
Minority interests in consolidated profit (loss)	22	14,249	7,851
Profit (loss) of equity companies		(23,626)	(6,856)
Adjustments for non-cash transactions	29	174,501	133,881
Adjustments for items to disclose separately or under investing and financing cash flows	29	67,918	18,731
Change in working capital requirements		(78,562)	50,555
Cash flow generated from operations		**322,796**	**264,284**
Dividend received		9,412	147
Tax paid during the period		(49,280)	(23,324)
Net cash flow generated by (used in) operating activities	29	**282,928**	**241,107**
Acquisitions of property, plant and equipment		(159,563)	(136,256)
Acquisitions of intangible assets		(5,304)	(5,747)
Acquisitions of new subsidiaries (net of cash acquired)	6	18,089	(641,330)
Acquisitions in additional shareholdings in subsidiaries		(674)	(389)
Acquisitions of financial assets		(1,330)	(2,527)
New loans extended		(10,976)	(10,498)
Sub-total acquisitions		***(159,758)***	***(796,747)***
Disposals of property, plant and equipment		12,198	342
Disposals of intangible assets		47	
Disposals of subsidiaries (net of cash disposed)		429	3,006
Disposals of financial fixed assets		655	3,689
Repayment of loans		1,510	20,796
Sub-total disposals		***14,839***	***27,833***
Net cash flow generated by (used in) investing activities	29	**(144,919)**	**(768,914)**
Capital increase		1,216	143,235
Grants received		503	1,523
Own shares		(4,645)	44,720
Interest received (paid)		(22,857)	(18,647)
New loans		677,008	558,768
Repayment of loans		(707,669)	(97,460)
Dividends paid to Umicore shareholders		(39,235)	(28,569)
Dividends paid to minority shareholders		(20,278)	(39,683)
Net cash flow generated by (used in) financing activities	29	**(115,957)**	**563,887**
Effect of exchange rate fluctuations on cash held		(2,964)	(8,805)
Increase (decrease) in cash and cash equivalents		**19,088**	**27,275**
Net cash & cash equivalents at the beginning of period		124,277	97,002
Net cash & cash equivalents at the end of period	21	**143,365**	**124,277**

Consolidated statement of changes in Group shareholders' equity

(€ thousand)

	Share capital	Share premiums	Retained earnings	Translation reserves	TOTAL
Balance at 1 January 2003	**500,000**	**11,139**	**551,986**	**(38,820)**	**1,024,305**
Capital increase	62,393	85,625			148,018
Dividends			(29,206)		(29,206)
Result of the period			60,122		60,122
Currency translation adjustments				(73,874)	(73,874)
Balance at 31 December 2003	**562,393**	**96,764**	**582,902**	**(112,694)**	**1,129,365**
Balance at 1 January 2004	**562,393**	**96,764**	**582,902**	**(112,694)**	**1,129,365**
Capital increase	768	448			1,216
Dividends			(39,543)		(39,543)
Result of the period			168,316		168,316
Currency translation adjustments				(22,428)	(22,428)
Balance at 31 December 2004	**563,161**	**97,212**	**711,675**	**(135,122)**	**1,236,926**

The following amounts included in the reserves are not available for distribution:
- legal reserve: EUR 45,485 thousand
- related to treasury shares: EUR 22,728 thousand.

Notes to the consolidated financial statements

1. Basis of preparation

The company has elected to adopt International Financial Reporting Standards (IFRS)* in accordance with the Belgian Royal Decree of 4 December 2003, which defines the conditions for early adoption of these standards.

The provisions of this decree are in line with European Commission regulation No. 1725/2003 to endorse all International Accounting Standards (IAS) existing on 14 September 2002 with the exception of IAS 32 and 39 and the related interpretations of the IAS Board Standing Interpretation Committee (SIC). Those matters for which no international standard had been approved at the balance sheet date were treated in accordance with Belgian accounting norms. These matters include financial instruments, the classification of own shares in the balance sheet and the cost of equity transactions.

The consolidated financial statements are presented in thousands of euros, rounded to the nearest thousand, and have been prepared on a historical cost basis, except for transactional hedges as disclosed in the accounting policies below.

In the course of 2004, the European Commission endorsed IAS 32 and 39 for the measurement and presentation of financial instruments, together with a number of new standards and enhancements to existing standards, all to become effective as from 2005. The Belgian Royal Decree of 18 January 2005 incorporates the most recent set of IFRS rules as endorsed by the European Commission and makes them applicable for accounting years starting on or after 1 January 2005. Such changes will be reflected in the financial statements of the company starting with the interim statements for the period ending 30 June 2005.

(*) As per the standards and interpretations published by the International Accounting Standards Board (IASB) and the IASB's Standing Interpretation Committee (SIC), respectively.

2. Accounting policies

The company's consolidated financial statements as of and for the year ended 31 December 2004, which were authorized for issuance by the Board of Directors on 21 February 2005, have been prepared in accordance with the legal and regulatory requirements applicable to the consolidated financial statements of Belgian companies. They include those of the company, its subsidiaries and its interests in companies accounted for using the equity method.

2.1. PRINCIPLES OF CONSOLIDATION

Umicore applies a full consolidation for its subsidiaries - enterprises in which the company has control - i.e. the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is presumed when Umicore owns, directly or indirectly through subsidiaries, more than 50% of the voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Note 3 gives a listing of all significant subsidiaries of the company at the closing date.

To account for an acquisition, the purchase method is used. The assets and liabilities of the acquired company are measured at their fair value at the date of acquisition. The cost of acquisition is measured as the fair value of assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the Group's share of the fair value of the net assets of the subsidiary is recorded as goodwill. (see Chapter 2.6. Intangible assets & Equity transaction expenses).

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless a loss is an indication of impairment. Where necessary, the subsidiaries' accounting policies have been changed to ensure consistency with the policies the Umicore Group has adopted.

An associate is an enterprise in which the company has a significant influence over the financial and operating policies, but no control. Typically this is evidenced by an ownership of between 20 to 50% of the voting rights. A joint venture is a contractual arrangement whereby the company and other parties undertake, directly or indirectly, an economic activity that is subject to joint control.

Both associates and joint ventures are accounted for using the equity method. Under this method, the Group's share of the post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves.

Unrealized gains on transactions between the company and its associates or joint ventures are eliminated to the extent of the company's interest in the associates and joint ventures. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment.

The company's investments in associates and joint ventures include the goodwill on acquisitions, net of accumulated amortization.

Note 15 gives a listing of all significant associates and joint ventures of the company as at the closing date.

2.2. INFLATION ACCOUNTING

As at 31 December 2004 there is no subsidiary in the Umicore Group that reports in the currency of a hyperinflation economy.

2.3. FOREIGN CURRENCY TRANSLATION

Measurement currency: items included in financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the measurement currency). The consolidated financial statements are presented in euro which is the measurement currency of the parent. To consolidate the Group and each of its subsidiaries, the financial statements are translated as follows:

- Assets and liabilities at the year-end rate as published by the European Central Bank.
- Income statements at the average exchange rate for the year.
- The components of shareholders' equity at the historical exchange rate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, joint ventures and associated entities at the year-end exchange rate are recorded as part of the shareholders' equity under "currency translation adjustment". Goodwill and fair value ajustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

2.4. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recognized in the measurement currency of each entity at exchange rates prevailing at the date of the transaction. Subsequently, assets and liabilities denominated in foreign currencies are translated at the closing rate at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement as financial result.

In order to hedge its exposure to certain foreign exchange risks, the company has entered into certain forward contracts and options (see Chapter 2.21, Hedging instruments).

2.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at historical cost, less accumulated depreciation and impairment losses. Cost includes all direct costs and appropriate allocation of indirect costs incurred to bring the asset to working condition for its intended use.

There are no borrowing costs capitalized in the costs of the assets. All borrowing costs are recognized as expense in the period when incurred.

Repair and maintenance costs are expensed in the period in which they are incurred, if they do not increase the future economic benefits of the asset. Otherwise they are classified as separate components of items of property, plant and equipment. Those major components of items of property, plant and equipment that are replaced at regular intervals are accounted for as separate assets as they have useful lives different from those items of property, plant and equipment to which they relate while the replaced asset is written-off.

The straight-line depreciation method is applied through the estimated useful life of the assets. Useful life is defined as follows per main type of property, plant and equipment:

Land:	Non-depreciable
Buildings:	
- Industrial buildings	20 years
- Improvements to buildings	10 years
- Other buildings such as offices and laboratories	40 years
- Investment properties	40 years
Plant, machinery and equipment:	10 years
- Furnaces	7 years
- Small equipment	5 years
Furniture and vehicles:	
- Vehicles	5 years
- Mobile handling equipment	7 years
- Computer equipment	3 to 5 years
- Furniture and office equipment	5 to 10 years

Assets are reviewed for an indication of impairment at each balance sheet date to assess whether they are recoverable in the form of future benefits. If the recoverable amount has decreased below the carrying amount, an impairment loss is recognized and accounted for as an operational charge. To assess impairments, assets are grouped in cash-generating units (CGU) at the lowest level for which separately identifiable cash flows exist (see Chapter 2.12 Impairment of assets).

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

2.6. INTANGIBLE ASSETS & EQUITY TRANSACTION EXPENSES

2.6.1. Equity Transaction Expenses

Expenses for formation and capital increase are capitalized if they are not charged against income during the period in which they are incurred. When capitalized they are amortized over a period of five years.

2.6.2. Goodwill

Goodwill represents the excess of the cost of an acquisition of a subsidiary, associate or jointly controlled entity over the Group's share in the fair value of the identifiable assets and liabilities of the acquired enterprise at the date of acquisition. It is amortized on a straight-line basis over a maximum period of 20 years, following an assessment of its useful life.

Goodwill from associates and joint ventures is presented in the balance sheet on the line "Investments accounted for under the equity method", together with the investment itself.

To assess impairment, goodwill is allocated to a CGU. At each balance sheet date, CGUs are assessed for indication of impairment. If such an indication exists, an analysis is performed to determine whether the carrying amount of goodwill is fully recoverable (see Chapter 2.12, Impairment of assets).

Negative goodwill represents the excess of the Group's interest in the fair value of the net identifiable assets acquired over the cost of acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the company's plan related to the acquisition and can be measured reliably, that portion of negative goodwill is recognized in the income statement at the same time as the future losses and expenses. Any remaining negative goodwill, not exceeding the fair value of the non-monetary assets acquired, is amortized in the income statement over the remaining life of those assets. Negative goodwill exceeding the fair value of the non-monetary assets acquired is recognized in the income statement immediately.

2.6.3. Other Intangible Assets

A distinction should be made according to the type of intangible asset:

- Patents, licences: Are amortized over the period of their legal protection.

- Software and related internal development costs: Are amortized over a period of five years.

- Land use rights: Are amortized over the contractual period using a straight-line method.

Market shares and trademarks are not capitalized.

2.6.4. Research and Development

Research costs related to the prospect of gaining new scientific or technological knowledge and understanding are recognized in the income statement as an incurred expense.

Development costs are defined as costs incurred for the design of new or substantially improved products and for the processes prior to commercial production or use. They are capitalized if, among others, the following conditions are met:

- the intangible asset will give rise to future economic benefits, or in other words, the market potential has been clearly demonstrated.
- the expenditures related to the process or product can be clearly identified and reliably measured.

In case it is difficult to clearly distinguish between research or development costs, the costs are considered as being research. If development costs are capitalized they are amortized using a straight-line method over the period of their expected benefit but not exceeding five years.

2.7. LEASE

Lease operations can be divided into two types of lease:

2.7.1. Finance Lease

Leases under which the company assumes a substantial part of the risks and rewards of ownership are classified as finance leases. They are measured at the lower of fair value and the estimated present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables. The interest element is charged to the income statement over the lease period. Assets under finance lease are depreciated over the useful life of the assets according to the rules set out by the company.

2.7.2. Operating Lease

Leases under which a substantial part of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments under operating lease are considered as an expense in the income statement.

2.8. FINANCIAL ASSETS

Financial assets include equity securities, debt securities and loans. They are classified in the balance sheet as non-current or current financial assets, based on the intention or probability of realization within twelve months at the balance sheet date.

Debt securities and loans are recognized at amortized cost; equity securities are recognized at cost. Impairment losses are recognized when the net book value exceeds the recoverable amount of the asset. A reversal of an impairment will be accounted in the case of structural reasons but not above the historical cost.

Own shares, presented as current assets, are recognized at cost.

2.9. INVENTORY

Inventories are carried at the lower of cost or net realizable value. Cost comprises direct purchase or manufacturing costs and an appropriate allocation of overheads.

Inventories are classified as:

1. Base products with metal hedging
2. Base products without metal hedging
3. Consumables
4. Advances paid
5. Contracts in progress

Base products with metal hedging are metal-containing products on which Umicore is exposed to metal price fluctuation risks and where Umicore applies an active and structured risk management to minimize the potential adverse effects on the financial performance of the Group. The metal contents are classified in inventory categories that reflect their specific nature and business use. A weighted average is applied per category of inventory. Depending on the inventory category, appropriate hedging mechanisms are applied (see Chapter 2.21 on Hedging instruments).

Base products without metal hedging and consumables are valued using the weighted-average method.

Impairment write-downs on inventories are recognized when turnover is slow or where the carrying amount is exceeding the net realizable value. Write-downs are presented separately.

Advances paid are down-payments on transactions with suppliers for which the physical delivery has not yet taken place and are booked at nominal value.

Contracts in progress are valued using the percentage-of-completion method.

2.10. TRADE RECEIVABLES

Trade receivables are stated at their nominal value less appropriate allowances for irrecoverable amounts.

2.11. CASH AND CASH EQUIVALENTS

Cash includes cash in hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, have maturity dates of three months or less and are subject to an insignificant risk of change in value.

These items are carried in the balance sheet at nominal value or cost. Bank overdrafts are included in the current liabilities on the balance sheet.

2.12. IMPAIRMENT OF ASSETS

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated.

The recoverable amount is the higher of an asset's net selling price and value in use. To estimate the recoverable amount of individual assets the company often determines the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

Whenever the carrying amount of an asset exceeds its recoverable value, an impairment loss is recognized as an expense immediately.

A reversal of impairment losses is recognized when there is an indication that the impairment losses recognized for the asset or for the CGU no longer exist or have decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.13. SHARE CAPITAL AND RETAINED EARNINGS

Dividends of the parent company payable on ordinary shares are only recognized as a liability following approval by the shareholders.

2.14. MINORITY INTERESTS

Minority interests include a proportion of the fair value of identifiable assets and liabilities recognized upon acquisition of a subsidiary, together with the appropriate proportion of subsequent profits and losses.

In the income statement the minority share in the company profit or loss is separated from the company consolidated result.

2.15. PROVISIONS

Provisions are recognized in the balance sheet when:

- There is a present obligation (legal or constructive) as a result of a past event.
- It is probable that an outflow of resources will be required to settle the obligation.
- A reliable estimate can be made on the amount of the obligation.

A constructive obligation is an obligation that derives from company actions where, by an established pattern of past practice or published policies, the company has indicated that it will accept certain responsibilities and, as a result, the company has created a valid expectation that it will discharge those responsibilities.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date and taking into account the probability of the possible outcome of the event. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The result of the yearly discounting of the provision, if any, is accounted for as a financial result.

The main types of provision are the following:

1. **Provisions for employee benefits** (See Chapter 2.16, Employee benefits).

2. **Environmental obligations**

   Environmental provisions are based on legal and constructive obligations from past events, in accordance with the company's published environmental policy and applicable legal requirements. The full amount of the estimated obligation is recognized, except for the provision for pond covering and restoring the landscape. For this specific type of provision the obligation is gradually recognized following the actual usage of the ponds.

3. **Others**

   Includes provisions for litigation, onerous contracts, warranties, exposure to equity investments and restructuring. A provision for restructuring is recognized when the company has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly before the balance sheet date. Any restructuring provision only includes the direct expenditure arising from the restructuring which is necessarily entailed and is not associated with the ongoing activities of the enterprise.

2.16. EMPLOYEE BENEFITS

2.16.1. Short-Term Employee Benefits

This includes wages, salaries and social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits, and is taken as an expense in the relevant period. Bonuses are received by all company managers and are based on key target financial indicators. The amount of the bonus is recognized as an expense, based on an estimation at the balance sheet date.

2.16.2. Post Employment Benefits (pensions, medical care)

The company has various pension and medical care schemes in accordance with the conditions and practices of the countries it operates in. The schemes are generally funded through payments to insurance companies or trustee-administered funds.

2.16.2.1. Defined Benefit Plans

The company has accounted for all legal and constructive obligations both under the formal terms of defined benefit plans and under the company's informal practices.

The amount presented in the balance sheet is based on actuarial calculations (using the projected unit credit method) and represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service costs, and as reduced by the fair value of the plan assets.

Unrecognized actuarial gains and losses result from differences between actual and estimated actuarial parameters as reflected in the annual update of actuarial calculations. The amortization of actuarial gains and losses, where these exceed 10% of either the projected obligation value (defined benefit obligation) or the value of the assets of the plan (whichever is the higher), are recognized for the full amount in the income statement in the following period.

Unrecognized past service costs result from the introduction of new benefit plans or changes in the benefits payable under an existing plan. The past service costs for which the benefits are not yet vested (the employees must deliver employee services before the benefits are granted) are amortized on a straight-line basis over the average period until the new or amended benefits become vested.

2.16.2.2. Defined Contribution Plans

The company pays contributions to publicly or privately administered insurance plans. The payments are recognized as expenses as they fall due, and as such are included in personnel costs.

2.16.3. Other Long-Term Employee Benefits (jubilee premiums)

These benefits are accrued for their expected costs over the period of employment using an accounting methodology similar to that for defined benefit pension plans. These obligations are in general valued annually by independent qualified actuaries. All actuarial losses or gains are immediately recognized in the income statement.

2.16.4. Termination Benefits (pre-retirement plans, other termination obligations)

These benefits arise as a result of the company's decision to terminate an employee's employment before the normal retirement date or of an employee's decision to accept voluntary redundancy in exchange for those benefits. When they are reasonably predictable in accordance with the conditions and practices of the countries the company operates in, future obligations are also recognized.

These benefits are accrued for their expected costs over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. In general, these obligations are valued annually by independent qualified actuaries. All actuarial losses or gains are immediately recognized in the income statement.

2.16.5. Equity and Equity-Related Compensation Benefits

Different stock option programmes allow company employees and company senior management to acquire shares of the company. The option exercise price equals the market price of the underlying shares at the date of the grant and no compensation cost or obligation is recognized. When the options are exercised either the existing own shares are used or the equity is increased by the amount of the proceeds received.

The impact of employee benefits on results is booked under operating results in the income statement, except for the interest cost and the return on plan assets of the defined benefit plans, which are classified under financial results.

2.17. FINANCIAL DEBT

Borrowings are initially recognized as proceeds received, net of transaction costs. Subsequently they are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Any differences between cost and redemption value are recognized in the income statement.

2.18. TRADE PAYABLES

Trade payables are stated at nominal value.

2.19. INCOME TAXES

Taxes on profit or loss of the year include current and deferred tax. Such taxes are calculated in accordance with the tax regulations in effect in each country the company operates in.

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

Deferred taxes are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. These taxes are measured using the tax rates of the following year.

Deferred tax assets are only recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset and presented net only if they relate to income taxes levied by the same taxation authority on the same taxable entity.

2.20. REVENUE RECOGNITION

2.20.1. Goods Sold and Services Rendered

Revenue from the sale of goods in transformation activities is recognized when significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding recovery of the consideration due, associated costs or the possible return of the goods.

Revenue from refining activities is recognized when the metal reference stage is reached. Metal reference is a generally recognized standard form of metal, with defined metal content, traded on well-established markets for commodities.

Revenue from services rendered is recognized by reference to the stage of completion of the transaction when this can be measured reliably.

2.20.2. Government Grants

A government grant is accounted for in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants are recognized in the income statement over the period necessary to match them with the costs they are intended to compensate.

2.21. HEDGING INSTRUMENTS

The company uses derivative financial and commodity instruments primarily to reduce the exposure to adverse fluctuations in foreign exchange rates, commodity prices, interest rates and other market risks. The company uses mainly spot and forward contracts to cover the metal and currency risk, and swaps to hedge the interest risk. The operations carried out on the futures market are not of a speculative nature.

2.21.1. Transactional Risks

The derivative financial and commodity instruments are envisaged to protect the fair value of underlying hedged items and are recognized initially at a transactional rate. Both instruments and hedged items are subsequently measured at fair value at the balance sheet date via the “Mark-to-Market” mechanism. All gains and losses on the balanced positions are immediately recognized in the income statement - as an operational result if commodity-related and as a financial result if currency and interest related (See also Chapter 2.9 on Inventory). On the unbalanced positions only the losses are recognized. The principle of “Mark-to-Market” is the comparison of the transactional rate with the closing market rate, spot-to-spot or forward-to-forward depending on the transactional rate used.

2.21.2. Structural Risks

Derivative financial and commodity instruments related to the protection of future cash flows are not recognized as operating result until the underlying cash flow is recognized. No “Mark-to-Market” mechanisms are applied.

3. Group companies

Below is a list of the main operating companies included in the consolidated financial statements:

		% interest 2004
Argentina	Umicore Argentina S.A.	100.00
Australia	Umicore Australia Ltd.	100.00
Austria	Oegussa GmbH	90.89
Belgium	Umicore Financial Services S.A. (BE 428.179.081)	99.84
	Umicore Oxyde Belgium N.V. (BE 438.933.809)	100.00
	Umicore Autocatalyst Recycling Belgium N.V. (BE 466.261.083)	100.00
	Umicore Marketing Services Belgium S.A. (BE 402.964.625)	100.00
	Umicore Copper S.A. (BE 859.575.891)	100.00
Brazil	Coimpa Industrial Ltda	100.00
	Umicore Brazil Ltda	100.00
Bulgaria	Umicore Med JSCO	99.77
Canada	Umicore Canada Inc.	100.00
	Umicore Autocat Canada Corp.	100.00
China	Hunan Fuhong Zinc Industrial Co., Ltd.	100.00
	Umicore Marketing Services Shanghai Co., Ltd.	100.00
	Umicore Marketing Services Far East Ltd.	100.00
	Umicore Shanghai Co., Ltd.	75.00
	Umicore Specialty Oxides Shanghai Co. Ltd.	94.00
	Umicore Autocat China Co. Ltd.	100.00
France	Umicore France S.A.S.	100.00
	Umicore Climeta S.A.S.	100.00
	Galva 45	55.00
	Umicore IR Glass S.A.	99.98
	GM Metal	100.00
Germany	Umicore AG & Co. KG (*)	100.00
	Umicore Bausysteme GmbH	100.00
	Umicore Marketing Services Deutschland GmbH	100.00
	Allgemeine Gold- und Silberscheideanstalt AG	90.80
	BrazeTec GmbH	100.00
	Umicore Galvanotechnik GmbH	90.80
	Metall Dinslaken GmbH & Co. KG (*)	100.00
Italy	Umicore Italia s.r.l.	100.00
	Umicore Marketing Services Italia s.r.l.	100.00
	Italbras S.p.A.	100.00
Japan	Umicore Marketing Services Japan KK	100.00
	Umicore Precious Metals Japan Co., Ltd.	100.00

		% interest 2004
Korea	Umicore Korea Ltd.	100.00
	Umicore Marketing Services Korea Co., Ltd.	100.00
Liechtenstein	Umicore Materials AG	100.00
Luxemburg	Sibekalux	80,44
Malaysia	Umicore Malaysia Sdn Bhd	100.00
Netherlands	Schöne Edelmetaal BV	90.80
	Umicore Nederland BV	100.00
Norway	Umicore Norway AS	100.00
Philippines	Umicore Specialty Materials Subic Inc.	78.20
Portugal	Umicore Portugal S.A.	100.00
	Umicore Marketing Services Lusitana Lt da	100.00
Singapore	Umicore Precious Metals Singapore Pte Ltd.	100.00
South Africa	Umicore South Africa (Pty) Ltd.	100.00
	Umicore Autocat South Africa (Pty) Ltd.	55.00
Sweden	Umicore Autocat Sweden AB	100.00
Switzerland	Umicore Strub S.A.	100.00
Taiwan	Umicore Materials Taiwan Co., Ltd.	100.00
Thailand	Umicore Marketing Services Thailand Co., Ltd.	100.00
	Umicore Precious Metals Thailand Ltd.	90.80
United Kingdom	Umicore Coating Services Ltd.	100.00
	Umicore Laser Optics Ltd.	100.00
	Umicore Marketing Services UK Ltd	100.00
	Umicore Precious Metals UK Ltd.	100.00
USA	Umicore USA Inc.	100.00
	Umicore Autocat USA Inc.	100.00
	Umicore Building Products USA Inc.	100.00
	Umicore Precious Metals NJ LLC	100.00
	Umicore Marketing Services USA Inc.	100.00
	Umicore Optical Materials Inc.	100.00

(*) As a result of the integration of Umicore AG & Co. KG and Metall Dinslaken GmbH & Co. KG, these companies are exempted from issuing consolidated financial statements according to § 264b of the German Commercial Code.

4. Foreign currency measurement

For the main currencies applicable within the Group's consolidated entities and investments, the prevailing rates used for translation into the Group's presentation currency (EUR), are as set out below. All subsidiaries, associates and joint-ventures have as measurement currency, the currency of the country in which they operate, except for Umicore Med (Bulgaria), Megapode (Ireland) and Traxys (Luxemburg) where the measurement currency is the US dollar.

		Closing Rates		**Average Rates**	
		2004 (€)	**2003 (€)**	**2004 (€)**	**2003 (€)**
American Dollar	USD	1.36210	1.26300	1.24390	1.13116
Pound Sterling	GBP	0.70505	0.70480	0.67865	0.69199
Canadian Dollar	CAD	1.64160	1.62340	1.61675	1.58168
Swiss Franc	CHF	1.54290	1.55790	1.54382	1.52120
Japanese Yen	JPY	139.65000	135.05000	134.44459	130.97121
Brazilian Real	BRL	3.61556	3.62797	3.64413	3.48361
South African Rand	ZAR	7.68970	8.39495	8.00919	8.54364
Chinese Yuan	CNY	11.27349	10.37863	10.29557	9.37025
Thai Baht	THB	52.99931	49.68612	50.07300	47.02052
Korean Won (100)	KRW	14.10050	15.06320	14.22620	13.46904

5. Segment Information

PRIMARY SEGMENT INFORMATION 2004 (by business group)

(€ thousand)

	Advanced Materials & Syntetic Diamonds	Copper	Precious Metals Products & Catalysts	Precious Metals Services	Zinc	Corporate & Invest-ments	Unallo-cated	Total
Total segment turnover	**547,519**	**1,535,477**	**1,701,955**	**2,660,900**	**968,186**	**236,991**	**(535,748)**	**7,115,280**
of which external turnover	547,519	1,454,462	1,678,748	2,263,781	933,779	236,991		7,115,280
of which inter-segment turnover		81,015	23,207	397,119	34,407		(535,748)	
Operating result	**64,216**	**20,697**	**110,881**	**31,022**	**78,443**	**(44,382)**		**260,877**
Recurring	65,246	20,697	111,288	33, 276	75,997	(42,624)		263,881
Non-recurring	(1,030)		(407)	(2,254)	2,446	(1,759)		(3,004)
Equity method companies	**5,134**		**9,025**	**31**	**2,595**	**6,840**		**23,626**
Recurring	9,257		9,025	31	2,595	6,840		27,748
Non-recurring	(4,122)							(4,122)
Net financial cost							(49,892)	(49,892)
Income from other financial investments							(10,189)	(10,189)
Income taxes							(41,857)	(41,857)
Minority interest							(14,249)	(14,249)
Net profit for the year								**168,316**
Consolidated total assets	**473,630**	**590,800**	**791,485**	**399,215**	**609,463**	**96,295**	**307,938**	**3,268,826**
Segment assets	364,649	590,800	766,279	399,215	566,732	68,469		2,756,144
Investments in associates	108,981		25,206		42,731	27,826		204,744
Unallocated assets							307,938	307,938
Consolidated total liabilities	**87,203**	**196,346**	**197,797**	**165,452**	**260,844**	**78,716**	**988,766**	**1,975,123**
Segment liabilities	87,203	196,346	197,797	165,452	260,844	78,716		986,357
Unallocated liabilities							988,766	988,766
Capital expenditure	**24,867**	**18,917**	**49,222**	**20,899**	**41,492**	**6,324**		**161,721**
Depreciation and amortization	**26,127**	**28,289**	**31,970**	**29,625**	**43,114**	**14,874**	**6,026**	**180,025**
Non-cash expenses other than depreciation	**2,949**	**1,205**	**11,995**	**(2,647)**	**5,850**	**915**		**20,268**
Impairment losses/(Reversal of impairment losses)	**584**		**241**	**305**	**2,681**	**3,251**		**7,062**

SECONDARY SEGMENT INFORMATION 2004 (by geographical area)

(€ thousand)

	Europe	Asia-Pacific	North America	South America	Africa	Total
Total segment turnover	**5,123,600**	**714,784**	**835,075**	**121,528**	**320,293**	**7,115,280**
Total assets	**2,764,904**	**210,773**	**125,573**	**78,839**	**88,736**	**3,268,826**
Capital expenditure	**125,430**	**17,440**	**13,587**	**2,978**	**2,287**	**161,721**

PRIMARY SEGMENT INFORMATION 2003 (by business group)

(€ thousand)

	Advanced Materials & Syntetic Diamonds	Copper	Precious Metals Products & Catalysts	Precious Metals Services	Zinc	Corporate & Invest-ments	Unallo-cated	Total
Total segment turnover	**354,874**	**1,009,861**	**656,822**	**1,838,039**	**810,522**	**227,520**	**(220,556)**	**4,677,082**
of which external turnover	354,874	928,126	645,981	1,717,015	803,566	227,520		4,677,082
of which inter-segment turnover		81,735	10,841	121,024	6,957		(220,556)	
Operating result	**33,933**	**(5,039)**	**39,786**	**45,769**	**19,191**	**(33,966)**		**99,674**
Recurring	36,597	864	39,786	45,769	28,237	(23,275)		127,977
Non-recurring	(2,664)	(5,903)			(9,046)	(10,691)		(28,304)
Equity method companies	**2,397**		**3,078**	**(60)**	**142**	**1,300**		**6,856**
Recurring	13,497		3,078	(60)	142	1,300		17,956
Non-recurring	(11,100)							(11,100)
Net financial cost							(33,598)	(33,598)
Income from other financial investments							(2,428)	(2,428)
Income taxes							(2,530)	(2,530)
Minority interest							(7,852)	(7,852)
Net profit for the year								**60,122**
Consolidated total assets	**381,075**	**576,125**	**696,575**	**474,222**	**560,912**	**128,013**	**291,740**	**3,108,661**
Segment assets	267,567	576,125	680,346	474,081	518,419	105,917		2,622,455
Investments in associates	113,508		16,229	141	42,492	22,096		194,466
Unallocated assets					1		291,740	291,740
Consolidated total liabilities	**62,562**	**195,134**	**152,316**	**160,738**	**284,311**	**56,825**	**1,004,816**	**1,916,703**
Segment liabilities	62,562	195,134	152,316	160,738	284,311	56,825		911,887
Unallocated liabilities							1,004,816	1,004,816
Capital expenditure	**17,896**	**34,469**	**13,678**	**23,201**	**44,951**	**14,125**		**148,320**
Depreciation and amortization*	**14,872**	**26,453**	**13,589**	**23,955**	**30,561**	**10,077**		**119,507**
Non-cash expenses other than depreciation	**(1,422)**	**6,677**	**6,442**	**1,669**	**11,548**	**15,513**		**40,427**
Impairment losses/(Reversal of impairment losses)	**5,499**	4	**18**		**2,765**	**642**		**8,928**

SECONDARY SEGMENT INFORMATION 2003 (by geographical area)

(€ thousand)

	Europe	Asia-Pacific	North America	South America	Africa	Total
Total segment turnover	**3,568,832**	**422,265**	**444,820**	**55,577**	**185,588**	**4,677,082**
Total assets	**2,707,523**	**145,299**	**123,065**	**61,684**	**71,091**	**3,108,661**
Capital expenditure	**132,567**	**7,042**	**5,252**	**1,903**	**1,556**	**148,320**

* Some depreciation charges were re-allocated from Corporate & Investments to the business segments after the publication of the 2003 financial statements.

Segment information is presented in respect of the Group's business and geographical segments.

The primary segmentation reflects the business organization, is based on the Group's management structure and is in line with internal management reporting. The selected segments correspond to the business groups, as defined below, and meet the segment criteria set forward by IFRS. However, for competitive reasons and in line with industry practices, Umicore has elected not to disclose financials of the Automotive Catalysts business separately, as would have been required under IFRS. This business unit is therefore included, for segment reporting purposes, in the Precious Metals Products and Catalysts segment.

The secondary segment is the geographical view whereby the turnover is presented according to the geographical location of the customers, while assets and investments are presented according to their actual geographical location.

The segment results, assets and liabilities include items directly attributable to the segment as well as those elements that can reasonably be allocated to a segment.

The pricing of inter-segment sales is based on an arm's length transfer pricing system. In the absence of relevant market price references, 'cost plus' mechanisms are used.

Business segments

The Group is organized into the following business groups:

Advanced Materials includes the business units Electro-Optic Materials, Engineered Metal Powders and Specialty Oxides & Chemicals. The business group also includes Umicore's share in Megapode.

Zinc includes the Zinc Smelting, Zinc Alloys & Chemicals and Building Products business units as well as Umicore's share in Padaeng Industries Ltd (Thailand).

Precious Metals Products and Catalysts includes the Automotive Catalysts, Thin Film Products, Jewellery & Electroplating, Precious Metals Chemistry and Technical Materials business units.

Precious Metals Services includes the Precious Metals Refining business and the Metals Management unit.

Copper relates to the activities of the Copper business.

Corporate & Investments covers corporate activities as well as some shared services, such as those provided by Umicore Marketing Services or by the Research Development & Innovation unit and also includes the Fuel Cells activity.

The segment also includes Umicore's 50% stake in Traxys, as well as non-consolidated financial investments.

6. Business combinations

Acquisitions

(€ thousand)

	Notes	31/12/04	31/12/03
Intangible assets & equity transaction expenses	12	(221)	5,450
Property, plant and equipment	14	(2,346)	211,920
Investments accounted for using the equity method	15	1,598	23,759
Long-term investment securities			4,782
Long-term loans granted	16	(3,637)	
Long-term receivables			16,330
Deferred tax assets		(273)	10,909
Assets employee benefits			298
NON-CURRENT ASSETS		**(4,879)**	**273,448**
Current loans granted			23,839
Inventories		(120)	426,316
Trade and other receivables			308,815
Income tax receivables		2,457	1,230
Cash and cash equivalents			87,794
CURRENT ASSETS		**2,337**	**847,994**
TOTAL ASSETS		**(2,542)**	**1,121,442**
Minority interests			**34,047**
Translation differences		**360**	
Provisions for employee benefits			83,000
Financial debt			19,392
Deferred tax liabilities		(997)	35,973
Provisions for environment			5,787
Provisions for other liabilities & charges	28	(900)	42,007
NON-CURRENT LIABILITIES		**(1,897)**	**186,159**
Financial debt			65,897
Bank overdrafts			6,050
Income tax payable			21,491
Trade debt & other payables			168,237
Provisions for other liabilities & charges			4,480
CURRENT LIABILITIES			**266,155**
TOTAL LIABILITIES AND MINORITY INTERESTS		**(1,537)**	**486,361**
Group share in net assets acquired		**(1,004)**	**635,081**
Goodwill	13	**276**	**75,939**
Purchase price		(728)	711,020
Non-cash consideration		(3,154)	(11,306)
Purchase price in cash		**2,426**	**722,326**
Post-closing settlements		(20,515)	
Net cash & cash equivalents acquired			**80,996**
Net cash out/(in)		**(18,089)**	**641,330**

In January 2004 Umicore concluded a joint venture agreement with the Chinese producer of nickel hydroxide Jiangmen Chancsun Chemicals Company in which it has taken a 40% interest. Umicore's stake in this joint venture is accounted for through the equity method.

The opening balance sheet of the PMG acquisition was modified to reflect contractual post-closing adjustments and settlements, which has given rise to a change in the valuation of assets and liabilities acquired. These revisions are shown in the line "Acquisitions through business combinations" of notes 12, 14, 16 and 28 further in this financial report.

7. Result from operating activities

(€ thousand)

	2004	2003
Turnover(1)		
Sales	7,056,740	4,608,083
Services	58,540	68,999
	7,115,280	**4,677,082**
Other operating income(2)	**53,821**	**38,753**
Other operating expenses(3)		
Miscellaneous taxes, other than income tax	24,375	22,271
Rents and related charges	25,770	20,700
Sub-contracted major repair & maintenance expenses	51,742	55,513
Fees, commissions and insurance	46,111	36,629
Sub-contracted transport	74,134	67,938
Other services sub-contracted & other consumables	143,120	109,417
Other operating expenses	33,842	21,029
Expenses capitalized as fixed assets	(8,673)	(8,430)
Use of provisions	(28,819)	(16,839)
Capital losses on disposal of assets	4,029	2,246
	365,631	**310,474**

(1) Services mainly include the revenues from tolling contracts.

(2) The reversal of unused provisions previously reported as "Other operating income", has been reclassified to "Increase and reversal of provisions" under operating expenses. The amount reclassified for 2003 is EUR 25,362 thousand. Also included in other operating income are royalties for an amount of EUR 2,878 thousand in 2004 (EUR 1,329 thousand in 2003). The increase in "Other operating income" is mainly due to the inclusion of the PMG businesses for 12 months in 2004 compared to 5 months in 2003 (+ EUR 7.5 million) and to the receipt of some insurance indemnification payments.

(3) R&D expenses for the Group in 2004 amounted to EUR 89 million compared to EUR 42 million in 2003.

Non-recurring results included in the operating results

(€ thousand)

	2004			2003		
	Total	Non-recurring	Recurring	Total	Non-recurring	Recurring
Turnover	7,115,280		7,115,280	4,677,082		4,677,082
Other operating income	53,821	4,378	49,443	38,753		38,753
Operating income	***7,169,101***	***4,378***	***7,164,723***	***4,715,835***		***4,715,835***
Raw materials and consumables used	5,743,130		5,743,130	3,652,385		3,652,385
Payroll and related benefits	603,495		603,495	484,120	1,251	482,869
Depreciation and impairment results	187,087	8,946	178,141	138,148	3,242	134,906
Increase & reversal of provisions	8,881	(1,565)	10,446	31,036	23,571	7,465
Other operating expenses	365,631		365,631	310,474	240	310,234
Operating expenses	***6,908,224***	***7,381***	***6,900,843***	***4,616,163***	***28,304***	***4,587,859***
RESULT FROM OPERATING ACTIVITIES	**260,877**	**(3,003)**	**263,880**	**99,672**	**28,304**	**127,976**

The main non-recurring operating income results from an insurance indemnification at Umicore's 55% owned subsidiary Galva 45.

The non-recurring depreciation and impairment result can be broken down into miscellaneous impairments for an amount of EUR 2,788 thousand and EUR 6,158 thousand of depreciation. The latter consists mainly of the write-down of a zinc stripping machine in Auby, France and some equipment in Hanau, Germany.

8. Payroll and related benefits

(€ thousand)

	Note	2004	2003
Payroll and related benefits			
Wages, salaries and direct social advantages		427,134	335,034
Employer's social security contributions and defined benefit contributions		132,943	117,903
Other charges for personnel		21,945	15,653
Temporary staff		13,028	10,791
Contribution to defined contribution plan		10,560	21,231
Employer's voluntary contributions - other		2,712	2,609
Pensions paid directly to beneficiaries		10,216	9,688
Provisions for employee benefits (+ increase / - use and reversals)	25	(15,043)	(28,789)
		603,495	**484,120**

	2004	2003
Average headcount in fully consolidated companies		
Executives and managerial staff	1,278	1,126
Monthly-paid	4,852	3,755
Hourly-paid	5,391	4,759
TOTAL	**11,521**	**9,640**

9. Finance cost - Net

		(€ thousand)
	2004	**2003**
Net interest charge	(31,537)	(18,758)
Actualization of non-current provisions	(9,369)	(5,974)
Foreign exchange gains & losses	(3,695)	(4,023)
Other financial result	(5,291)	(4,844)
	(49,892)	**(33,599)**

The net interest charge increased from 2003 to 2004 in line with the average level of indebtedness, including interest charges related to the financing of the PMG acquisition for the full year (compared to 5 months in 2003) and reflecting higher working capital requirements in the first part of 2004.

The actualization of non-current provisions relates mainly to employee benefits and, to a lesser extent, environmental provisions. The increase from 2003 to 2004 is due primarily to the decrease in the discounting factor which followed the reduction in mid and long-term interest rates.

Exchange results include realized exchange results and the unrealized translation adjustments to monetary items using the closing rate of the period.

10. Income from other financial investments

		(€ thousand)
	2004	**2003**
Capital gains and losses on disposal of financial investments	42	2,881
Dividend income	1,350	147
Interest income from financial assets	1,059	923
Impairment results on financial investments	(12,640)	(6,377)
	(10,189)	**(2,426)**

An impairment charge of EUR 12.5 million was recorded on the loan that Umicore granted in 2002 to Kovanco, considering the financial situation of the borrower.

The gain on the sale of financial investments recorded in 2003 included the impact from the sale of treasury shares during that year.

11. Income taxes

(€ thousand)

Income tax expense		2004	2003
Recognized in the income statement			
Current tax expense		43,585	16,944
Deferred tax expense (income)		(1,728)	(14,414)
Total tax expense		**41,857**	**2,530**
a) Major components of tax expense (income)			
Current tax expense			
Current year		42,366	16,807
Current tax expense (income) related to prior year		1,219	137
Current year's tax expense		***43,585***	***16,944***
Deferred tax expense (income)			
Relating to the reversal of temporary differences		10,874	(23,991)
Relating to the recognition (origination) of temporary differences (deferred tax assets)		(4,245)	(14,693)
Deferred tax expense relating to change in tax rates or resulting from use of foreign tax rate		(1,991)	19,871
Tax expense arising from the write-down, or reversal of previous write-down, of a deferred tax asset		(6,366)	4,399
Deferred tax expense (income)		***(1,728)***	***(14,414)***
Tax expense on continuing operations		**41,857**	**2,530**
b) Relationship between tax expense (income) and accounting profit			
The charge for the year can be reconciled to the profit of the income statement as follows:			
Profit before tax		224,422	70,504
Deduct share in result of associated companies		(23,626)	(6,856)
Profit before tax consolidated Group companies		200,796	63,648
Tax at the domestic income tax rate of	33.99%	68,251	21,634
Adjustments on tax expenses			
- Other untaxed items			(2,262)
- Non-taxable dividends from investments in non-Group companies		(89)	(165)
- Capital gains taxed at special rates		(289)	
- Other items taxed at special rates		(2,997)	(3,049)
- Sundry tax deductions*		(25,273)	(37,278)
- Sundry amounts disallowed*		41,301	23,990
- Utilization of tax losses and tax credit not previously recognized		(6,366)	
- Effect of different tax rates of subsidiaries operating in other jurisdictions		(7,591)	18,644
- Flat rate or fixed sum tax payments		15	36
- Tax computed on other basis		(26,206)	(19,921)
- Impact of loss for the year		12,387	3,381
- Gain and loss on Group taxation		(97)	(1,005)
- Previous year tax adjustments		(2,601)	949
- Income tax losses brought forward		(8,348)	(2,401)
- Deduction in respect of investment incentive			(23)
- Tax credits		(240)	
Tax expense at effective tax rate for the year		**41,857**	**2,530**

* In order to harmonize the definitions, a reclassification has been done in the figures for 2003 between the items "Sundry tax deductions" and "Sundry amounts disallowed".

The effective tax rate for 2004 was higher than in 2003 as income increased mostly in those subsidiaries which are in a taxable position. Also, in 2003, a non-recurring deferred tax income was recorded in Umicore Med (Bulgaria).

12. Intangible assets other than goodwill and equity transaction expenses

(€ thousand)

	Concessions, patents, licences, etc.	Software	Other intangible assets	Total
NET BOOK VALUE				
At the end of the preceding financial year	**5,854**	**13,256**	**9,577**	**28,687**
- acquisitions through business combinations			(221)	**(221)**
- own production		191	508	**699**
- additions	212	3,952	428	**4,592**
- disposals		4	(11)	**(7)**
- amortization charged (included in "Depreciation and impairments")	(1,196)	(6,022)	(1,117)	**(8,335)**
- impairment losses recognized (included in "Depreciation and impairments")		(77)		**(77)**
- write-back of impairment loss (included in "Other operating income")		50		**50**
- translation adjustments	(24)	5		**(19)**
- other movements	132	10,176	(4,308)	**6,000**
At the end of the financial year	**4,978**	**21,535**	**4,856**	**31,369**
Gross value	10,725	59,738	15,222	**85,685**
Accumulated amortization	(5,747)	(38,203)	(10,366)	**(54,316)**
NET BOOK VALUE	**4,978**	**21,535**	**4,856**	**31,369**

Other intangible assets at the end of 2004 include an amount of EUR 3,747 thousand corresponding to the expenses incurred in the context of the capital increase of 2003 less the accumulated amortization.

Some software development work which was included in other intangible assets as at the end of 2003 has been transferred to software at the time of commissioning.

The line "other movements" includes transfers from "Construction in progress and advance payments" to "Software" (see note 14).

13. Goodwill

(€ thousand)

Goodwill	
NET BOOK VALUE	
At the end of the preceding financial year	**91,445**
- adjustment from subsequent identification of fair value of assets and liabilities	276
- amortization charges (included in "Depreciation and impairments results")	(4,953)
- translation adjustments	(440)
- other movements	3
At the end of the financial year	**86,331**
Gross value	103,452
Accumulated amortization	(17,121)
NET BOOK VALUE	**86,331**

This table only includes goodwill related to fully consolidated companies, while goodwill relating to companies accounted for by the equity method is detailed in note 15.

The goodwill relating to the PMG acquisition was modified as a result of changes in the opening balance and post-closing corrections to the purchase price, as reported in note 6. The net effect of EUR 276 thousand is reported as "Adjustment from subsequent identification of fair value of assets and liabilities".

(€ thousand)

Negative Goodwill	
NET BOOK VALUE	
At the end of the preceding financial year	**(125)**
- negative goodwill recognized as income (included in "Other operating income")	37
- translation adjustments	7
At the end of the financial year	**(82)**
Gross value	(659)
Accumulated negative goodwill recognized as income	577
NET BOOK VALUE	**(82)**

The remaining negative goodwill relates to the acquisition of Fuhong (China) in 2002 and will be recognized as income over the remaining average useful life of the depreciable assets

14. Property, plant and equipment

(€ thousand)

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Construction in progress and advance payments	Total
NET BOOK VALUE						
At the end of the preceding financial year	**280,014**	**550,113**	**43,997**	**1,923**	**74,723**	**950,770**
- Acquisitions through business combinations		(2,371)	25			(2,346)
- additions	8,005	59,395	9,963	276	80,843	158,482
- disposals	(658)	(891)	(359)		(88)	(1,996)
- amounts charged (included in "Depreciation and impairments")	(22,972)	(114,462)	(14,504)	(599)		(152,537)
- impairment losses recognized (included in "Depreciation and impairments")	(320)	(6,637)	(28)			(6,985)
- write-back of impairment loss (included in "Other operating income")	15	1	16			32
- translation adjustments	(2,717)	(9,783)	(165)	(9)	(2,033)	(14,707)
- other movements	5,951	54,907	5,950	115	(76,946)	(10,023)
At the end of the financial year	**267,318**	**530,272**	**44,895**	**1,706**	**76,499**	**920,690**
of which leasing:	*62*	*55*	*70*			*187*
Gross value	608,385	1,765,557	175,612	86,299	76,499	2,712,352
Accumulated amortization	(341,067)	(1,235,285)	(130,717)	(84,593)		(1,791,662)
NET BOOK VALUE	**267,318**	**530,272**	**44,895**	**1,706**	**76,499**	**920,690**
Leasing						
Gross value	*788*	*83*	*105*			*976*
Accumulated amortization	*(726)*	*(28)*	*(35)*			*(789)*
NET BOOK VALUE	***62***	***55***	***70***			***187***

The non-maintenance related additions to property, plant and equipment are attributable to growth projects such as the construction of an automotive catalyst plant in Suzhou, China, the construction of a test centre for automotive catalysts in Hanau, Germany, the construction of an optics plant for night vision assemblies in Quapaw, USA, and the expansion of the production capacity of materials for rechargeable lithium ion batteries in South Korea.

Additions are primarily in the Precious Metals Products and Catalysts, Zinc and Advanced Materials business groups.

There are no pledges on, or restrictions to the title on property, plant and equipment, other than disclosed in note 31.

15. Investments accounted for using the equity method

	Measurement currency	Share of ownership 2004	2003
Associates			
Battery Materials Corporation	JPY	35.00%	35.00%
Ganzhou Yi Hao Umicore Industries	CNY	40.00%	40.00%
IEQSA	PEN	40.00%	40.00%
Megapode	USD	40.22%	40.22%
Padaeng Industry Public Cy Ltd	THB	46.90%	47.27%
Yamanaka Eagle Picher	JPY	35.00%	35.00%
Jiangmen Chancsun Umicore Industry Co., Ltd.	CNY	40.00%	-
Joint ventures			
Cycleon	EUR	-	50.00%
ICT Japan	JPY	50.00%	50.00%
ICT USA	USD	50.00%	50.00%
Ordeg	KRW	50.00%	50.00%
Rezinal	EUR	50.00%	50.00%
Traxys	USD	50.00%	50.00%

(€ thousand)

		Net book value	Goodwill	Total
At the end of the preceding financial year		**139,665**	**54,801**	**194,466**
- Acquisitions through business combinations (note 6)		1,598		1,598
- profit for the year	(a)(b)	28,700		28,700
- dividend distributed or received		(8,747)		(8,747)
- disposal		(131)		(131)
- charge for the period	(b)		(5,074)	(5,074)
- translation adjustments	(c)	(5,009)	(820)	(5,829)
- other movements		(239)		(239)
At the end of the financial year		**155,837**	**48,907**	**204,744**
of which joint ventures		**55,684**	**682**	**56,366**

(a) Includes the EUR 4.0 million non-recurring charges linked to the transition of Megapode to IFRS
(b) Included in "Share of result of companies accounted for by the equity method".
(c) Impact of the lower USD closing rate

Umicore's share in the aggregated balance sheet items of the joint ventures would have been as follows:

(€ thousand)

	31/12/04	31/12/03
Current assets	**226,442**	**184,323**
Non-current assets	**17,871**	**17,740**
Current liabilities	**180,470**	**152,418**
Non-current liabilities	**10,113**	**8,966**

Umicore's share in the aggregated profit and loss items of the joint ventures would have been as follows:

(€ thousand)

	31/12/04	31/12/03
Operating income	**816,541**	**366,036**
Operating expenses	**(789,454)**	**(357,233)**
Operating result	**27,087**	**8,803**
Financial result	**(2,191)**	**(2,543)**
Tax	**(8,478)**	**(2,394)**
Net result Group	**16,418**	**3,866**

The increase in the result of joint ventures from 2003 to 2004 is partly due to the fact that the contribution of Traxys was for 8 months in 2003, and that of ICT Japan, ICT USA and Ordeg for 5 months, compared to a full year contribution in 2004.

16. Financial assets

		(€ thousand)
NON-CURRENT FINANCIAL ASSETS		**31/12/04**
At the end of the preceding financial year		**56,234**
- acquisitions through business combinations		(3,637)
- increase	(a)	3,050
- decrease		(1,394)
- write-downs	(b)	(14,435)
- write-backs of impairment losses	(c)	1,684
- translation adjustments		(793)
- other movements		(3,834)
At the end of the financial year		**36,875**
CURRENT FINANCIAL ASSETS		
At the end of the preceding financial year		**561**
- increase/decrease at acquisition cost		(168)
- write-downs/write-backs		109
At the end of the financial year		**502**

(a) Relates to various smaller investments such as a capital increase in the Canadian venture fund Pangaea.
(b) Relates primarily to the write-down of the Kovanco loan, as detailed in note 10.
(c) Corresponds primarily to the reversal of write-downs recorded in prior periods on Umicore's investment in Adastra.

17. Treasury shares

In 1999 Umicore started to buy back its own shares in accordance with statutory limits and conditions. The authorization to proceed with such share buy-backs was renewed at the Extraordinary General Meeting held on 14 April 2004. Below is an overview of the actions undertaken by Umicore in relation to its own shares:

	Number of shares	Amount in € thousand
Position at 31.12.2003	**710,399**	**23,405**
Purchases	279,033	14,032
Sales/ Exercise of options	(257,745)	(9,491)
Position at 31.12.2004	**731,687**	**27,946**

The loan of 65,000 shares effected with Dexia Bank as part of the management arrangements for stock option plans is carried under "Treasury shares".

The balance of treasury shares as at the end of December 2004 is principally held as coverage of existing stock option plans.

18. Inventories

(€ thousand)

Analysis of inventories	31/12/04	31/12/03
Base products with metal hedging - at cost	799,201	748,997
Base products without metal hedging - at cost	113,392	94,103
Consumables - at cost	95,811	86,743
Write-downs	(46,400)	(39,721)
Advances paid	265	11,857
Contracts in progress	1,031	3,578
Total inventories	**963,300**	**905,558**

Inventories have increased by EUR 57,742 thousand which reflects higher activity levels and the effect of higher metal prices.

Based on metal prices and currency exchange rates prevailing at the closing date, the value of metal inventory would be about EUR 391 million higher than the current book value. However, most of these inventories cannot be realized as they are tied up in manufacturing and commercial operations.

Write-downs on inventories were recorded for a net amount of EUR 6,679 thousand, corresponding to an adjustment of the palladium inventory value to market price and to slow-moving or obsolete products and consumables.

Contracts in progress decreased further due to the continued phasing out of third party engineering activities.

19. Trade and other receivables

(€ thousand)

	31/12/04	31/12/03
Non-current		
Cash guarantees and deposits	16,733	8,244
Trade receivables maturing > 1 year	1,635	
Other receivables maturing > 1 year	(1,029)	311
Total	**17,339**	**8,555**
Current	**31/12/04**	**31/12/03**
Trade receivables	474,798	454,393
Other receivables	223,048	133,319
Interest receivable	255	1,264
Deferred charges and accrued income	29,308	42,469
Total	**727,409**	**631,446**

20. Deferred tax assets and liabilities

(€ thousand)

Tax assets and liabilities	31/12/04	31/12/03
Current tax assets	9,710	5,990
Deferred tax assets	87,952	81,974
Current tax liabilities	(26,189)	(30,991)
Deferred tax liabilities	(44,008)	(39,882)

(€ thousand)

Deferred tax in respect of each type of temporary difference	Assets		Liabilities		Net	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
Property, plant and equipment	1,065	134	(16,791)	(16,109)	(15,726)	(15,975)
Goodwill and intangible assets	230	528	(1,270)	(1,231)	(1,040)	(703)
Other investments	1,494		(2)		1,492	
Inventories	1,940	849	(33,531)	(27,874)	(31,591)	(27,025)
Provisions for pensions	8,073	8,923	(396)	(22)	7,677	8,901
Other adjustments	13,918	15,302	(13,262)	(17,461)	656	(2,159)
Impact loss of the year	539	11,721			539	11,721
Deduction in respect of investment incentive	1,969	2,621	(12)	(12)	1,957	2,609
Tax losses and other unused tax credits	25,458	9,938			25,458	9,938
Non deductible provisions	48,104	48,937	(370)	(549)	47,734	48,388
Amortization/depreciation/write-off disallowance	7,494	6,930	(706)	(533)	6,788	6,397
Total tax assets/liabilities	110,284	105,883	(66,340)	(63,791)	43,944	42,092
Compensation of assets & liabilities within same entity	(22,332)	(23,909)	22,332	23,909		
Net amount	**87,952**	**81,974**	**(44,008)**	**(39,882)**	**43,944**	**42,092**
Net tax assets/liabilities	**43,944**	**42,092**				
Amount of deductible temporary differences, unused tax losses or tax credits for which no deferred tax asset is recognized in the balance sheet	**52,418**	**61,308**				

21. Cash and cash equivalents

(€ thousand)

	31/12/04	31/12/03
Short-term investments: bank term deposits	17,442	15,706
Short-term investments: term deposits (other)	4,427	5,561
Cash in hand and bank current accounts	132,226	107,826
	154,095	**129,093**
Bank overdrafts (included in current financial debt in the balance sheet)	(10,730)	(4,816)
Net cash as in Cash Flow Statement	***143,365***	***124,277***

22. Minority interests

These consist mainly of third-party shareholders' interests in the equity and net income of:

	31/12/04	31/12/03
Allgemeine Gold- und Silberscheideanstalt AG	9.20%	9.20%
Allgemeine France	9.20%	9.20%
Galva 45	45.00%	45.00%
Oegussa	9.11%	9.11%
Schöne Edelmetaal	9.20%	9.20%
Sibeka	19.56%	19.56%
Umicore Autocat South Africa Pty	45.00%	45.00%
Umicore Financial Services	0.16%	0.33%
Umicore Galvanotechnik	9.20%	9.20%
Umicore Med JSCO	0.23%	0.23%
Umicore Precious Metals Thailand	9.20%	31.90%
Umicore Shanghai	25.00%	25.00%
Umicore Specialty Materials Subic	21.80%	21.80%
Umicore Specialty Oxides Shanghai	6.00%	-

Movements in minority interests

	(€ thousand)
At the end of the preceding financial year	**62,594**
- Change in scope	(373)
- Minority share in consolidated profit (loss)	14,249
- Dividends paid	(20,371)
- Currency translation adjustments	678
At the end of the financial year	**56,777**

In 2004 Umicore has created Umicore Specialty Oxides Shanghai, China for the production of cobalt oxides in which it holds an interest of 94%. Allgemeine Gold- und Silberscheideanstalt AG, a 90.8% subsidiary of Umicore, has increased its stake in Umicore Precious Metals Thailand up to 100%.

Dividends paid relate mainly to dividends paid out by Umicore Autocat South Africa Pty and Sibeka.

23.a. Financial debts

(€ thousand)

NON-CURRENT	Capital lease debts and similar obligations	Bank loans	Other loans	Total
At the end of the preceding financial year	**5,582**	**29,677**	**242**	**35,501**
- Increase	14	600,000		**600,014**
- Decrease	(57)	(200,013)	(26)	**(200,096)**
- Translation adjustments		(572)		**(572)**
- Transfers	(362)	(19,694)		**(20,056)**
- Other movements		7	16	**23**
At the end of the financial year	**5,177**	**409,405**	**232**	**414,814**

CURRENT PORTION OF LONG-TERM FINANCIAL DEBTS	Capital lease debts	Bank loans	Other loans	Total
At the end of the preceding financial year	**77**	**57,539**	**55**	**57,671**
- Increase / decrease	333	(36,409)	(16)	**(36,092)**
At the end of the financial year	**410**	**21,130**	**39**	**21,579**

CURRENT	Short-term bank loans	Bank overdrafts	Other loans	Total
At the end of the preceding financial year	**671,698**	**4,816**	**2,521**	**679,035**
- Increase / decrease	(385,264)	5,914	8,482	**(370,868)**
At the end of the financial year	**286,434**	**10,730**	**11,003**	**308,167**

The acquisition of PMG in 2003 was initially financed through a short-term syndicated credit facility of EUR 725 million. This facility was refinanced in the course of 2004 through the issue of an 8 year bond for EUR 150 million and a 5 year syndicated bank loan of EUR 450 million. Strong cash flow generation resulted in part of the latter being reimbursed in the second half of 2004.

23.b. Long-term financial debts

(€ thousand)

A. Analysis by maturity dates	2006	2007	2008	Beyond 2008	Total
Capital lease debts and similar obligations	384	389	395	4,009	**5,177**
Long-term bank loans	251,644	7,620	79	150,062	**409,405**
Other long-term loans	232				**232**
Non-current financial debts	**252,260**	**8,009**	**474**	**154,071**	**414,814**

B. Analysis of long-term debts by currencies (including current portion)	EUR	USD	Other currencies	Total
Capital lease debts and similar obligations	5,584		3	**5,587**
Long-term bank loans	418,612	11,896	27	**430,535**
Other long-term loans	233		39	**272**
Non-current financial debts	**424,429**	**11,896**	**69**	**436,394**

24. Trade debt and other payables

(€ thousand)

NON-CURRENT	Deferred income goverment grants	Trade and other long-term debts	Total
At the end of the preceding financial year	**4,812**	**171**	**4,983**
- Increase	503	48	551
- Recognized in result	(625)		(625)
- Translation adjustments	(211)		(211)
- Transfers	(63)		(63)
At the end of the financial year	**4,416**	**219**	**4,635**

CURRENT	31/12/04	31/12/03
Trade payables	363,961	347,767
Advances received on contracts in progress	83	3,362
Taxes payable other than income tax	10,639	8,781
Payroll and social security payables	104,881	99,361
Other amounts payable	195,733	129,664
Dividends payable	1,655	1,309
Accrued interests payable	8,213	1,471
Accrued charges and deferred income	88,654	65,704
	773,819	**657,418**

25. Provisions for employee benefits

The Group has various legal and constructive defined benefit obligations, the vast majority of which are situated in the Belgian, French and German operations, most of them being 'final pay' plans.

(€ thousand)

	Post-employment benefits, pensions & similar	Post-employment benefits -other	Termination benefits early retirement & similar	Other long-term employee benefits	Total
At the end of the previous year	**83,744**	**16,961**	**81,138**	**19,719**	**201,561**
- Increase/Reversal (included in "Payroll and related benefits")	7,299	1,190	4,226	511	13,226
- Use (included in "Payroll and related benefits")	(7,361)	(992)	(18,417)	(1,500)	(28,270)
- Actualization (included in "Finance Cost-Net")	3,589	15	3,194	684	7,482
- Translation adjustments	(268)	(100)	1		(367)
- Transfers		(231)	5,881	(578)	5,072
- Other movements	110				110
At the end of the financial year	**87,113**	**16,843**	**76,022**	**18,836**	**198,814**

(€ thousand)

	31/12/03	**Movement 2004**	**31/12/04**
Belgium	79,930	(4,862)	75,068
France	23,453	(768)	22,685
Germany	80,689	3,893	84,582
Subtotal	**184,072**	**(1,737)**	**182,335**
Other entities	17,489	(1,010)	16,479
Total	**201,561**	**(2,747)**	**198,814**

The 2004 movements include the regular uses and increases in all entities, a settlement related to an agreed upon abandoning of a post-employment death insurance benefit plan in France and some additional pre-retirement obligations following the 2003 restructuring programmes in Belgium.

The following disclosure requirements under IAS 19 were derived from the reports from external actuaries on the material benefit plans of the Belgian, French and German operations.

(€ thousand)

Belgium - France - Germany

Material employee benefit obligations	31/12/03	Movement 2004	31/12/04
Post-employment benefits - pensions and similar	69,415	4,566	73,981
Post-employment benefits - other	14,210	(419)	13,791
Termination benefits - early retirement and similar	79,275	(4,665)	74,610
Other long-term employee benefits	18,568	(304)	18,264
Total material plans	**181,468**	**(822)**	**180,646**
% of total Belgium-France-Germany	98.6%		99.1%
% of total employee benefits	90.0%		90.9%

Pension plans in Belgium and France are funded with assets covering a substantial part of the obligations. All other plans are unfunded.

(€ thousand)

Amounts recognized in the balance sheet at year end	2004	2003
Present value of obligations funded plans	82,851	79,453
Fair value of plan assets funded plans	(63,284)	(62,366)
Present value of obligations unfunded plans	170,190	168,759
Total funded status	**189,758**	**185,846**
Unrecognized actuarial (losses) gains	(7,322)	(2,601)
Unrecognized past service (costs) gains	(1,790)	(1,777)
Liability in the balance sheet	**180,646**	**181,468**
Amounts recognized in the income statement of the year		
Service cost and new obligations	6,313	9,355
Interest cost	11,887	9,353
Expected return on plan assets	(3,184)	(2,607)
Amortization of actuarial losses (gains)	956	(1,019)
Amortization of past service costs (gains)	144	160
Curtailment and settlements	(515)	(320)
Total expense / income of the financial year	**15,600**	**14,921**
Movement in the liability recognized in the balance sheet		
At the end of the preceding financial year	**181,468**	**118,370**
Total expense / income - as shown above	15,600	14,921
Liabilities acquired through business combinations		75,301
Contributions paid	(22,218)	(32,817)
Transfers from other provisions	5,796	5,693
At the end of the financial year	**180,646**	**181,468**
Weighted average discount rate used	**4.51%**	**4.81%**

The interest cost and return on plan assets are recognized under the finance cost in the income statement (see note 9). All other elements of the expense of the year are classified under the operating result. Transfers from other provisions cover pre-retirement obligations negotiated in 2004 with the employee representatives after the announcement in 2003 of the restructuring of the Balen site, the estimates of which were initially booked under the restructuring provisions in that period (see note 28).

26. Stock option plans granted by the company

Plan	Expiry date	Exercise	Exercise price EUR (the exercise price may be higher in certain countries)	Number of options still to be exercised
Subscription rights 1994 - 1998		at any time except for the		
	20.03.2006	last 10 or 11 days of	54.94	1,000
	20.03.2007	March, June, September	55.23	1,000
	20.03.2008	and December	62.96	1,000
				3,000
ESOP 1999 (10 years)	10.06.2009	once a year: from May 20	36.60	135,280
		until June 10	37.29	50,920
				186,200
ISOP 2000 (7 years)	13.03.2007	all working days of	30.50	85,915
	31.05.2007	Euronext Brussels	32.57	23,420
	(in certain countries other than Belgium)		34.78	23,000
			39.50	750
				133,085
ISOP 2001 (7 years)	14.03.2008	all working days of	41.44	23,580
		Euronext Brussels	41.80	2,575
			42.43	287,685
				313,840
ISOP 2002 (7 years)	14.03.2009	all working days of	38.02	4,150
		Euronext Brussels	46.11	26,510
			48.15	324,545
				355,205
ISOP 2003 (7 years)	13.03.2010	all working days of	34.18	308,755
		Euronext Brussels	35.10	24,530
				333,285
ISOP 2003 bis	13.03.2010	all working days of	44.00	13,000
		Euronext Brussels		
				13,000
ISOP 2004	11.03.2011	all working days of	52.05	97,800
		Euronext Brussels	53.70	33,500
				131,300
Total				**1,468,915**

- ESOP refers to “Employee Stock Option Plan” (worldwide plan for hourly and monthly-paid employees and managers).
- ISOP refers to “Incentive Stock Option Plan” (worldwide plan for managers).
- The ISOP 2003 bis plan has been set up in the first semester of 2004 for executives of PMG who joined Umicore as a result of the acquisition.

27. Environmental provisions

(€ thousand)

	Provisions for soil clean-up & site rehabilitation	Other environmental provisions	Total
At the end of the preceding financial year	**90,753**	**39,933**	**130,685**
- Increase / (reversal) (included in "Increase and reversal of provisions")	650	6,854	7,504
- Use (included in "Other operating expenses")	(5,677)	(5,969)	(11,646)
- Actualization (included in "Finance Cost-Net")	1,737	150	1,887
- Translation adjustments	34	(9)	25
- Other movements		64	64
At the end of the financial year	**87,497**	**41,022**	**128,519**
of which: - Non-current	77,145	35,852	112,997
- Current	10,352	5,170	15,522

The company signed a Covenant with the Flemish Authority for Waste Treatment (OVAM) in April 2004 concerning the remediation of soil in and around Umicore's Flemish sites. Umicore had already built up sufficient provisions in previous years to cover this work. A number of studies were conducted in 2004 on all Flemish sites and, on the Balen site in particular, the remediation works have commenced which explain the major part of the EUR 5.7 million use of provisions. The net increase of EUR 0.7 million relates to soil clean up liabilities recognized under the constructive obligation principles at Roodepoort, South Africa.

As far as can be assessed today, the provisions in the balance sheet as at 31 December 2004, including those related to constructive obligations recorded according to the IFRS accounting policies, should be sufficient to adequately address the remediation of all substantive risks related to historical pollution.

The other environmental provisions cover mainly the liabilities related to the covering of the goethite ponds of the zinc smelting operations in Auby, France and Balen and Overpelt, Belgium and the liabilities related to the treatment of some waste material in Balen, Belgium (Zinc segment) and Olen, Belgium (Advanced Materials segment).

28. Provisions for other liabilities and charges

(€ thousand)

	Provisions for reorganization & restructuring	Provisions for other liabilities and charges	Total
At the end of the previous year	**27,965**	**51,011**	**78,976**
- Acquisitions through business combinations	(900)		(900)
- Increase / (reversal) (included in "Increase & reversal of provisions")	(586)	1,899	1,313
- Use (included in "Other operating expenses")	(6,136)	(11,556)	(17,692)
- Translation adjustments	7	(254)	(247)
- Transfers	(5,796)	(1,020)	(6,816)
- Other movements	(70)	14	(56)
At the end of the financial year	**14,484**	**40,094**	**54,578**
of which: - Non-current	10,028	33,967	43,995
- Current	4,456	6,127	10,583

Provisions for other liabilities and charges have decreased from EUR 78,976 thousand to EUR 54,578 thousand mainly due to the use of these provisions.

As previously announced, restructuring measures in refining operations at Hanau, Germany, and engineering activities in Belgium, were carried out for EUR 6,136 thousand. The EUR 5,796 thousand transfers cover pre-retirement obligations negotiated with the employee representatives after the announcement of the restructuring of the Balen site, which were transferred to the related provisions for Employee Benefits (see note 25).

The provisions for other liabilities and charges cover mainly tax, litigations and warranty matters.
The EUR 11,556 thousand use of the provisions for other liabilities and charges relates mainly to tax files in Brazil and Germany and warranty files in Germany.

29. Notes to the cash flow statement

Definitions

The cash flow statement identifies operating, investing and financing activities for the period.

The indirect method was used for the operating cash flows. The net profit and loss is adjusted for:

- the effects of non-cash transactions such as provisions, write-downs, etc., and the variance in operating capital requirements.
- items of income or expense associated with investing or financing cash flows.

(€ thousand)

	31/12/04	31/12/03
Adjustments for non-cash transactions		
Depreciation	165,839	127,269
Negative goodwill taken in result	(37)	(41)
(Reversal) Impairment charges	8,417	14,968
Write-downs (backs) on financial assets	12,640	747
Inventories and bad debt provisions	13,879	1,644
Depreciation on government grants	(625)	(1,618)
Change in provisions	(25,612)	(9,088)
	174,501	**133,881**
Adjustments for items to disclose separately or under investing and financing cash flows		
Tax charge of the period	41,857	2,530
Interest (income) charges	30,479	17,835
(Gain) loss on disposal of fixed assets	(3,068)	(1,487)
Dividend income	(1,350)	(147)
	67,918	**18,731**

The variance of the line “Change in working capital requirements” represents the difference in inventories, trade and other receivables and trade and other payables, where necessary restated for:

- Write-downs and provisions for bad debts
- Impact of changes in the scope of consolidation
- Impact of currency translation differences

The investing cash flows related to acquisitions (and disposals) of subsidiaries are reported net of the cash acquired (or disposed of) (see note 6, “Business combinations”).

Comments on the cash flow statement

A) Net cash flow generated by operating activities

The 2004 operational cash flow is EUR 41,821 thousand higher than the comparable figure for 2003, despite higher working capital requirements, reflecting the strong operating performance across businesses. Working capital requirements increased by EUR 78,562 thousand as a result of sales growth and reflecting the effect of higher metal prices. This effect was more pronounced in the first half of the year due to seasonal patterns.

Taxes paid during 2004 increased by EUR 25,956 thousand compared to 2003 in line with the increase in profits generated during the year.

B) Net cash flow used in investing activities

Net cash requirements for investing activities decreased by EUR 623,995 thousand in 2004, starting from a high base in 2003 which included the PMG acquisition. However, capital expenditures in tangible and intangible assets for the period were EUR 22,864 thousand higher than 2003 (an increase of 16%).

C) Net cash flow used in financing activities

The cash flow used in financing activities is mainly due to the payment of dividends (EUR 59,513 thousand), the net decrease of loan payables (EUR 30,661 thousand) and the payment of interests on these loans (EUR 22,857 thousand).

30. Financial instruments

Each of the Group's activities is exposed to a variety of risks, including changes in metal prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme seeks to minimize the adverse effects on the financial performance of the Group by hedging these risks through the use of financial instruments.

30.1. Currency Risk

Umicore's currency risk can be split into three distinct categories: structural, transactional and translational.

30.1.1. Structural Risk

A portion of Umicore's revenues are denominated in USD, while many of the operations are located outside the USD zone (particularly in Europe). Any change in the USD exchange rate against the Euro will have an impact on the company's results.

In the absence of any hedging of the US dollar exposure and at prevailing exchange rates at the end of 2004 a strengthening of the US dollar by 1 US cent gives rise to an increase in the operating result in the order of EUR 3.5 million on an annual basis. Conversely, a weakening of the dollar by 1 US cent against the Euro gives rise to a decrease of the same magnitude on an annual basis.

Umicore set up hedging arrangements in the years 2000 to 2004 in respect of the years 2000 to 2005. These transactions were entered into in order to secure Umicore's profitability and cash flows.

In 2004 the effective exchange rate obtained by the Group was 0.96 USD/EUR. This was largely the result of Umicore having hedged 85% of its USD exposure at a rate of 0.91 USD/EUR.

For 2005 Umicore has hedged about two thirds of its currency risk at an average rate of 1.13 USD/EUR.

The sensitivity level is a short-term guide and is somewhat theoretical since the exchange rate level often impacts changes in commercial conditions negotiated in US dollars and elements outside Umicore's control, such as the influence that the dollar exchange rate may have on dollar-denominated metals prices, movements which have an effect on Umicore's earnings (see Metal Price Risk below). There is also a sensitivity to certain other currencies such as the Brazilian real and the South African rand.

30.1.2. Transactional Risk

The company is also subject to transactional risks in respect of currencies, i.e. the risk of currency exchange rates fluctuating between the time the price is fixed with a customer or supplier and the time the transaction is settled. Umicore systematically hedges against such transactional risk, primarily through forward contracts.

30.1.3. Translational Risk

Umicore is an international company and has operations which do not use the Euro as their reporting currency. When such results are consolidated into Umicore's Group accounts the translated amount is exposed to variations in the value of such local currencies against the Euro. Umicore does not hedge against such risk (See Notes 1 and 2, Basis of preparation and Accounting policies).

30.2. Metal Price Risk

30.2.1. Structural risk

Umicore is exposed to structural metals-related price risks. Those risks derive mainly from the impact that metal prices have on treatment/refining charges and on surplus metals recovered from materials supplied for treatment.

The risk is primarily related to zinc where, in the absence of any hedging mechanisms, a change of USD 100 per tonne in the zinc price leads to a short-term sensitivity at operating level of EUR 20 million per annum. Except for precious metals the impact of a price change for the other metals is not significant.

For zinc, the Group decided to hedge approximately three quarters of its zinc price exposure for 2005 by way of forward sales at an average forward price of USD 1,156 per tonne.

In the Precious Metals Services division, where the Group primarily produces platinum, palladium, rhodium, gold and silver, Umicore has, on occasion, hedged long-term price risks relating to certain supply agreements. In the absence of any hedging mechanisms, the short-term sensitivity to precious metals prices is difficult to assess due to the variability of the division's feed over time, although higher prices generally tend to be earnings enhancing. Additionally, Umicore took advantage of the high prices which prevailed for platinum and silver in 2004 to hedge part of the exposure related to those metals for 2005 and 2006.

30.2.2. Transactional risk

The Group faces transactional price risks on metals purchased and sold.

The raw materials used and the metals or products manufactured by Umicore are generally purchased and sold on the same basis, for instance using the relevant London Metal Exchange quotations, thereby allowing the use of certain hedging instruments. In this respect the Group's policy is to hedge the transactional risk to the maximum extent possible, primarily through forward contracts. Transactional risk is the risk of the price of the metal fluctuating between the time the price is fixed with a customer or a supplier and the time the transaction is settled.

30.3. Interest Rate Risk

The Group's exposure to changes in interest rates relates to the Group's financial debt obligations. At the end of December 2004, the Group's net financial debt stood at EUR 562 million about 72% of which was subject to floating interest rates. As part of the management of its overall costs of funding, the Group has hedged part of its interest rate risk exposure by entering into interest rate swaps: the notional amount stands at EUR 216 million for 2005, being increased to EUR 258 million in 2006, with maturity dates between 2 to 4 years from end of 2004.

31. Off balance sheet commitments

(€ thousand)

Rights and commitments not reflected in the balance sheet	2004	2003
- Guarantees constituted by third parties on behalf of the Group	33,940	39,115
- Guarantees constituted by the Group on behalf of third parties	33,774	37,464
- Guarantees constituted by the Group on own assets and for own account		2,500
- Guarantees received	32,316	36,081
- Property and securities held by third parties in their own names but at the Group's risk (*)	327,674	277,636
- Commitments to acquire and sell fixed assets	235	281
- Forward and options contracts:		
• Commodities purchased (to be received)	326,713	345,356
• Commodities sold (to be delivered)	668,419	555,726
• Currencies purchased (to be received)	830,334	1,511,912
• Currencies sold (to be delivered)	834,360	1,511,804
• Interest rate swaps	216,000	303,000
• Currency swaps	3,390	
- Property and securities of third parties held by the Group	639,126	557,504
- Miscellaneous rights and commitments	6,904	7,210

(*) The figure for 2003 includes entries which were made after the publication of the 2003 financial statements.

32. Contingencies

The Group has certain pending files that can be qualified as contingent liabilities or contingent assets, according to the definition of IFRS.

Environmental issues

See note 27 on environmental provisions where the topic is covered in detail including the status from a contingency point of view.

Barclays Physical Trading Ltd

Pursuant to the opening of the insolvency proceedings against Enron, Umicore put an end to two contracts for the sale of copper cathodes as it had not obtained payment for the lots sold. Before delivery by Umicore, Enron had already sold 11,000 tonnes to Barclays Physical Trading Ltd within the frame of a financing arrangement entered into by these two companies.

In January 2002 Barclays Physical Trading Ltd initiated legal proceedings against Umicore to obtain delivery of these cathodes or a payment of USD 16.2 million (interest to be added). In June 2003 the Brussels Court rejected this claim as unfounded and ordered Barclays Physical Trading to pay damages of EUR 793 thousand to Umicore. Barclays lodged an appeal against this judgement before the Brussels Court of Appeal; pleadings will probably take place in the course of the judicial year 2005-2006. Meanwhile, Barclays Physical Trading Ltd has blocked the sum of EUR 793 thousand with a bailiff.

Concerning Enron, Umicore has declared its claims to the judicial administrators who still have to take a final position with regard to same.

Plastic Investment Company

In June 1999, Umicore sold to Plastic Investment Company (PIC), a subsidiary of the Belgian-listed company TrustCapital, its stake in Overpelt Plascobel (OVP) for a price of EUR 15.49 million (BEF 625 million). In April 2000, PIC initiated a legal procedure aiming at obtaining damages amounting to the original purchase price for use of fraudulent and deceptive actions by Umicore during the negotiation process to mislead the purchaser about OVP's substance and its level of profitability. Umicore strongly objected to this and filed a memorandum detailing its position with the Commercial Court of Brussels in September 2002. As of today the proceeding is still pending but Umicore also believes that the case developed by PIC is without any merit.

Former employees of Gécamines

Several former employees of Gécamines, the Congolese state-owned entity which took over the assets of Union Minière in 1967 following its expropriation, filed claims against Umicore for the payment of amounts due by Gécamines following their dismissal by the latter. Société Générale des Minerais, whose rights and obligations have been taken over by Umicore following several reorganizations, had indeed accepted, from 1967 to 1974, to pay certain employees of Gécamines certain elements of their remuneration in the event of default by Gécamines. In 1974, Gécamines had agreed to hold Umicore harmless in this respect. The validity of this guarantee might be contested, however Umicore believes that this position is without any merit.

Even if Umicore would be forced in certain cases to pay certain amounts to former employees, the company believes that overall, and based on current prevailing case law, the outcome of these procedures should not have a major financial impact on the Group. It is, however, impossible to make any prediction on the final settlement of this proceeding.

VAT settlement with the Belgian special tax inspection, examined by the European authorities

Although the company believed it had solid arguments to successfully defend itself against the claim of the Belgian special tax inspection ("BBI/ISI") before the courts, in December 2000 the Group entered into a settlement agreement with the Belgian special tax inspection regarding VAT allegedly due on the intra-community delivery of silver to Italian and Swiss companies. The company's settlement with the Belgian tax authorities on this issue is legally valid, final and subject to confidentiality. However, a complaint against unknown persons was filed by a few individuals leading to an official investigation. This has led to documents pertaining to the settlement being seized both at the premises of the company as well as the premises of the special tax inspection. The company firmly believes that, as far as it is concerned, this complaint is without merit. The European Commission has recently launched a formal investigation with respect to state aid in relation to the settlement as described above. Umicore is confident that this investigation will not conclude on the existence of state aid.

Pension liabilities issue with Element Six

In the course of 2004, Element Six, the joint-venture partner in Megapode, decided to charge previously identified pension deficits at one of its fully owned subsidiaries in the UK to Megapode on the grounds of services rendered in the past by that subsidiary to Megapode. These charges amounted the USD 29.5 million, of wich Umicore's share would have been EUR 9.5 million.

In the absence of any contractual agreement between the parties or any other basis which would justify a transfer of liabilities, Umicore disputes that Megapode may be held liable for any pension deficit arising at a company in which it holds no interest, and has therefore discarded the above mentioned charges when integrating the financial statements of Megapode. Discussions are ongoing with Element Six regarding this matter.

Others

In addition to the above, the Group is the subject of a number of claims and legal proceedings incidental to the normal conduct of its business. Management does not believe that such claims and proceedings are likely, on aggregate, to have a material adverse effect on the financial condition of Umicore.

33. Related parties

(€ thousand)

INCOME STATEMENT	2004	2003
Purchases	170,662	59,036
Services bought	1,804	1,730
Financial expenses	2	23
Sales	69,316	27,878
Services delivered	1,735	1,300
Financial income	2	142
Dividends received	8,747	
BALANCE SHEET		
Long-term trade and other receivables	2,560	2,771
Current trade and other receivables	23,263	1,847
Current trade and other payables	30,463	5,601

The increased amount of sales and purchases is essentially due to the inclusion of Ganzhou Yi Hao Umicore Industries, China and to the rise in the number of transactions with Traxys.

Relations with Board Members and Executive Committee members are covered in the "Corporate Governance" section

34. Events after the balance sheet date

Umicore announced after the Board of Directors meeting of 21 February 2005 that a gross dividend of EUR 1.65 per share would be proposed to the Annual Shareholders Meeting, corresponding to a total dividend payment of EUR 41,065,510 based on the total number of outstanding shares but excluding treasury shares.

Umicore decided on 21 February 2005 to reduce its annual zinc production by 130,000 tonnes which should start to take effect during the second half of 2005. These cutbacks will affect essentially the French sites in Auby and Calais.

The Board of Directors of Umicore also decided on 21 February 2005 to recommend to Umicore's shareholders to demerge Umicore's copper branch of activity into a new company named Cumerio to be listed on Euronext Brussels. Upon completion of the demerger, each Umicore shareholder will receive one share in Cumerio for one share held in Umicore. The same applies to the Umicore VVPR strips. The demerger will be retroactive for tax and accounting purposes from 1 January 2005, which means that the shares issued by Cumerio will participate in the results and be entitled to receive a dividend in respect of the year 2005. Umicore will recommend to the Board of Directors of Cumerio that it proposes a dividend of EUR 0.30 per Cumerio share out of the profit carried forward transferred to Cumerio as part of the demerger.

The demerger will be submitted for approval to an extraordinary shareholders' meeting of Umicore scheduled for 13 April 2005 but is expected to be approved at a second shareholders' meeting to be held on or around 28 April 2005 if the required quorum is not reached on 13 April 2005. The listing of the shares and VVPR strips is expected to commence on 29 April 2005.

Basis for the pro forma consolidated opening balance sheet as at 1 January 2005

The pro forma consolidated opening balance sheet for Umicore after the demerger at 1 January 2005 was established as follows:

- the pro forma consolidated opening balance sheet figures of Cumerio were removed from the consolidated balance sheet of Umicore per 31 December 2004.
- trade payables and trade receivables which were eliminated as inter-company transactions between subsidiaries of Umicore, were reintegrated as external trade payables and receivables between Umicore and Cumerio subsidiaries after the demerger.

- financial debts and loans between Cumerio subsidiaries and Umicore, which were eliminated in the consolidated balance sheet of Umicore per 31 December 2004, were reintegrated as they ought to be treated as external transactions. The net balance of such transactions was reclassified to current financial loans, which fairly represents temporary financing arrangements of Cumerio.

Own shares held by Umicore are entitled to receive Cumerio shares at the time of the demerger. The Cumerio shares held by Umicore as a result of that will be reclassified from "Treasury shares" to "Long-term investment securities". The amount of the reclassification can only be determined as from the moment Cumerio shares will become listed shares.

Basis for the pro forma consolidated key financial information 2004

The key financial information was obtained by extracting the adjusted copper figures, from the Umicore historical segment information for the years 2002 to 2004.

Climeta, a legal entity formerly reported as part of Umicore's copper segment, was transferred to Umicore's Advanced Materials segment.

Turnover figures were adjusted by extracting the pro forma turnover of the Cumerio group for the relevant years and reintegrating turnover realized by the remaining segments of Umicore after demerger with the subsidiaries of Cumerio.

The additional key financial information has been prepared on the same basis, except for the currency translation adjustments which are based upon the currency adjustments as reported in the consolidated financial statements of Umicore Group adjusted for the historical currency translation adjustments presented for the Cumerio subsidiaries in these accounts.

Pro forma consolidated opening balance sheet as of 1 January 2005

(€ thousand)

	Umicore Group	Impact demerger Cumerio group (*)	Umicore's financing of Cumerio	Umicore Group after demerger
Intangible assets	31,369	(3,518)		27,851
Goodwill	86,249			86,249
Property, plant and equipment	920,690	(216,397)		704,293
Investments equity method	204,744			204,744
Financial assets	36,875	(21,343)		15,532
Long-term receivables	17,339	(18)		17,321
Deferred tax assets	87,952	(9,004)		78,948
Assets employee benefits	568			568
NON-CURRENT ASSETS	**1,385,786**	**(250,280)**		**1,135,506**
Current loans granted	78	(77)	113,880	113,881
Inventories	963,300	(165,660)		797,640
Trade and other receivables	727,409	(66,147)	243	661,505
Income tax receivables	9,710	(369)		9,341
Treasury shares	27,946			27,946
Current investments	502			502
Cash and cash equivalents	154,095	(99,707)	59,007	113,395
CURRENT ASSETS	**1,883,040**	**(331,960)**	**173,130**	**1,724,210**
TOTAL ASSETS	**3,268,826**	**(582,240)**	**173,130**	**2,859,716**
Share capital	563,161	(181,134)		382,027
Share premiums	97,212	(31,267)		65,945
Retained earnings	711,675	(124,002)		587,673
Currency translation adjustment	(135,122)	42,455		(92,667)
GROUP SHAREHOLDERS' EQUITY	**1,236,926**	**(293,948)**		**942,978**
MINORITY INTERESTS	**56,777**	**(231)**		**56,546**
Provisions for employee benefits	198,814	(8,023)		190,791
Financial debt	414,814	(7,342)		407,472
Trade debt & other payables	4,635	(2,604)		2,031
Deferred tax liabilities	44,008	(101)		43,907
Provisions for environment	112,997			112,997
Provisions for other liabilities & charges	43,995			43,995
NON-CURRENT LIABILITIES	**819,263**	**(18,070)**		**801,193**
Financial debt	329,747	(212,090)	173,130	290,787
Income tax payable	26,189	(280)		25,909
Provisions for environment	15,522			15,522
Provisions for other liabilities & charges	10,583			10,583
Trade debt & other payables	773,819	(57,621)		716,198
CURRENT LIABILITIES	**1,155,860**	**(269,991)**	**173,130**	**1,058,999**
TOTAL EQUITY & LIABILITIES	**3,268,826**	**(582,240)**	**173,130**	**2,859,716**

(*) The impact of the Cumerio group demerger includes the pro forma opening balance sheet of Cumerio and the reintegration of the trade payables and receivables between Umicore Group after demerger and Cumerio group. The latter becomes an external position as at 1 January 2005, having an impact of EUR 95,372 thousand in trade receivables and trade payables.

Pro forma consolidated key financial information 2002, 2003, 2004

Key financial information based on segment information (€ thousand)

	Umicore before demerger			Pro forma Umicore after demerger		
	2004	**2003**	**2002**	**2004**	**2003**	**2002**
Turnover	7,115,280	4,677,082	3,160,591	5,696,456	3,763,685	2,241,588
EBIT	284,503	106,529	72,735	265,197	107,830	65,406
Recurring	291,628	145,932	97,539	272,322	145,078	88,845
Non-recurring	(7,126)	(39,404)	(24,804)	(7,126)	(37,249)	(23,439)
Capital expenditure	161,721	148,320	152,718	142,809	113,948	109,410
Depreciation and amortization	180,025	119,507	124,359	151,762	93,074	90,654
Non-cash expenses other than depreciation	20,268	40,426	24,806	19,063	37,497	26,349
Impairment losses/(reversal of impairment losses)	7,062	8,928	1,189	7,062	8,928	1,189

Description of key structural changes in Umicore financials resulting from the demerger

All balance sheet, income statement and cash flow statement items will decrease as a result of the demerger. The Group shareholders' equity of Umicore will decrease by an amount of EUR 293.9 million corresponding to the equity of Cumerio. The demerger is not expected to have any further material effect on the operating results of Umicore beyond the loss of the contribution of the copper activities.

The flow of intermediate products and residues between the Cumerio and Umicore plants will remain in place and will continue to be carried out at market conditions. The demerger is therefore not expected to have any material impact on the margins of Umicore businesses involved in such transactions.

Similarly, Umicore will continue to provide a certain number of services to Cumerio, such as site services in Olen and Brussels and information systems support. The terms and conditions for the delivery of such services are principally in line with those prevailing before the demerger, the impact of which is therefore expected not to be material to Umicore.

As a result of the demerger, Umicore's sensitivity to the copper price and treatment charges for copper concentrates will be eliminated. Also, the sensitivity to the US dollar will decrease by approximately EUR 0.6 million for each US dollar cent fluctuation in the exchange rate to the Euro, at currency exchange rates prevailing at the end of 2004.

Following its refinancing, Cumerio will repay the financial loans to Umicore, which will reduce the net financial debt of Umicore by EUR 119.7 million, and financial charges will decrease in proportion.

The income from other financial investments will see the impact of lower interest revenues corresponding to interest charged to NFI, as the loan to that company has become part of Cumerio.

Umicore tax results of 2004 and 2003, included positive deferred tax effects related to the tax situation of the copper subsidiaries in Bulgaria. As a result of the demerger, it is expected that the overall income tax charge will increase.

The minority interest which exists in Umicore Med, one of the Bulgarian copper subsidiaries, will be eliminated from the financial statements of Umicore but the effect thereof is not material to Umicore

The following entities will henceforth be excluded from the Umicore consolidation scope:

Country	Company	% interest 2004
Belgium	Umicore Copper S.A. (BE 859.575.891)	100.00%
Bulgaria	Umicore Med JSCo	99.77%
	Umicore Bulgaria	100.00%
	Umicore Bulgaria Leasing	100.00%
Italy	Umicore Italia s.r.l.	100.00%
Austria	Umicore Austria PASR Beteiligungs	100.00%

Reconciliation consolidated equity statement of Umicore as of 1 January 2005

(€ thousand)

	31/12/04	Impact of the demerger	01/01/05
Share capital	563,161	(181,134)	382,027
Share premiums	97,212	(31,267)	65,945
Retained earnings	711,675	(124,002)	587,673
Currency translation adjustment	(135,122)	42,455	(92,667)
TOTAL EQUITY GROUP SHARE	1,236,926	(293,948)	942,978

The reversal of currency translation adjustment reflects the difference between the historical rates, used for translation of the components of the equity of the Cumerio subsidiaries reporting in USD and the closing rate at the end of 2004.

The final composition of the “Capital”, “Share premium” and “Retained earnings” of Umicore will be determined on the date of the shareholders’ meeting of Umicore, based on the final amount of the dividend payable for 2004, which is depending on the number of treasury shares owned by Umicore on that date.

Pro forma net financial debt as of 1 January 2005

(€ thousand)

	Umicore Group	Impact of the demerger	Umicore’s financing of Cumerio	Umicore Group after the demerger
Long-term financial debt	414,814	(7,342)		407,472
Current financial debt	319,016	(210,328)	173,130	281,818
Bank overdrafts	10,730	(1,762)		8,968
Treasury shares	(27,946)			(27,946)
Cash and cash equivalents	(154,095)	99,707	(59,007)	(113,395)
Net financial debt	**562,519**	**(119,725)**	**114,123**	**556,917**

The net financial debt of Umicore will decrease by EUR 5,602 thousand, immediately after the demerger, as Umicore is financing the Cumerio’s entities for a net amount of EUR 114,123 thousand at the date of 1 January 2005. This financing is presented in Umicore’s pro forma consolidated balance sheet under “Current loans” for EUR 113,880 thousand and under “Other receivables” for EUR 243 thousand.

35. Earnings per share

	2004	2003
		(€)
Basic earnings per share	6.62	2.63
Diluted earnings per share	6.43	2.57

The following earnings figures have been used as the numerator in the calculation of basic and diluted earnings per share:

	2004	2003
		(€ thousand)
Net consolidated profit, Group share	168,316	60,122

The following numbers of shares have been used as the denominator in the calculation of basic and diluted earnings per share:

For basic earnings per share:

	2004	2003
Number of outstanding shares as at 1 January	25,420,175	22,600,000
Number of outstanding shares as at 31 December	25,454,875	25,420,475
Weighted average number of outstanding shares	25,424,107	22,865,537

New shares were issued (17,125 and 17,575 shares in October and December 2004 respectively) as a result of the exercise of stock options by Umicore employees in the context of the stock option plans of 2000 and 2003.

Treasury shares which are held to cover existing stock option plans, or are available for resale, are included in the number of outstanding shares.

For diluted earnings per share:

	2004	2003
Weighted average number of outstanding shares	25,424,107	22,865,537
Potential dilution due to stock option plans	756,628	539,256
Adjusted weighted average number of ordinary shares	26,180,735	23,404,793

The denominator for the calculation of diluted earnings per share takes into account an adjustment for stock options. When share options are in-the-money, it is considered that new shares would be issued for the exercise of those stock options which are not covered by existing treasury shares.

The dilution calculation according to the "treasury stock" method, whereby the assumed proceeds from the issue of dilutive potential ordinary shares, following the exercize of the stock options in-the-money, are considered to have been used to repurchase shares at fair value and whereby the net remaining new shares after this repurchase are factored into the denominator, would give diluted earnings per share of EUR 6.71 for 2004 based on an average share price of EUR 55.67 and of EUR 2.77 for 2003 based on a average share price of EUR 45.61. By virtue of the assumption used, however, this method tends to underestimate the dilutive effect of stock options on earnings per share.

Parent company separate summarized financial statements

The annual accounts of Umicore are given below in summarized form.

In accordance with the Companies Code, the annual accounts of Umicore, together with the management report and the statutory auditor's report will be deposited with the National Bank of Belgium.

These documents may also be obtained on request from: UMICORE
rue du Marais 31
B-1000 Brussels (Belgium)

The statutory auditor did not express any reservations in respect of the annual accounts of Umicore.

(€ thousand)

SUMMARIZED BALANCE SHEET AT 31 DECEMBER

ASSETS	**2004**	**2003**	**2002**
FIXED ASSETS	**3,369,211**	**3,230,622**	**2,214,433**
I. Formation expenses	3,748	4,704	
II. Intangible assets	17,150	17,691	15,188
III. Tangible assets	288,025	373,405	379,777
IV. Financial assets	3,060,288	2,834,822	1,819,468
CURRENT ASSETS	**592,037**	**651,940**	**686,959**
V. Amounts receivable after one year	17,237	13,561	1,653
VI. Inventories and contracts in progress	268,632	377,598	381,654
VII. Amounts receivable within one year	243,719	187,881	195,199
VIII. Invested cash	51,403	27,705	83,599
IX. Cash at bank and in hand	4,016	12,562	5,473
X. Deferred charges and accrued income	7,030	32,633	19,381
TOTAL ASSETS	**3,961,248**	**3,882,562**	**2,901,392**
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY	**1,043,812**	**988,750**	**985,857**
I. Capital	563,161	562,393	500,000
II. Share premiums	97,212	96,764	11,139
III. Revaluation surplus	98	98	98
IV. Reserves	213,059	208,988	256,467
V. Profit (loss) carried forward	170,004	120,180	217,760
VI. Investment grants	278	327	393
PROVISIONS AND DEFERRED TAXES	**144,067**	**175,562**	**174,948**
VII. A. Provisions for liabilities and charges	144,067	175,562	174,948
CREDITORS	**2,773,369**	**2,718,250**	**1,740,587**
VIII. Amounts payable after one year	1,587,079	1,176,918	859,921
IX. Amounts payable within one year	1,113,934	1,499,372	789,628
X. Accrued charges and deferred income	72,356	41,960	91,038
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,961,248**	**3,882,562**	**2,901,392**

(€ thousand)

SUMMARIZED INCOME STATEMENT

	2004	2003	2002
I. Operating income	2,020,000	2,521,582	2,512,552
II. Operating charges	1,893,613	2,480,840	2,447,526
III. Operating profit (loss)	**126,387**	**40,742**	**65,026**
IV. Financial income	298,783	171,638	124,925
V. Financial charges	324,620	183,600	146,295
VI. Current profit (loss)	**100,550**	**28,780**	**43,656**
VII. Extraordinary income	26,287	16,924	5,554
VIII. Extraordinary charges	28,250	151,166	30,851
IX. Profit (loss) for the year before taxes	**98,587**	**(105,462)**	**18,359**
X. Income taxes	(3,627)	(54)	1,923
XI. Profit (loss) for the year	**94,960**	**(105,516)**	**20,282**
XII. Transfer from untaxed reserves	-	-	-
XIII. Profit (loss) for the year available for appropriation	**94,960**	**(105,516)**	**20,282**

APPROPRIATION ACCOUNT

	2004	2003	2002
A. Profit (loss) to be appropriated	**215,140**	**112,244**	**288,129**
1. Profit (loss) for the financial year	94,960	(105,516)	20,282
2. Profit (loss) carried forward	120,180	217,760	267,847
C. Appropriation to equity	**(4,071)**	**47,479**	**(41,162)**
2. To the legal reserve	(4,748)		(1,014)
3. To the reserve for own shares	677	47,479	(40,148)
D. Profit (loss) to be carried forward (1)	**(170,004)**	**(120,180)**	**(217,760)**
2. Profit (loss) to be carried forward	(170,004)	(120,180)	(217,760)
F. Profit to be distributed (1)	**(41,065)**	**(39,543)**	**(29,207)**
1. Dividends			
- ordinary shares EUR 1.65	(41,065)	(39,543)	(29,207)

(1) The total amount of these two items will be amended to allow for an amount of the company's own shares held by Umicore on the date of the Annual General Meeting of Shareholders on 13 April 2005; the gross dividend of € 1.65 per share will not change.

STATEMENT OF CAPITAL	(€ thousand)	Number of shares
A. Share capital		
1. Issued capital		
At the end of the preceding financial year	562,393	25,420,175
At the end of the financial year	563,161	25,454,875
2. Structure of the capital		
2.1. Categories of shares		
Ordinary shares	563,161	25,454,875
2.2. Registered shares or bearer shares		
Registered		6,223
Bearer		25,448,652
E. Authorized unissued capital (1)	415,228	

G. Shareholder base (2)		% capital	Number of shares
Fidelity International Ltd, Pembroke Hall, 42 Crow Lane, Hamilton, Bermuda		6.05	1,540,567
Parfimmo SA, Rue du Bois Sauvage 17, 1000 Brussels		3.00	763,129
Others		88.08	22,419,492
Own shares held by Umicore		2.87	731,687
		100.00	25,454,875
	of which free float	94.13	23,960,059

(1) The extraordinary general meeting held on 30 March 2001 authorized the Board of Directors to increase the capital by an amount of up to EUR 500,000,000. The Board of Directors made use of the authorized capital on 25 November and 4 December 2003 for an amount of EUR 61,946,920 in the framework of the capital increases. On 3 March 2004 the Board of Directors made use of the authorized capital for an amount of EUR 4,424,780 for the issue of subscription rights for the 2004 ISOP and on 14 April 2004 for an amount of EUR 18,400,448 for the issue of subscription rights, replacing the acquisition rights of ISOP plans 2001,2002 and 2003 of the Belgian managers.

(2) Not taking into account the remaining 3,000 warrants attached to the bonds issued in 1996, 1997 and 1998 and a maximum of 1,468,915 shares attached to the option plans launched by Umicore in 1999, 2000, 2001, 2002, 2003 and 2004.

STATUS OF RESERVES

The following amounts that were included in the reserves for 2004 are not available for distribution:

- legal reserve: EUR 45,485 thousand
- related to treasury shares: EUR 22,728 thousand.

Brussels, 21 February 2005

The Board of Directors

PricewaterhouseCoopers
Reviseurs d'Entreprises
PricewaterhouseCoopers
Bedrijfsrevisoren
Woluwe Garden
Woluwedal 18
B-1932 Sint-Stevens-Woluwe
Telephone +32 (0)2 710 4211
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www.pwc.com

18 March 2005

Free translation

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2004 PRESENTED TO THE ANNUAL SHAREHOLDERS' MEETING OF THE COMPANY

In accordance with legal and regulatory requirements, we are pleased to report to you on the performance of the audit mandate which you have entrusted to us.

We have audited the consolidated financial statements as of and for the year ended 31 December 2004, which have been prepared under the responsibility of the board of directors of Umicore and which show a balance sheet total of EUR 3,269 million and a consolidated profit for the year, group share, of EUR 168 million. We have also examined the consolidated directors' report.

By virtue of the Royal Decree of 4 December 2003, which allows Belgian quoted companies to anticipate the mandatory adoption of International Financial Reporting Standards (IFRS), as imposed by the European regulation of 19 July 2002 for accounting periods starting on or after 1 January 2005, these consolidated financial statements have been prepared in accordance with all the standards issued by the International Accounting Standards Board which, at the date of the balance sheet, have been endorsed by the European Commission based upon the regulation referred to above.

Unqualified opinion on the consolidated financial statements

We conducted our audit in accordance with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to consolidated financial statements in Belgium.

In accordance with those standards, we considered the group's administrative and accounting organisation, as well as its internal control procedures. We obtained all the explanations and information required for our audit. We examined, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. We assessed the appropriateness of the accounting principles and consolidation methods used and significant estimates made by the group, as well as the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the adoption by the company of the Royal Decree of 4 December 2003, the consolidated financial statements present fairly the group's net worth and consolidated financial position as of 31 December 2004 and the consolidated results of its operations for the year then ended, in accordance with the applicable legal and regulatory requirements in Belgium, and the information given in the notes to the consolidated financial statements is properly presented.

Additional certifications and information

We supplement our report with the following certification, which does not amend our audit opinion on the consolidated financial statements:

- The consolidated director's report contains the information required by law and is consistent with the consolidated financial statements.

Statutory Auditor
PricewaterhouseCoopers Reviseurs d'Entreprises
Represented by

Robert Peirce
Reviseur d'Entreprises

Luc Discry
Bedrijfsrevisor

Corporate Governance

Introduction

On 9 December 2004 the Belgian Code on Corporate Governance ("the Code") was published. The Code sets out a series of standards and procedures for Belgian-based companies and a timetable for their introduction.

Umicore supports the Code and this chapter reflects many of its recommendations in advance of it becoming mandatory in 2006.

The Umicore Ordinary General Meeting of shareholders of 13 April 2005 will be informed on the way Umicore Board of Directors will follow these recommendations.

Before the end of 2005 Umicore will issue a full Corporate Governance Statement, in line with the Code.

Shareholders

Issued shares

A detailed update of the number of shares in issue can be found at www.investorrelations.umicore.com.

As at 31 December 2004 the issued capital stood at EUR 563,160,969.15. The number of issued shares was 25,454,875. The Umicore shares can be either bearer shares, registered shares or dematerialized shares at the discretion of the shareholder.

Please refer to the investor relations section of this report for a summary of the major shareholdings at 31 December 2004.

The extraordinary shareholders' meeting of 30 March 2001 authorized the Board of Directors to increase the share capital by a maximum amount of EUR 500,000,000. At 31 December 2004 the remaining amount of this authorized capital was EUR 415,227,852.37.

Share buy-backs and cancellation

Pursuant to the authorization granted for the first time by the extraordinary shareholders' meeting of 2 June 1998, which was renewed most recently by the extraordinary shareholders'meeting of 14 April 2004, the company may acquire on the stock market, until the ordinary shareholders' meeting to be held in 2005, shares in the company up to a maximum of 10% of the subscribed capital, at a price per share between (i) the lowest closing stock market price for the last 20 trading days preceding the date of acquisition minus ten per cent (10%) and (ii) a maximum price per share of € 90.00.

This authorization also enables the company's subsidiaries to acquire on the stock market, or in any other way, shares in the company under the same conditions.

On 31 December 2004 Umicore owned 731,687 of its own shares.

Dividend policy and payment

Umicore's policy is to pay a stable or gradually increasing dividend – there is no fixed pay-out ratio.

The dividend is proposed by the Board of Directors at the Ordinary General Meeting of shareholders. The Board may, during the financial year, decide to distribute an interim dividend, in accordance with the law.

Shareholder meetings

The Ordinary General Meeting (OGM) of shareholders takes place on the second Wednesday of April at 5 p.m. The place of the meeting is communicated at least 24 days prior to the meeting (the meeting normally takes place in Brussels, Belgium).

The right to participate in the Ordinary General Meeting for holders of bearer shares is conditional on these shares being deposited and blocked at least five days preceding the meeting at the locations mentioned in the invitations. For holders of registered shares, participation is conditional upon these shares being registered with the company at least five days prior to the meeting. They must also inform the company, at the latest five days before the meeting, of the number of shares with which they will take part in the meeting.

The Board of Directors has analysed the possibilities to implement the registration date. This was done with a view to enabling shareholders to be admitted to the shareholders' meeting and exercise their voting rights if they are able to demonstrate their status as shareholders by midnight on the fifth working day prior to the shareholders' meeting (the "registration date"), irrespective of the number of shares that they held on the day of the shareholders' meeting. The amount of shares held by each registered shareholder at midnight on the registration date would be recorded in a register designated for this purpose by the Board of Directors.

Consequently it will be proposed to an extraordinary general meeting (EGM) of shareholders in 2005 to introduce this possibility in the Umicore by-laws.

Shareholders may participate and vote at shareholder meetings either in person or by appointing a representative, who must be a shareholder or a director of the company. Shareholders who are legal entities may be represented by a special proxy holder who is a natural person and need not be a shareholder.

No quorum is necessary to hold the ordinary general meeting. Resolutions at the ordinary general meeting are passed by simple majority of votes cast.

The Board may convene an EGM at any time. Belgian law authorizes shareholders owning a combined minimum of 20% of the voting rights to ask for an EGM to be convened. The quorum necessary to hold an EGM is 50% of the total voting rights. Specific majorities are required by law for resolutions to be adopted.

Corporate organization

The Umicore Board of Directors ("the Board") is the ultimate decision-making body of Umicore with the exception of matters reserved to the shareholders by the Companies Code or by the Articles of Association. The Board of Directors is assisted in its role by an Audit Committee and a Nomination & Remuneration Committee.

The day-to-day management of Umicore has been delegated to Thomas Leysen, Chief Executive Officer who is also the chairman of the Executive Committee. The Executive Committee is constituted as a "comité de direction/directiecomité" as foreseen in Article 524bis of the Companies Code.

Umicore is validly represented either by the Board of Directors or by two directors acting jointly.

Within the limits of day-to-day management, Umicore may also be represented by one director and one member of the Executive Committee signing jointly or, within the powers granted to the Executive Committee, by two of its members acting jointly. In addition, the company is validly represented, within the limits of their mandates, by special representatives appointed by the Board or the Executive Committee.

Business organization

Umicore is organized into business groups which in turn comprise business units that share common characteristics in terms of products, technologies and end-user markets. Some business units are further subdivided into market-focused business lines. Each business group is represented on the Executive Committee. The principle behind Umicore's operational structure is to decentralize, where appropriate, the business decision-making process to the business units and business lines.

In order to provide a Group-wide support structure based along geographical lines, Umicore has introduced complementary regional management platforms in certain areas.

Umicore's corporate centre is based in Brussels, Belgium. This centre provides a number of corporate and support functions in the areas of finance, human resource co-ordination, internal audit, legal tax, information technology and public and investor relations.

The Board of Directors

Role

The basic role of the Board is to ensure Umicore's viability as a sustainable business focusing on long-term financial returns and remaining sensitive to the interests of the company's various stakeholders.

Responsibilities

The primary responsibilities of the Board are to provide strategic direction for Umicore and to monitor the Group's affairs. The Board's primary focus is on the sustainable development of the company, its financial and risk management and on ensuring that Umicore has the leadership in place that is most suited to accomplishing its strategic goals. The Board performs whatever acts are necessary to achieve the company's objectives. In this context such acts include approving strategic plans, expansion plans and budgets and monitoring the implementation of such plans.

The Board takes the necessary steps to ensure that the organizational structure put in place meets the company's requirements and that a system of reporting and efficient internal controls exists to ensure that information is reliable.

In terms of approving company investments, the Board is responsible for approving all M&A transactions in excess of EUR 12,500,000 and capital expenditures exceeding EUR 12,500,000. The Board has the authority and the duty to use adequate, necessary and proportional means to fulfil its responsibilities. The Board is accountable to the company and its shareholders.

Leadership

Leadership of the Board of Directors is provided under normal circumstances by the Chairman. If the Chairman is not able to attend a meeting of the Board then the oldest director present chairs the meeting.

The Board of Directors' deliberations shall not be valid unless at least one-half of its members are present or represented at the meeting. Decisions shall be taken by a majority of the votes cast. In the event of a tie, the person chairing the meeting shall have the casting vote.

Composition

The Board of Directors, whose members are appointed by the Shareholders' Meeting, must consist of at least six members. Their term of office may not exceed six years, but they may be re-elected. It is foreseen to reduce the term of office to a maximum of four years.

On 31 December 2004, the Board of Directors consisted of twelve members: eleven non-executive directors and one executive director.

Eight of the directors are independent directors, i.e. directors who are not related to major shareholders and who have not been members of the company's Executive Committee for the last two years.

The Board handles the process of appointments so as to maintain an appropriate balance of skills and experience within the Board.

Performance appraisal

The Board reviews and assesses its performance as well as the effectiveness of the company's corporate governance structure at regular intervals. The performance of individual Board members is regularly assessed as part of the re-election procedure. The Board also meets annually in the absence of the CEO to review the latter's performance.

Compensation

- Chairman's annual retainer:
  fixed portion: EUR 36,000
  variable portion (based on attended meetings): EUR 24,000.
- Director's annual retainer:
  fixed portion: EUR 18,000
  variable portion (based on attended meetings): EUR 12,000.

The total amount of remuneration granted to Directors in 2004 in respect of their activities in the company amounted to EUR 299,955.

No variable or other compensation element is associated with directorship. No loan or guarantees have been granted by the company to members of the Board.

As of 31 December 2004, the members of the Board of Directors (excluding Thomas Leysen) held a total of 29,823 shares. As of the same date they also held 28,000 stock options. These options are held by those directors who were previously members of the Executive Committee.

Number of Board meetings in 2004: six.

Name	Board meetings attended	Committee meetings attended	Total remuneration	Shares held at 31/12/2004
Karel Vinck	6 of 6	1 of 1	63,750	26,000
Etienne Davignon	4 of 6	1 of 1	28,500	1,050
Thomas Leysen	6 of 6	na	see Excom	170,000
Isabelle Bouillot (*)	4 of 4	na	20,885	0
Uwe-Ernst Bufe (*)	4 of 4	na	19,066	0
Jean-Luc Dehaene	5 of 6	na	28,000	33
Philippe Delaunois	6 of 6	1 of 1	32,500	315
Etienne Denis	6 of 6	na	na	na
Arnoud de Pret	6 of 6	4 of 5	47,500	1,000
Jonathan Oppenheimer	4 of 6	na	26,000	0
Robert F.W. van Oordt	6 of 6	5 of 5	75,000	0
Klaus Wendel	6 of 6	5 of 5	51,000	1,425

(*) became director in the course of 2004.

Board secretary

The Secretary of the Board, Alain Godefroid, is Corporate Vice-President Legal Affairs. His core responsibilities include organizing the shareholders' meetings and ensuring that Umicore corporate bodies comply with their requirements under the law, the articles of association and the internal rules and procedures.

Committees

Audit Committee

The Audit Committee consists of three members who are all independent non-executive directors.

The mission of the Audit Committee is to assist the Board of Directors in fulfilling its oversight duties with regard to the Umicore Group's financial reporting process, including monitoring the integrity of the financial statements, external auditor qualifications and independence and performance of both the internal audit department and the external auditors.

To this effect, the Audit Committee:
- has the right to seek any necessary information from any corporate body or any member of the company's staff to fulfil its duties;
- has the right to obtain outside legal help and any professional advice, at the company's expense, which might be necessary for the fulfilment of its duties;
- has the power to call any member of the company's staff to be interviewed at a meeting of the committee as and when required.

The chairman of the Audit Committee reports to the Board on the results of its proceedings and communicates the committee's recommendations.

The charter and rules of the Audit Committee will be reviewed during the course of 2005 to benchmark them against the Belgian Code on Corporate Governance.

Number of meetings in 2004: five.

Compensation:
- chairman: EUR 7,500 per attended meeting
- member: EUR 3,500 per attended meeting.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members who are all non-executive directors. It is chaired by the Chairman of the Board.

The mission of the Nomination and Remuneration Committee is:
- to recommend new directors for election to the Board;
- to recommend to the Board the candidates for membership of the Executive Committee and to approve their remuneration as well as to recommend to the Board the dismissal of any member of the Executive Committee;
- to recommend a management remuneration policy to the Board;
- to define a succession plan for the Chief Executive Officer and to review succession planning for the Executive Committee;
- to recommend the appropriate stock option plans to the Board.

The chairman of the Nomination and Remuneration Committee reports to the Board on the results of its work and examinations and makes recommendations accordingly.

The charter and rules of the Nomination and Remuneration Committee will be reviewed during the course of 2005 to benchmark them against the Belgian Code on Corporate Governance.

Number of meetings in 2004: one

Compensation:
- chairman: EUR 3,750 per attended meeting
- member: EUR 2,500 per attended meeting.

Executive Committee

The Executive Committee takes the form of a "Comité de Direction/Directiecomité" within the meaning of Article 524bis of the Companies Code. Hereunder "Executive Committee" is used within this definition.

Composition

The Executive Committee is composed of at least four members. It is presided over by a chairman, appointed by the Board of Directors. The members of the Executive Committee are appointed upon recommendation of the Nomination and Remuneration Committee. The Executive Committee as a whole or any individual member can be dismissed at any time by the Board of Directors.

Responsibilities

Without prejudice to the powers reserved to the Board of Directors pursuant to Article 524bis of the Companies Code, the Executive Committee has the following responsibilities:

- establish a vision for Umicore, define key targets for Umicore in line with its mission, validate the strategies for each business group within this context;
- monitor the strategy implementation, operational performance and risk profiles of Umicore and constantly challenge for the highest possible performance;
- strive for the optimal organization of the Group, make sure to have at all times the right managers at the right place and ensure their development throughout the Group;
- approve all significant capital allocation decisions (up to € 12.5 million for M&A and growth-related capital expenditures and up to € 25 million for renewal or modernization capital expenditures);
- quickly settle any organizational malfunctions that cannot be resolved at a lower level;
- take responsibility for the compliance with the Umicore values.

The Executive Committee meets at least twice a month.

Compensation

For the year 2004, an aggregate gross amount of EUR 4,214,526 was attributed to the nine members of the Executive Committee; of this amount, EUR 1,484,086 was variable pay relating to 2004 performance. For the members of the Executive Committee, benefits include an extra-legal pension scheme, the cost of which amounted to EUR 677,552.

The remuneration of the Chief Executive Officer (fixed and variable) was unchanged at the same level of the previous year. For the other Executive Committee members, a new variable remuneration system was introduced in 2004 after a review of market practices and in line with the new Umicore Group-wide remuneration scheme. This variable remuneration can range from 0 to 60% of the fixed compensation. It contains a component related to individual performance, a component related to the EBIT of the units over which the Executive Committee members have direct influence, and a component related to the overall Group return on capital employed.

During 2004, 53,000 stock options were granted to the Executive Committee members as part of the variable compensation package, at an exercise price of EUR 52.05 (21,000) and EUR 53.70 (32,000). In total, at the end of 2004, 192,500 stock options granted by the company were outstanding in the name of the Executive Committee members, with exercise prices between EUR 30.50 and EUR 53.70. During 2004, the Executive Committee members exercised 6,500 options granted by the company. As of 31 December 2004, the members of the Executive Committee together owned a total of 180,600 shares.

Supervision and compliance

Regulatory supervision

As an issuer of listed securities, Umicore is subject to the listing requirements of Euronext Brussels. In Belgium it is also subject to supervision by the Belgian Banking, Finance and Insurance Commission.

Statutory auditor

Umicore has a specific policy regarding the independence of the company auditor. This policy outlines duties and responsibilities of the company and the auditor regarding independence, the exclusion of certain non-audit services and the monitoring of auditor remuneration.

The statutory auditor's mandate expires at the 2005 Ordinary Shareholders' Meeting.

The policy may be requested from the company or accessed via www.investorrelations.umicore.com.

Remuneration of the statutory auditor

During 2004 the company requested the statutory auditor to provide assistance and advice on various issues in addition to the statutory audit mission. These included audit related assistance amongst others related to the PMG consolidation, the introduction of IFRS accounting standards and the Copper carve-out, as well as non-audit related assistance mainly related to job classification for clerical staff. The fees paid to the statutory auditor for this work carried out in addition to its statutory auditing assignment amounted to EUR 521,000 for audit-related services and EUR 143,000 for non-audit related services.

Code of Conduct

Umicore operates a Code of Conduct for all employees and representatives. This Code is fundamental to the task of creating and maintaining a relation of trust and professionalism with its main stakeholders namely its employees, commercial partners, shareholders, government authorities and the public.

The main purpose of Umicore's Code of Conduct is to ensure that all persons acting on behalf of Umicore perform their activities in an ethical way and in accordance with the laws and regulations and with the standards Umicore sets through its present and future policies, guidelines and rules.

In addition to the Umicore Code of Conduct, a specific policy exists covering insider trading and market manipulation. This policy will be redefined in 2005 in line with the Belgian Code on Corporate Governance's recommendations.

Full copies of the Code of Conduct and the Insider Trading and Market Manipulation Policy are available on request or can be accessed via www.investorrelations.umicore.com.

Thomas Leysen
44, Chief Executive Officer
Executive Director

Etienne Davignon
72, Vice-chairman
Non-executive Director

Isabelle Bouillot
55, Independent
Non-executive Director

Robert F.W. van Oordt
68, Independent
Non-executive Director

Jean-Luc Dehaene
64, Independent
Non-executive Director

Uwe-Ernst Bufe
60, Independent
Non-executive Director

Board of Directors

Karel Vinck, 66, Chairman
Non-executive Director

Before joining Umicore, Karel Vinck was Chief Executive Officer of Eternit and Bekaert. He is also a member of the Board of Suez-Tractebel, the Catholic University of Leuven and Théâtre Royal de la Monnaie. He was Chairman of the SNCB (Belgian Railways) Executive Committee until 31 January 2005. He is honorary chairman of VEV, the Flemish employers association and Chairman of the Flemish Science Policy Council.

Director since: 17 October 1994, Expiration of mandate: Ordinary General Meeting of 2006, Chairman since: 1 October 2002, Chairman of the Nomination & Remuneration Committee since: 1 January 2003

Thomas Leysen, 44, Chief Executive Officer
Executive Director

He became Chief Executive Officer of Umicore in 2000, after having held various positions within Umicore and its affiliates. He is also Chairman of VUM Media, a newspaper publishing company, Chairman of Agoria and a member of the Board of Atlas Copco. He is a member of the Executive Committee of the Belgian Employers Federation (FEB/VBO) and Chairman of Eurometaux.

Director since: 10 May 2000, Expiration of mandate: Ordinary General Meeting of 2006, Chief Executive Officer since: 10 May 2000, Chairman of the Executive Committee since: 1 January 2001

Etienne Davignon, 72, Vice-Chairman
Non-Executive Director

From 1962 to 1977, Etienne Davignon was Head of the Cabinet of the Belgian Ministry of Foreign Affairs and, from 1969 to 1977, he was responsible for the Political Department of the Ministry. In 1977, he was appointed Vice-President of the European Commission, in charge of industry, research and energy until the end of 1984. In 1985, he joined Société Générale de Belgique and was the company's Executive Chairman until 2001 and Vice-Chairman until 31 October 2003. Since 31 October 2003, he has been Vice-Chairman of Suez-Tractebel. Etienne Davignon is a member of the Board of Suez, Sofina, Real Software, Gilead and is Vice-Chairman of Accor S.A. He is chairman of CMB N.V., SN Air Holding and Recticel.

Director since: 4 December 1989, Expiration of mandate: Ordinary General Meeting of 2005, Vice-Chairman since: 10 May 2000, Member of the Nomination & Remuneration Committee since: 1 January 2003

Etienne Denis, 61
Non-executive Director

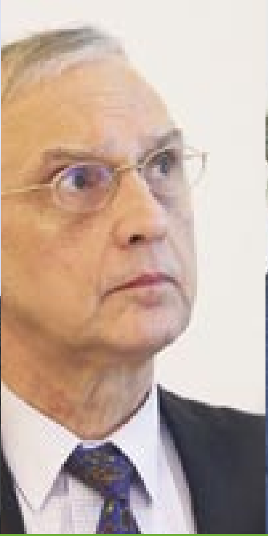
Etienne Denis holds a PhD in Science from the University of Louvain. After working at the University and with Gécamines in Congo he joined Umicore in 1974 where he held numerous positions over the years. From 1997 until 2003 he was Chief Executive Officer of Sibeka and is still currently member of the Board of Directors.

Director since: 6 May 2003, Expiration of mandate: Ordinary General Meeting of 2006

Isabelle Bouillot, 55
Independent Non-Executive Director

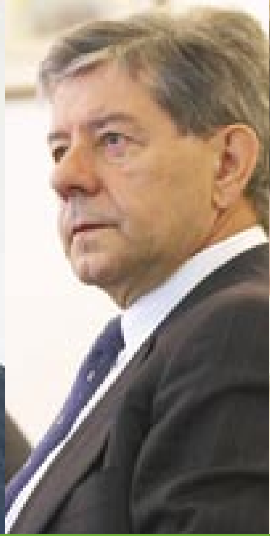
Isabelle Bouillot holds a diploma of the French "National School of Administration". She has occupied different positions in French public administrations, among them economic advisor for the President of the Republic between 1989 and 1991 and Budget Director at the Ministry of Economy and Finance between 1991 and 1995. She joined the Caisse des Dépôts et Consignations as Deputy Chief Executive Officer in 1995 and was in charge of financial and banking activities. Between 2000 and 2003, she was Chief Executive Officer of the Investment Bank of the Group CDC IXIS.She is presently a consultant and member of the board of Accor, Saint-Gobain and La Poste.

Director since: 14 April 2004, Expiration of mandate: Ordinary General Meeting of 2007



Etienne Denis
61, Non-executive Director

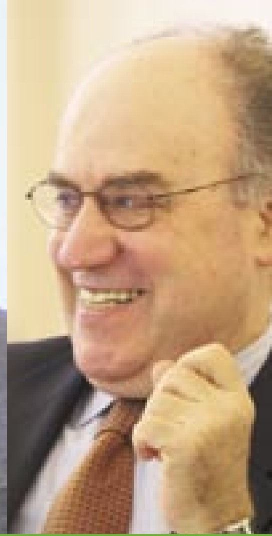
Arnoud de Pret
60, Independent
Non-executive Director



Philippe Delaunois
63, Independent
Non-executive Director

Jonathan Oppenheimer
35, Independent
Non-executive Director

Klaus Wendel
61, Independent
Non-executive Director



Karel Vinck
66, Chairman
Non-executive Director

Uwe-Ernst Bufe, 60
Independent Non-Executive Director

Uwe-Ernst Bufe was CEO of Degussa until May 2000. He is now Chairman of the Supervisory Board of UBS Investment Bank AG, Germany. He is also a member of the Board of Akzo Nobel N.V., Solvay S.A., Altana AG and Rütgers AG.

Director since: 26 May 2004, Expiration of mandate: Ordinary General Meeting of 2005

Jean-Luc Dehaene, 64
Independent Non-Executive Director

Jean-Luc Dehaene has occupied several ministerial posts and was Prime Minister of Belgium from 1992 to 1999. He is a member of the Board of InBev, Telindus, Domo and Corona-Lotus. He is Chairman of the Board of the College of Europe (Bruges), member of the European Parliament and mayor of Vilvoorde.

Director: 1 October 1999, Expiration of mandate: Ordinary General Meeting of 2006

Philippe Delaunois, 63
Independent Non-Executive Director

Philippe Delaunois worked in the Belgian steel industry for most of his career, and until 1999 he was Managing Director of the Cockerill-Sambre group. He is currently Chairman of the Board of Mediabel, CFE and ALCOPA. He is a member of the Board of ING group, Shanks Group (UK), VUM Media, DEME and Fabricom.

Director since: 12 May 1999, Expiration of mandate: Ordinary General Meeting of 2005, Member of the Nomination & Remuneration Committee since: 1 January 2001

Arnoud de Pret, 60
Independent Non-Executive Director

Arnoud de Pret was with Morgan Guaranty Trust Company in New York from 1972 until 1978. From 1978 until 1981 he was group treasurer of Cockerill-Sambre, and until 1990 he was group finance manager and member of the Executive Committee of UCB. He was Chief Financial Officer and member of the Executive Committee of Umicore from 1991 until May 2000. He is a member of the Board of InBev, Delhaize Group and Sibelco. He will also be appointed by the next ordinary general meeting of UCB as a member of UCB's Board.

Director since: 10 May 2000, Expiration of mandate: Ordinary General Meeting of 2005, Member of the Audit Committee since: 1 January 2001

Jonathan Oppenheimer, 35
Independent Non-Executive Director

Jonathan Oppenheimer is the Managing Director of De Beers Consolidated Mines Limited. He is also the chairman of Element Six group of companies

Director since: 5 September 2001, Expiration of mandate: Ordinary General Meeting of 2005

Robert F.W. van Oordt, 68
Independent Non-Executive Director

Robert van Oordt was a consultant and former partner at McKinsey and Cie (1967-1979), Chief Operating Officer and member of the Board of Directors of Hunter Douglas (1979-1989), chairman of the Executive Board of Bührmann Tetterode (1990-1993) and of KNP BT (1993-1996) and chief executive officer of Rodamco Europe (2000-2001). He is Chairman of the Supervisory Board of Rodamco Europe, a supervisory director of Draka Holding and a member of the Board of Fortis Bank and of Schering-Plough Corporation.

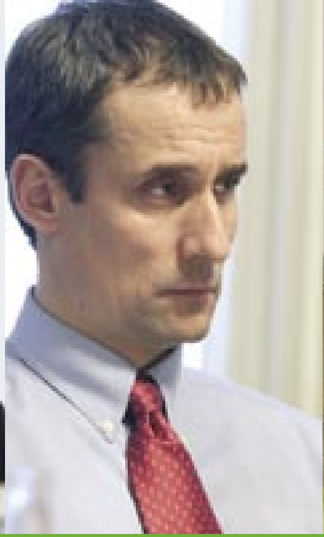
Director since: 14 May 1997, Expiration of mandate: Ordinary General Meeting of 2005, Chairman of the Audit Committee since: 1 January 2001

Klaus Wendel, 61
Independent Non-Executive Director

Until 2000 he was a member of the Executive Committee of Société Générale de Belgique responsible for group control. He is now an independent consultant in finance and controlling. After a career in financial management with General Electric (USA), Siemens, Cockerill-Sambre and CBR, he joined Société Générale de Belgique in 1988.

Director since: 26 July 1989, Expiration of mandate: Ordinary General Meeting of 2006, Member of the Audit Committee since: 1 January 2001

Marc Grynberg
Chief Financial Officer



Pascal Reymondet
Executive Vice-President

Martin Hess
Executive Vice-President

Hugo Morel
Executive Vice-President

Jean-Luc Deleersnyder,
Executive Vice-President

Executive Committee

Thomas Leysen, 44 (Belgian)
Chief Executive Officer

Thomas Leysen holds a law degree from the University of Leuven. He started his career in the shipping and commodity trading business. He joined Umicore in 1990 and held various executive positions. He became CEO of Umicore in 2000. He is also chairman of VUM Media, chairman of Agoria, and a member of the Board of Atlas Copco.

Jean-Luc Deleersnyder, 43 (Belgian)
Executive Vice-President Supervising: Business Group Zinc; Purchasing & Transportation

Jean-Luc Deleersnyder holds a Masters degree in Electromechanical Engineering and a PhD in Operations Management from the University in Ghent. He was also a CIM Fellow at North Carolina State University. He joined McKinsey & Co in 1988 as a management consultant. He joined Umicore in 1995 where he successively occupied the position of head of the Strategy Department and Corporate Vice-President Human Resources. He was appointed to his present position in 1999.

Alain Godefroid, 56 (Belgian)
Corporate Vice-President Supervising: Legal Affairs; Environment, Health & Safety

Alain Godefroid holds a Law doctorate from the University of Brussels (ULB) and a MCJ from the University of Texas at Austin. After working as a lawyer in the United States and in Europe, he joined Umicore in 1978 as Legal Counsel. He was appointed to his present function in 1995.

Marc Grynberg, 39 (Belgian)
Chief Financial Officer Supervising: Finance; Information Systems

Marc Grynberg holds a Commercial Engineering degree from the University of Brussels (Ecole de Commerce Solvay). After several management positions in the finance function at DuPont de Nemours in Brussels and Geneva, he joined Umicore in 1996 as Group Controller. He was appointed CFO in 2000.

Martin Hess, 52 (German)
Executive Vice-President Supervising: Automotive Catalysts business

Martin Hess joined Degussa in 1972 as a commercial trainee. He served in a variety of functions and business units, gathering also extensive international experience in Africa and Asia in the course of totally 18 years living abroad. Since the end of 1999, he has headed the business unit Automotive Catalysts. He joined the Umicore Executive Committee following the acquisition of PMG.

Hugo Morel, 54 (Belgian)
Executive Vice-President Supervising: Business Group Precious Metals Services

Hugo Morel holds a Masters degree in Metallurgical Engineering from the University of Leuven. He joined Umicore in 1974 and held several jobs in production, commercial departments, strategy and general management of different units. He was appointed to his present position in 2002.

Marc Van Sande
Executive Vice-President

Thomas Leysen
Chief Executive Officer

Michel Moser
Corporate Vice-President

Alain Godefroid
Corporate Vice-President

Michel Moser, 46 (Belgian)

Corporate Vice-President Supervising: Corporate Development

Michel Moser holds a Commercial Engineering degree from the University of Brussels (Ecole de Commerce Solvay) and a post-graduate degree in International Commerce. He joined Société Générale des Minerais (Sogem) in 1983 and held positions in Brussels, New York and Hong Kong. He managed the brokerage Sogemin Metals in London between 1995 and 2000. He joined the Executive Committee in May 2003.

Pascal Reymondet, 45 (French)

Executive Vice-President Supervising: Precious Metals Products business

Pascal Reymondet holds an MSc from Stanford University and an Engineering degree from the Ecole Centrale in Paris. He has occupied different engineering and management positions within the Degussa Group including management of the Port Elizabeth and Burlington automotive catalyst plants. He became Senior Vice-President of the Precious Metals Group (PMG) in June 2002 and joined the Umicore Executive Committee following the acquisition of PMG.

Marc Van Sande, 52 (Belgian)

Executive Vice-President Supervising: Business Group Advanced Materials; Copper activities; Research, Development & Innovation

Marc Van Sande holds a PhD in Physics from the University of Antwerp as well as an MBA. He joined MHO, a predecessor company of Umicore in 1980, and held several jobs in research, marketing and production. In 1993 he was appointed Vice-President of the Electro-Optic Materials business unit and he was appointed to his present position in 1999.

Group Senior Management

Thomas Leysen	Chief Executive Officer
Jean-Luc Deleersnyder	Executive Vice-President
Alain Godefroid	Corporate Vice-President
Marc Grynberg	Chief Financial Officer
Martin Hess	Executive Vice-President
Hugo Morel	Executive Vice-President
Michel Moser	Corporate Vice-President
Pascal Reymondet	Executive Vice-President
Marc Van Sande	Executive Vice-President
Guy Beke	Senior Vice-President Purchasing & Transport
Joerg Beuers	Senior Vice-President BU Jewellery & Electroplating
Michel Cauwe	Senior Vice-President BU Electro-Optic Materials
Stephan Csoma	Senior Vice-President Umicore South America
Luc Delagaye	Senior Vice-President Umicore Copper
Edwin D'Hondt	Senior Vice-President Information Systems
Ralf Drieselmann	Senior Vice-President BU Precious Metals Management
Guy Ethier	Senior Vice-President Corporate EHS
Luc Gellens	Senior Vice-President Research, Development, Innovation
Leo Jacobs	Senior Vice-President BU Zinc Smelting
Tom Kreuzer	Senior Vice-President R & D Automotive Catalysts
Michael Neisel	Senior Vice-President BU Automotive Catalysts Europe & Africa
Klaus Ostgathe	Senior Vice-President Umicore China
Joerg Plessow	Senior Vice-President BU Technical Materials
Ernst Pleyer	Senior Vice-President BU Building Products
Ursula Saint-Léger	Senior Vice-President Corporate Human Resources
Bill Staron	Senior Vice-President BU Automotive Catalysts North America
Bernard Tonnon	Senior Vice-President, Managing Director of Padaeng
Dirk Uytdewilligen	Senior Vice-President BU Specialty Oxides & Chemicals
Pierre Van de Bruaene	Senior Vice-President BU Engineered Metal Powders
Jan Vliegen	Senior Vice-President Fuel Cells

Dividends

If the appropriation of profit proposed to you on page 99 of this report is approved, a gross dividend of EUR 1.65 per share will be paid for the financial year 2004, i.e.

- a net dividend of EUR 1.2375 after deduction of the 25% withholding tax on presentation of coupon No. 13
- a net dividend of EUR 1.40 after deduction of the 15% withholding tax on presentation of coupon and VVPR strip No. 13

Starting 15 April 2005

Payment of dividends on presentation of coupon No. 13 at the registered offices and branches of the following institutions:

- Fortis Bank
- ING
- Bank Degroof
- Dexia Bank
- KBC Bank
- Petercam S.A.

Financial calendar

22 February 2005	Press release and final figures for financial year 2004
13 April 2005	General Meeting of Shareholders (financial year 2004)
17 August 2005	Press release and interim results for the first half of 2005
mid February 2006	Press release and final figures for financial year 2005
12 April 2006	General Meeting of Shareholders (financial year 2005)

Additional information

Stock	Euronext Brussels
Financial information	Institutional investors and analysts who wish to obtain additional information may apply to the Investor Relations department at the company's registered office Contact: **Tim Weekes** Phone: 32-2-227.73.98 E-mail: tim.weekes@umicore.com
Annual report	This report is also available in French, Dutch and German
Internet	This report can be downloaded from the Umicore Website: www.umicore.com
Registered office	**Umicore** Rue du Marais 31 B-1000 Brussels - Belgium Phone: 32-2-227.71.11 Fax: 32-2-227.79.00 Internet: www.umicore.com E-mail: info@umicore.com Company Number: 0401574852 VAT No: BE 401.574.852
Publisher responsible at law	**Umicore Corporate Communication** Contact: Eddy Cornelis Phone: 32-2-227.70.64 E-mail: eddy.cornelis@umicore.com
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Photographs	Publication
Printing	Dereume

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