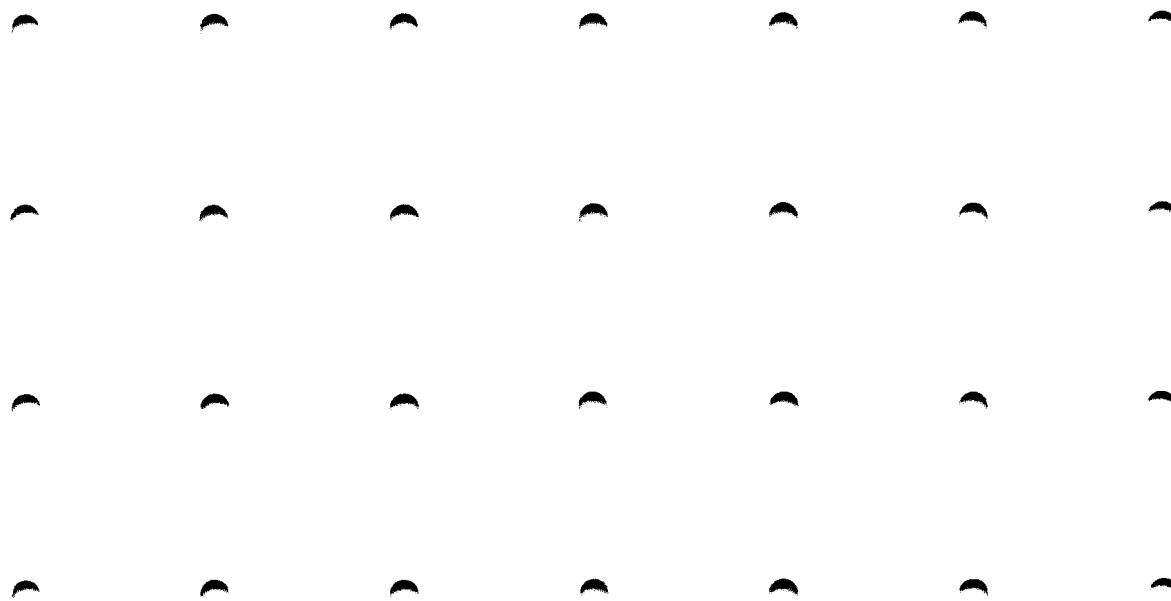


SOCIÉTÉ GÉNÉRALE DE BELGIQUE
GENERALE MAATSCHAPPIJ VAN BELGIË



ANNUAL REPORT





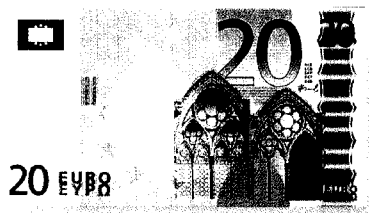
On 25 March 1997 the Belgian Banking and Finance Commission authorised the use of this annual report as the reference document for any public market issues made by Société Générale de Belgique until publication of its next annual report, under chapter II of Royal Decree No. 185 of 9 July 1935, via the separate publication procedure.

Under this procedure, this annual report must be accompanied by an issue note in order to be considered as a prospectus within the meaning of article 29 of Royal Decree No. 185 of 9 July 1935.

The prospectus must be submitted to the Belgian Banking and Finance Commission in accordance with article 29c, § 1, para. 1 of Royal Decree No. 185 of 9 July 1935.

The market issues in question are those mentioned in articles 8 and 9 of the Royal Decree of 18 September 1990 in respect of the prospectus to be issued for admission to listing of transferable securities on the primary market of a stock exchange.

Contents



Introduction	page 4
Principal Shareholdings	page 5
Financial Highlights of the Group	page 6
Letter to the Shareholders	page 8
Directors' Report on the Consolidated Accounts	page 12
Management Structure	page 14
Human Resources	page 17
Shareholders' Committee	page 18
Patronage	page 20
The Key Companies of the Group	page 23
Consolidated Accounts	page 41
Management Report and Accounts	page 63
Information for Shareholders	page 89
Useful Addresses	page 94

Introduction



Société Générale de Belgique is one of the oldest companies in Belgium. It will be celebrating its 175th anniversary at the end of 1997.

The company was founded in 1882 by William I, King of the Netherlands, to promote the development of the area which was to become Belgium. As such, the Générale supported the economy of the new nation throughout the Industrial Revolution.

In 1934 it was obliged to give up its banking activities, which were transferred to a separate company, the present-day Generale Bank, of which Société Générale de Belgique is still the main shareholder. Since then Société Générale de Belgique has concentrated on the industrial and services sectors.

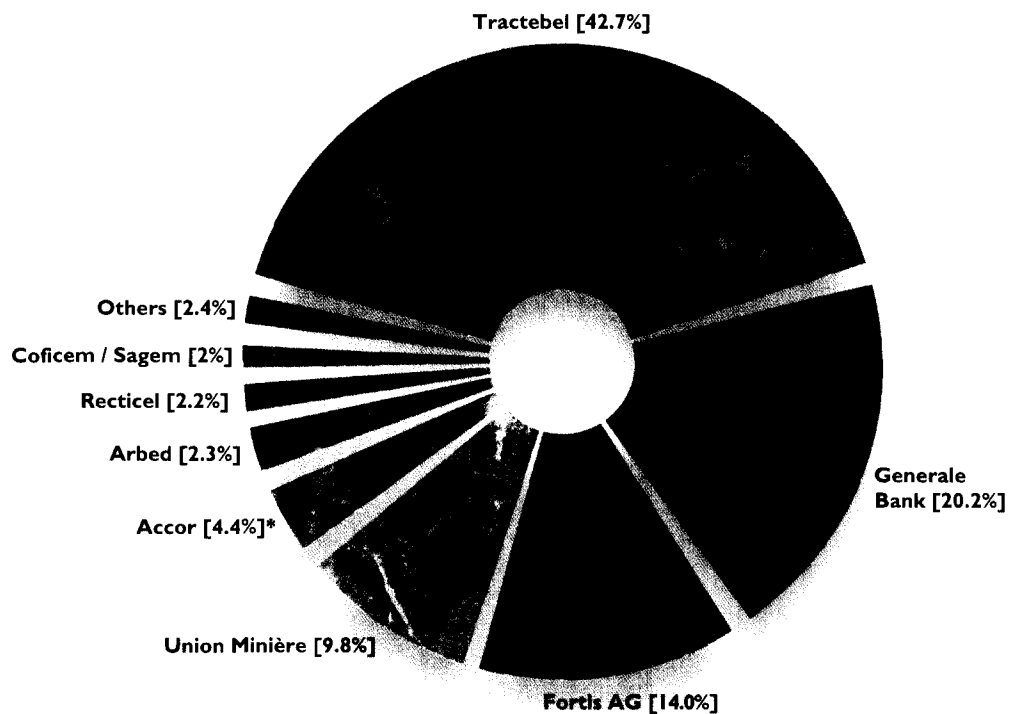
Its portfolio is mainly composed of investments - either majority holdings or significant interests - in seven companies with an international spread of operations:

- **Tractebel**, an industrial group specialising in electricity generation, electricity and gas distribution, and community services, including the environment.
- **Generale Bank**, a European banking network with its roots in Belgium.
- **Fortis AG**, which specialises in insurance and financial services.
- **Union Minière**, a world leader in the non-ferrous metals sector.
- **Recticel**, which specialises in producing polyurethane foams.
- **Coficem/Sagem**, a French company operating in the advanced electronics sector.
- **Arbed**, a Luxembourg steelmaker

Until 19 February 1997 the Générale was the principal shareholder of the **Accor** group, the world's leading hotel group.

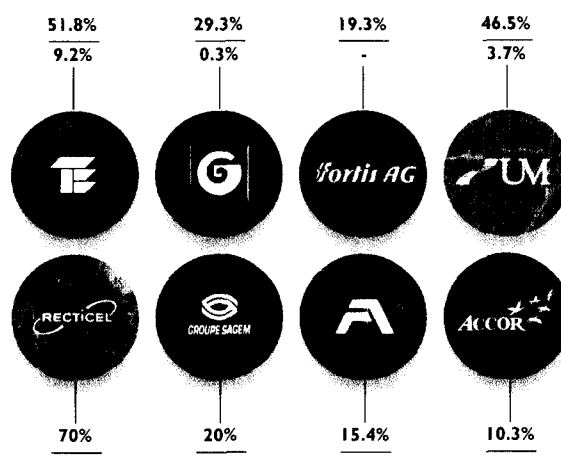
Despite the continuing recession, Société Générale de Belgique has succeeded over the past five years in significantly increasing its profit on ordinary activities, which has risen from BEF 4.5 billion in 1991 to BEF 11.1 billion in 1996.

ESTIMATED VALUE OF SHAREHOLDINGS (31/12/96)



* company which was sold off on 19/2/1997

STRUCTURE OF SHAREHOLDINGS (31/12/96)



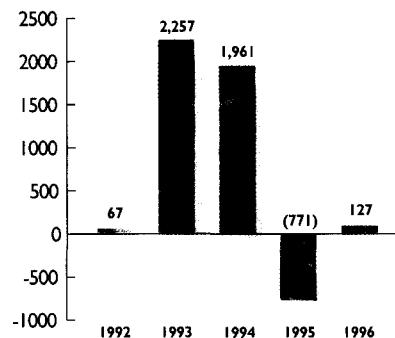
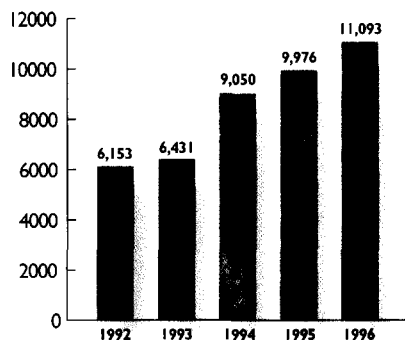
Remark :

- Upper figures indicate direct holdings, lower figures denote indirect holdings.

- Fully consolidated companies
- Companies accounted for by the equity method
- Non-consolidated company
- Company which was sold off on 19/2/1997

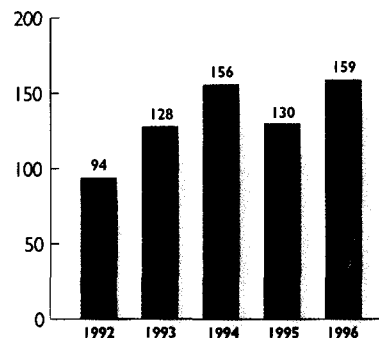
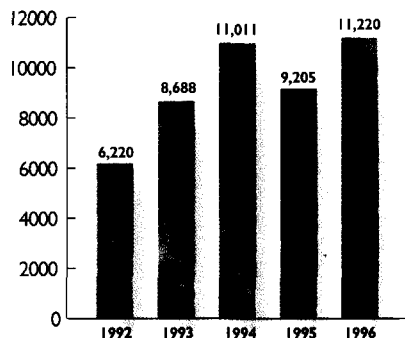
FINANCIAL HIGHLIGHTS OF THE GROUP (1992-1996)

PROFIT ON ORDINARY ACTIVITIES
(Group share)
(Millions of BEF)



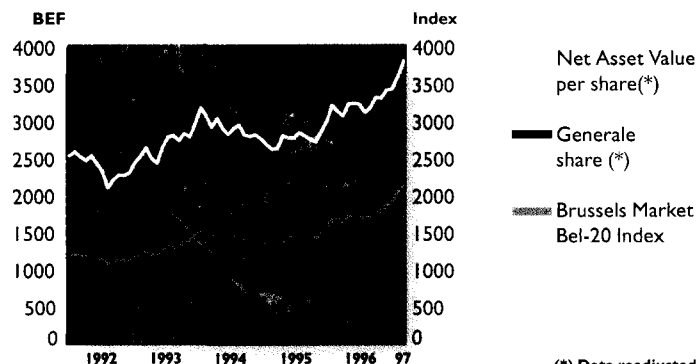
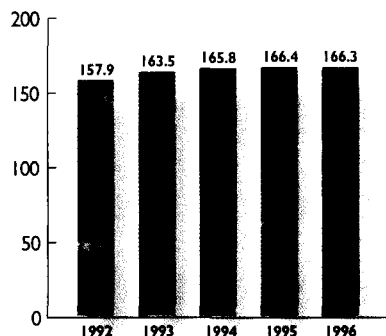
EXCEPTIONAL PROFIT (LOSS)
(Group share)
(Millions of BEF)

NET PROFIT
(Group share)
(Millions of BEF)



EARNINGS PER SHARE
(Group share)
(BEF)

CAPITAL AND RESERVES
(Group share)
(Billions of BEF)



(*) Data readjusted following the one for ten bonus share issue on 18/5/94

SHARE PRICES AND NET ASSET VALUE
1992-1996 (Brussels Stock Exchange)

FINANCIAL HIGHLIGHTS OF THE GROUP

	1996	1995	1994	1993	1992
Results * (BEF millions)					
Profit on ordinary activities	420	766	1 263	3 049	4 330
Exceptional Profit (Loss)	(97)	(1 828)	2 240	1 835	(420)
Profit of Companies included under the Equity Method	11 983	10 780	9 488	7 270	6 892
Consolidated Profit	11 948	9 482	12 323	10 504	8 449
Total Net Profit - Group Share	11 220	9 205	11 011	8 688	6 220
Balance Sheet (BEF millions)					
Tangible Fixed Assets	29 975	28 007	30 041	36 170	72 906
Financial Fixed Assets	167 769	143 946	138 582	132 621	131 259
Total Capital and Reserves	196 887	196 402	196 360	192 345	199 090
Group Capital and Reserves	166 335	166 470	165 769	163 519	157 862
Amounts Payable after one year	56 219	15 357	15 054	17 757	47 349
Working capital	33 765	39 431	37 975	40 485	42 978
Number of Shares issued and Market Capitalisation					
Shares Outstanding at 31.12	70 601 069	70 601 069	70 601 069	64 182 790	64 182 790
Shares calculated on full dividend entitlement basis at 31.12	70 601 069	70 601 069	70 601 069	61 680 838	60 398 760
Market Capitalisation at 31.12 (BEF millions) (1)	175 797	173 679	152 498	169 443	121 947
Figures per Ordinary Share, Adjusted (BEF)					
Total Net Profit - Group Share	159	130	156	128	94
Gross Dividend	116	116	114	104	102
Group Capital and Reserves	2 356	2 358	2 348	2 316	2 236
Estimated Net Asset Value at 31.12 (2)	3 443	2 998	2 769	2 977	2 312
Market Price : high	2 590	2 475	2 636	2 477	2 077
low	2 220	1 805	2 025	1 714	1 505
at 31.12	2 490	2 460	2 160	2 400	1 727
Ratios					
Return on Equity : $\frac{(\text{group net profit})}{(\text{group capital and reserves (3)})}$	6.7%	5.6%	6.7%	5.5%	4.2%
Debt Ratio (gearing) : $\frac{(\text{amounts payable after one year})}{(\text{total capital and reserves})}$	28.6%	7.8%	7.7%	9.2%	23.8%
Yield : $\frac{(\text{gross dividend})}{(\text{year end market price 31.12})}$	4.7%	4.7%	5.3%	4.3%	5.9%
Market Return : $\frac{(\text{price variation} + \text{gross dividend})}{(\text{year end market price 31.12})}$	6.0%	20.0%	(6.3%)	46.3%	8.6%

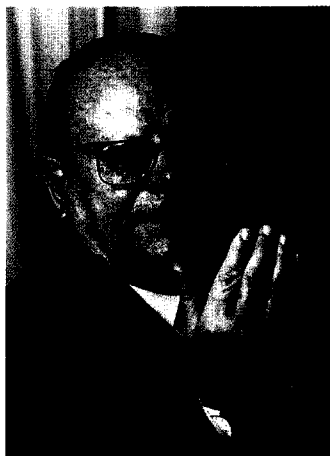
(1) Number of shares outstanding multiplied by year-end Brussels stock market price of ordinary shares.

(2) At 31.12 + newly created shares in proportion to their dividend entitlement.

(3) Total capital and reserves after appropriation of profit + net dividend income + potential capital gains on portfolio.

* These amounts are taken from the Consolidated Income Statement and include minority interests, unless specified otherwise; the figures given in the press release of 19 March 1997, and the data in the upper chart on page 6 on the profits on ordinary activities and exceptional profits only include the Group share.

LETTER TO THE SHAREHOLDERS



Ladies and Gentlemen,

This year we might have summed up our message in two short sentences: 1996 was a good year; 1997 will be even better.

But such a flippant report would not have enabled you to assess the true state of your company.

More than five years ago we set ourselves precise targets and stated that we wished to be judged in the light of our ability to achieve them. What have we achieved?

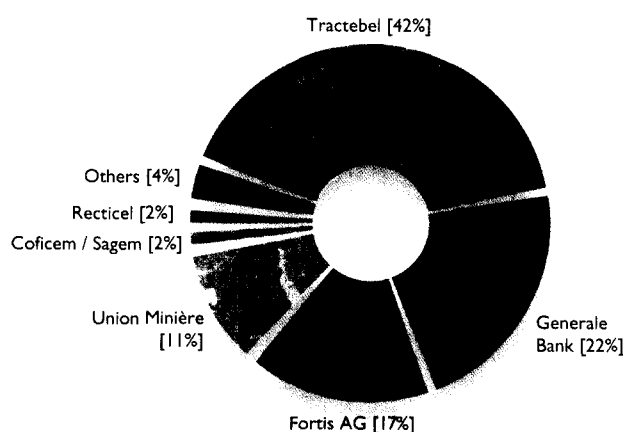
1. We wanted to turn Société Générale de Belgique into a diversified group with a limited number of significant shareholdings in companies occupying a leading position in their own specific field.

This has been done.

In 1996 the most important event was the acquisition of 24.6% of Tractebel shares from Groupe GBL and Royale Belge, for an amount of 50 billion Belgian francs. This acquisition reflects our confidence in Tractebel's strategy and our commitment to continuing to support its international expansion.

We sold our Elf shares in the course of 1996 and our Accor shares at the beginning of 1997. In the case of Accor, before we took our decision - the only course of action open to us following our investment in Tractebel - we waited until the new strategy, which had been drawn up by the Co-Chairmen,

PORTFOLIO AS AT 28 / 02 / 97
Analysis of estimated value



P. Dubrulle and G. Pélisson and which we endorsed, had started to bear fruit. The Co-Chairmen and the new Chief Executive Officer, J.M. Espalioux, were closely involved in our decision.

Today, the group's structure can be understood at a glance (see chart).

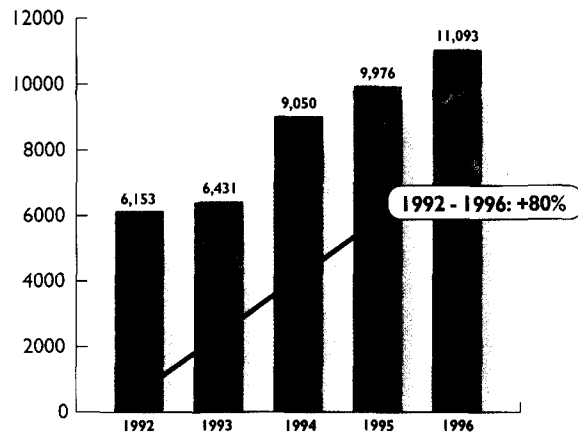
This should finally put an end to the old refrain that Société Générale de Belgique is an impenetrable group comprising a mixed bag of unconnected interests!

2. Another challenge facing us was to adapt to the ever-increasing globalization of the economy and by so doing

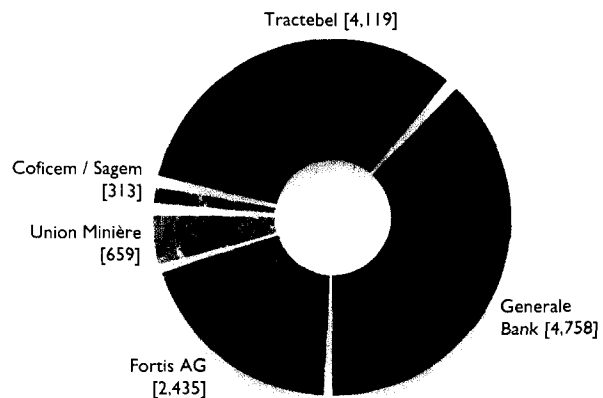
foster the international expansion of our major subsidiaries. 1996 marks another step forward in this direction. Tractebel has successfully continued to increase its international spread of operations and is now a world leader in its field; Recticel has consolidated its expansion in Central Europe; Union Minière has acquired a foothold in China and is looking towards Eastern Europe and Zaire; Fortis and Generale Bank are both continuing their successful strategy of expanding outside Belgium.

As far as our group is concerned, the globalization of the economy is not a threat, but rather an opportunity to be seized and exploited to the full.

CONSOLIDATED NET PROFIT ON ORDINARY ACTIVITIES
Group share (BEF million)



CONTRIBUTION TO THE CONSOLIDATED NET PROFIT ON
ORDINARY ACTIVITIES 1996
(BEF million)



3. Our third objective was to achieve a steady, sustainable increase in profitability.

As the first graph shows, we are on the right track. Our profit on ordinary activities will continue to rise steadily. The strategic decisions we have taken allow us to say this with every confidence.

From the second chart you can see that we expect the contributions from Union Minière and Recticel to increase in future, thanks to the plans they have implemented, which will start to bear fruit in 1997 and which should have an even more marked impact in 1998.

It is therefore easy to understand why our Board of Directors stated that our portfolio is properly balanced; its present structure provides us with the best means of attaining the targets we have set for your company.

• • •

The recently announced merger between Compagnie de Suez and La Lyonnaise des Eaux will have a positive impact on your company.

Firstly, the institutional relationship, which has now been in existence for nearly 10 years, between the managers and the shareholders will not change. It has proved its worth.

Secondly, this merger reflects the commitment of the directors and managers of these two companies to act as dynamic

players committed to a long-term industrial strategy. Stability is also an essential pre-condition for Société Générale de Belgique's development; this merger provides the stability it needs.

• • •

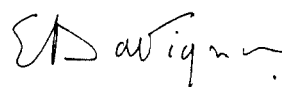
Nonetheless, life is not a bed of roses; we are not talking here about the level of our debts, which are perfectly manageable and which we keep under close supervision. No, our cause for complaint lies with the market, which has proved very slow to take on board our achievements and progress over the past few years. The steady rise in our profit on ordinary activities, the clear strategic guidelines we are following, the transparency of our decision-making processes, the introduction of the best practices of corporate governance, all these factors warrant a much better market price for your shares.

Your shares are currently trading at a discount of around 25%. Our new objective is to conduct an intensive campaign not only to reduce this excessive discount, but to reduce it significantly.

With your continuing support we feel we shall be able to achieve this new objective, in the same way as we shall continue to meet our previous goals.



Philippe Liotier
Chief Executive Officer

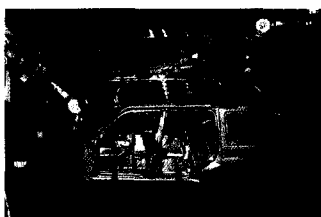


Etienne Davignon
Chairman of the Board

DIRECTORS' REPORT ON THE CONSOLIDATED ACCOUNTS

The main acquisition effected in the course of the financial year was the purchase, in September 1996, of 3,405,828 Tractebel shares from Electrafina and Royale Belge for an amount of BEF 49.6 billion; this acquisition increased the Générale's controlling interest in Tractebel from 39.8% to 64.2%. A share price maintenance scheme was organised and put warrants were issued following the acquisition. The Générale invested in Generale Bank and Fortis AG in order to keep its percentage shareholding at the same level. The interests held in Elf and Compagnie de Suez were sold off. In February 1997 the Générale placed its Accor shareholding with institutional investors. In effecting these transactions, the Générale continued to implement its policy of refocusing its portfolio by disposing of certain shareholdings in order to release the financial resources required to support the expansion of its main subsidiaries. The Générale has initiated a procedure, which is described in more detail on page 64, to reduce its participating interest in Arbed. • In the course of the financial year Tractebel's restructuring of Electrabel's shareholder base to include the communal authorities was finalised; Electrabel has submitted a proposal to the communal authorities with the aim of drawing up new standard articles of association for the jointly owned intercommunal utility

companies. In 1996 the communal authorities decided to take up the purchase option on the 2,534,280 Electrabel shares offered for sale by Tractebel. Consequently, Tractebel's interest in Electrabel decreased by 4.66%. These transactions will not have any impact on the Générale's income. Via Powerfin the Tractebel Group continued its programme of investments in power stations abroad, including Chile, the United States, Italy, India and Kazakhstan. In the gas sector a network project was started in Thailand. Tractebel made a public offer of exchange on the remaining Fimeuse shares, and subsequently absorbed this company. As a result of these two transactions the direct interest held in Fabricom increased from 93.95% to 100%. Fabricom itself stepped up its participating interest in Watco from 60% to 85%. • In September 1996 Generale Bank increased its capital by BEF 15 billion in order to boost its capital adequacy. The Bank's operating income was influenced by the inclusion of two new acquisitions, Generale Bank Nederland (formerly, Crédit Lyonnais Bank Nederland) and Fimagest. Profit increased by more than 10%, owing to the excellent performance of the parent company and also to the capital gains realised on sales of investment securities. • Fortis AG achieved a significant increase in profit. At the end of 1996 it took a major step forward in its expansion policy and acquired the Dutch merchant bank, MeesPierson. It achieved several objectives with this one acquisition: it increased the spread of its asset management activities, it consolidated its operations in the Netherlands and brought in new, complementary lines of business, including private banking and corporate banking. • Union Minière started to implement its industrial plan in 1996. Under this plan, which was decided





in 1995, operations will be restricted to the core businesses and the international spread of operations will be increased. Breakthrough programmes have been put in place in the various sectors of activity and four foreign investment projects were initiated in China, Japan, the United States and South Africa. Two partnerships were also formed in Belgium: Métallo-Chimique and Huron Valley Europe. Following several loss-making years Union Minière posted a profit in 1996. • In 1995 the Recticel Group was hard hit by rising raw materials prices and falling consumption; in 1996 it achieved a significant turnaround, although it did not break even. Recticel established a foothold in the bedding sector in Switzerland and together with its Austrian partner, Greiner, expanded its operations in Eastern Europe. • In accordance with the presentation of consolidated accounts required by the Royal Decree of 6 March 1990, ordinary and exceptional income and charges of fully consolidated subsidiaries are included in full (100%), disregarding the fact that minority interests vary from one subsidiary to another. The Group's share in the net income of companies included under the equity method is carried on one line and therefore it is not possible to determine the Group's share in their ordinary and exceptional income. In the case of the Générale Group, this procedure does not reveal the Group's share in the "ordinary operating income" or give a detailed analysis of this income between fully consolidated subsidiaries, subsidiaries included by the equity method and the parent company. • Since 1988 the Générale has published an analysis of its yearly and half-yearly income for the purpose of providing a more complete view. This analysis represents an unaudited restatement of the consolidated figures.

GROUP SHARE IN THE INCOME ON ORDINARY ACTIVITIES PER COMPANY UNAUDITED ANALYSIS

(BEF millions)	1996	1995	1994
Union Minière	659	701	337
Recticel	(76)	(313)	373
Tractebel	4 119	3 593	3 201
Generale Bank	4 758	4 180	3 882
Fortis AG	2 435	2 067	1 824
Coficem/Sagem	313	201	-
SGB and Subsidiary holding companies	(1 115)	(731)	(841)
Group share in net income on ordinary activities	11 093	9 698	8 776
Group share in exceptional income	127	(771)	1 961
Group share in net income	11 220	8 927	10 737



MANAGEMENT STRUCTURE

BOARD OF DIRECTORS

CHAIRMAN

Etienne Davignon

DEPUTY CHAIRMEN

Maurice Lippens

Chairman-Chief Executive Officer of
Fortis AG and Co-Chairman of Fortis

Gérard Mestrallet

Chairman-Chief Executive Officer of
Compagnie de Suez

CHIEF EXECUTIVE OFFICER

Philippe Liotier

BOARD MEMBERS

Jean Arvis (until 13.2.96)

Chairman of Groupe Monceau
Chairman of the Fédération Française
des Sociétés d'Assurances

Philippe Bodson

Chairman of the General Management
Committee of Tractebel

Valère Croes

Member of the Supervisory Board of
Fortis and Chairman of Sabena

Jean-Claude Dehovre

Chairman of SRIW

François de Laage de Meux

Chairman of the Comité National
français de la Chambre de Commerce
internationale

Bernard Egloff

Chairman-Chief Executive Officer of
Crédit Foncier de Monaco (Suez Group)

Jean Gandois

Chairman of Cockerill Sambre

Jean Godeaux (until 15.5.96)

Honorary Governor of the National
Bank of Belgium

François Jacot (since 13.2.96)

Deputy Chief Executive Officer of
Compagnie de Suez

Joseph Kinsch

Chairman of Arbed

Philippe Malet

Honorary Chairman of Salins du Midi
(formerly part of Suez Group)

Xavier Moreno

Chairman-Chief Executive Officer of
Suez Industrie and Director of Industrial
Affairs of Compagnie de Suez

Patrick Ponsolle

Co-chairman of Eurotunnel

Alain Seugé

Director of Private Banking at Banque
Indosuez

Hugo Vandamme (since 15.5.96)

Chief Executive Officer of Barco

Piet Van Waeyenberge

Chairman of De Eik

Karel Vinck

Chief Executive Officer of Union Minière

Gérard Worms

Chairman of the Board of Rothschild et
Cie Banque

SECRETARY

Jean-Pierre Standaert

EXECUTIVE COMMITTEE

CHAIRMEN*

Gérard Mestrallet (until 15.5.96)

Maurice Lippens (since 15.5.96)

* The chairmanship alternates from one Annual
General Meeting to the next, between
Mr. Lippens and Mr. Mestrallet.

MEMBERS

Philippe Bodson

Valère Croes

Etienne Davignon

François Jacot (since 15.5.96)

Philippe Liotier

Xavier Moreno

Alain Seugé

Karel Vinck

SECRETARY

Jean-Pierre Standaert

AUDIT COMMITTEE

CHAIRMAN

Jean Godeaux (until 15.5.96)

François de Laage de Meux (since 15.5.96)

MEMBERS

Valère Croes

Bernard Egloff



E. Davignon and P. Bodson



F. Chaffart



K. Wendel and B. Morelli



P. Liotier and L. Vansteenkiste



M. Lippens



K. Vinck and E. Davignon

MANAGEMENT COMMITTEE

CHAIRMAN

Philippe Liotier
Chief Executive Officer

MEMBERS

Patrick Buffet
Director, Industrial Holdings and Strategy

Alain Chaigneau
Finance Director

Etienne Davignon
Chairman of the Board

Jean-Jacques Massart
Director of Communication
Director of Human Resources

Jean-Pierre Standaert
Secretary General
Director Legal Affairs

Klaus Wendel
Director Management Systems

SECRETARY
Vincent Bribosia

GROUP COMMITTEE

CHAIRMAN

Etienne Davignon

DEPUTY CHAIRMEN

Philippe Liotier

Karel Vinck

MEMBERS

Philippe Bodson

Bruno Morelli

Luc Vansteenkiste

**AND THE MEMBERS OF THE
MANAGEMENT COMMITTEE**

SECRETARY

Vincent Bribosia



J. Kinsch



L. Vansteenkiste and A. Chaigneau



J.J. Massart and P. Buffet



V. Bribosia and J-P. Standaert



P. Faurre
Chairman-Chief Executive Officer of Sagem

ADVISERS

Edgard Bossuyt
Paul De Keersmaecker
Philippe de Woot de Trixhe
Jean Van Marcke

REPRESENTATIVES ABROAD

Japan and Southeast Asia
Isabelle Hupperts

People's Republic of China
Lino Giudice

Zaire
Pierre Linard de Guertechin

Co-ordination in Belgium
Georges Nève

JOINT STATUTORY AUDITORS

• PRICE WATERHOUSE
Company Auditors
represented by Robert Peirce
Boulevard de la Woluwe 62
B-1200 Brussels

• DELOITTE TOUCHE
Company auditors, SCC
represented by Claude Pourbaix
Avenue de la Renaissance 20/25
B-1040 Brussels

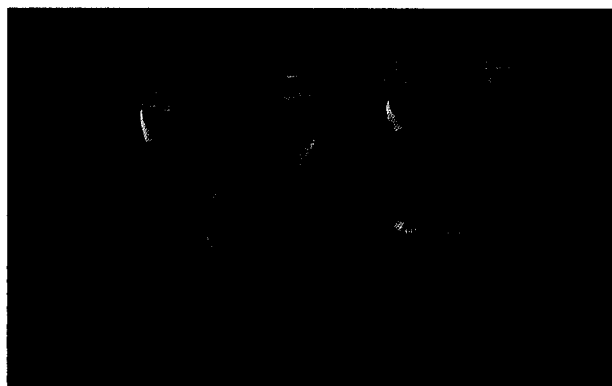
HUMAN RESOURCES

It is now three years since Société Générale de Belgique took an innovatory step to create jobs for young people; it decided to employ a young graduate in each of its five departments for a period of one year. The purpose of this training period is to provide the young people in question with an opportunity to use their skills and acquire first-hand experience of working in a company whose activities cover several sectors of the industrial and services economy.

All four graduate trainees recruited in 1995-1996 have found employment corresponding to their interests and qualifications. In the light of these encouraging results the Générale has decided to repeat this scheme this year as well.

The Générale also played an active part in the "Job Springboard" programme launched by several Belgian daily newspapers. It has already taken on five young graduates from the French and Flemish-speaking parts of Belgium for one month in the Department of Communication in order to give them an opportunity to learn about the world of business.

The success of these programmes proves just how important it is for these young people not only to acquire experience and a better understanding of their career aspirations, but above all for them to develop greater self-confidence when faced with employers' requirements.



From left to right:

Michele Santangeli,

Department of Finance

University Diploma in Business Studies and Finance, Institut Catholique des Hautes Etudes Commerciales

Thierry Bodson,

Department of Legal Affairs

Ingénieur Commercial, HEC Liège

Audrey Bossuyt,

Department of Communication and Human Resources

Ingénieur Commercial, Solvay Business School

Fabrice Heughebaert,

Department of Industrial Holdings and Strategy

Ingénieur Commercial, Solvay Business School

Christophe Garnier,

Management Systems Department

University Diploma in Economics, Université Libre de Bruxelles/Vrije Universiteit Brussel

Yohann Delzant (not on the picture)

Department of Communication and Human Resources

University Diploma in Communication, Information and Journalism, Université Libre de Bruxelles/Vrije Universiteit Brussel

SHAREHOLDERS' ADVISORY COMMITTEE

The Shareholders' Advisory Committee had a busy year, thus justifying the initiative taken at the Générale's Annual General Meeting in 1995 to give individual shareholders an opportunity to make their views known.

Above all, this first year gave the members of the Committee and the representatives of the Générale and its subsidiaries a chance to learn more about each other. It also gave the Générale's teams a better insight into the shareholders' expectations in terms of communication.

In order to go some way towards meeting the wish that had been expressed for the Générale to provide more information on its activities and achievements, it was decided to create a news bulletin, primarily for individual shareholders.

The new publication, "Share", is intended as a forum for the Générale, the Shareholders' Advisory Committee and the other shareholders to share news of the Committee's activities, and also for other Générale shareholders to make their views and suggestions known. "Share" is published twice a year in French, Dutch and English and is available free of charge.

The Committee was kept busy throughout the year, with working meetings alternating with visits to Group companies. In October 1996 the Committee travelled to Rosignano in Italy to visit the power station which Tractebel is building together



with Solvay to generate electricity and steam power for Solvay's site and electricity for the Italian national network. This visit gave the Committee members a chance to see for themselves the fruits of Tractebel's dynamic, creative approach, which has made it a major player in the international market.

At the working meetings the Committee made the acquaintance of the staff of two of the operational departments at the Générale's head office:

- the Management Systems Department, which includes accounting, corporate planning supervision, consolidation and information technology;
- the Department of Legal Affairs, which explained, inter alia, the Générale's position on corporate governance. This gave rise to an extremely fruitful exchange of ideas between the various participants.



At the beginning of 1997 half the members of the Committee were replaced, as previously announced. The new members were selected by an independent jury on the basis of the applications they had submitted.



PATRONAGE

In 1996 Société Générale de Belgique's patronage policy clearly reflected the principle which underlies its day-to-day decision-making process, in other words **continuity**, the essential factor guaranteeing the survival and development of any project, be it cultural, humanitarian or scientific.

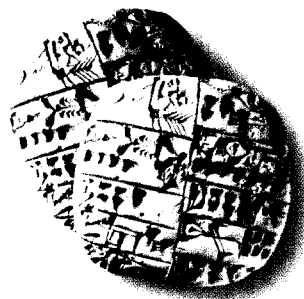
In the world of music, the two leading Belgian orchestras, "I Fiamminghi" in Flanders and the "Orchestre Philharmonique de Liège et de la Communauté Française" in Wallonia, continued to benefit from the support of the Générale. These two orchestras are successfully building up an excellent reputation, both at home and abroad, as is illustrated by the fact that they are invited to perform in some of the world's leading concert halls, including Paris. In addition they are both recognised for their innovatory recording policy and the unrivalled quality of their compact discs.

The Société Philharmonique de Bruxelles and the Concerts de Midi also continued to receive support from the Générale in 1996.

As a "traditional" patron of the Europalia festival and prime mover behind the project to restore the private house of the architect, Victor Horta, it was only logical for the Générale to participate in this year's Europalia, which offered the general public an opportunity to discover the work of this Belgian architect, who is internationally famous for his role at the

forefront of the Art Nouveau movement. His house, which is now the Horta Museum, should soon be restored to its former glory. To date the roofs have been completely renewed and the rear facade has been rendered with cement made up according to the old formula. Work is progressing well in the casting workshop; the floor has been re-laid using "granito", a mixture of crushed marble and cement. Finally, the walls in the stairwell have been stripped back and the first coat of paint has been applied.

When looking at support for the least favoured members of society the Générale came to the conclusion that financial aid alone was not always sufficient to guarantee the survival of the associations which play a vital role in dealing with the problem of social exclusion. Consequently, the Générale has committed itself to playing a more active role, by lending skills in fields such



as communication, financial management and organisation, to support wide-ranging projects dealing with social problems.

Once again the Générale was involved in the archaeological excavation project at Tell Beydar in northern Syria, which is being carried out by ECUMS, an association of specialists from four universities in Europe and Syria.

The results of the fifth archaeological campaign have proved extremely significant, mainly as regards official buildings in the 3rd millennium. The discovery of a further 18 cuneiform documents, which have been dated back to around 2400 BC, confirms the exceptional importance of the Tell Beydar site for historical research and research into the origins of the written word. So far archaeologists working on this site have uncovered 165 documents written in the 3rd millennium which cast new light on the history of the Jezirah region in particular and the entire history of Upper Mesopotamia.

In this context, with the aim of allowing a wider audience to share in the success of this project, the Générale is planning to organise an exhibition with ECUMS, as part of its 175th anniversary celebrations, on the subject "The Origins of the Written Word", with particular emphasis on Syria and its archaeological treasures. Prominence will of course be given to the work on the Tell Beydar site and the significance of this site for the history of our own culture.





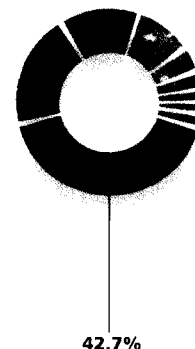
Tractebel	page 24
Generale Bank	page 28
Fortis AG	page 30
Union Minière	page 32
Recticel	page 34
Coficem / Sagem	page 36
Arbed	page 38



Notes on the figures for the seven key companies:

- *Figures are in millions of BEF, unless specified otherwise*
- *The «net profit» includes the Group's share and that of minority shareholders.*
- *Capital and reserves include the Group's share and that of minority shareholders and are given after appropriation of the profit.*
- *The stock market capitalisation is obtained by multiplying the total number of shares by the market price for ordinary shares at 31 December.*

The key companies of the Group



ACTIVITIES

Tractebel is a Belgian-based international group specialising in industrial services and public utilities. Its activities include electricity, gas, waste management, technical installations, engineering, communications and real estate. The group has centres of operations in more than 100 countries. Its electricity generating capacity is 23,000 MW (of which about 10,000 MW is outside Belgium) and it manages gas distribution facilities of approximately 30 billion cubic metres a year. As access to these markets has been liberalised, Tractebel has developed gas and electricity projects in 16 countries since the beginning of the 90s (Germany, Argentina, Canada, Chile, China, the United States, Hungary, India, Italy, Northern Ireland, Kazakhstan, Peru, Portugal, the Sultanate of Oman, Singapore and Thailand). In Belgium Tractebel has a controlling interest in Electrabel, which has formed partnerships with other European electricity producers, including the Spanish company Iberdrola, Scottish Power, the Dutch company SEP and Electricité de France. Environmental services are also an important part of Tractebel's activities. Over the past five years it has expanded its solid waste management and water and sludge treatment operations in more than 11 countries in the European Union and Central Europe.

KEY EVENTS

Electricity in Belgium

- In **January** the Belgian Government announced the position it had taken on the draft national infrastructure programme 1995-2000 with regard to electricity generating and distribution facilities. In particular, the government has authorised the construction of two new GST power stations in Flanders and one new power station in Wallonia.

- **During the first half of 1996** Electrabel submitted a proposal to the communal authorities* to draw up new standard articles of association for the jointly owned (i.e. public/private) intercommunal utility companies and reserve 5% of Electrabel's capital for the communal authorities. All the intercommunal utility companies and nearly all the communal authorities in question approved this proposal. The European Commission's Directorate General responsible for competition is examining the matter.

* In Belgium the smallest local authority is known as a "commune".

- **In 1996** a 3% interest was acquired in Scottish Power, the fourth largest electricity generator in the United Kingdom. Following this investment, totalling more than BEF 5 billion, the two companies concluded an agreement to exchange experiences.

- **Throughout the year** combined heat and power generating projects were developed with industrial partners. Facilities which came into operation in 1996, together with those in the course of construction and projects concluded, represent a total capacity of 220 MW.

Gas in Belgium

- In **February** the Société Fédérale d'Investissement took up its option on the Distrigaz shares (16.62% of the capital) held by Tractebel. These shares were subsequently listed on the

TRACTEBEL



stock exchange in June 1996. In addition, Publigaz, which holds the intercommunal utility companies' interests in Distrigaz, increased its direct interest in Distrigaz to 16.6% and acquired an interest of 50% + 1 share in Distrihold, of which Tractebel is the majority shareholder. Distrihold has a 16.6% interest in Distrigaz.

- In **December** Distrigaz announced a programme of investments to upgrade the distribution/transit network for an amount of between BEF 12 and 15 billion.

International Electricity and Gas

- **Since the beginning of 1996** various electricity and gas projects have been acquired or developed in Canada, Chile, China, the United States, Kazakhstan, Peru, Singapore and Thailand.
- The total generating capacity of the power stations in operation, in the process of construction or nearing completion, in which the operational unit EGI holds an interest, increased from 5,450 MW at 31 December 1995 to 9,921 MW at 31 March 1997; this is equivalent to more than half of Electrabel's effective generating capacity. Similarly, at 31 March 1997 gas volumes stood at 4.5 billion cubic metres a year.

Communications

- In **September** an agreement was signed with the Dutch group, Securicor Datatrak Europe, with a view to setting up a mobile telecommunications network in Belgium, mainly for the purpose of establishing the position of vehicles and exchanging short messages.

Technical Installations and Community Services

- In **January** the Fabricom Group took up its option to acquire an additional 15% interest in the waste management company, Watco, which has centres of operations in Belgium and the neighbouring countries. At the end of June it subscribed the full amount of Watco's capital increase (BEF 2.5 billion) bringing its interest up from 60% to 85.2%.
- In **May** a public offer was made to exchange Fimeuse shares for Tractebel shares, on the basis of 8 Tractebel shares in exchange for 5 Fimeuse shares. Following this exchange Tractebel's interest amounted to 96.28%. At the end of December Tractebel took over this subsidiary.
- In **September** Watco, a subsidiary of the Fabricom Group, announced it was reorganising its activities into three geographical units (Flanders, Wallonia and Brussels) to reflect the federal structure of Belgium.
- In **March 1997** Européenne des Services acquired a majority interest in the newly privatised Lancashire Waste Services, one of the largest waste management companies in the United Kingdom.
- **Since the beginning of 1996** the capital of Européenne des Services has been increased by BEF 600 million in order to finance the expansion of its international environment activities.

Real Estate

- Immoebel, in partnership with the Buelens group, built a 200,000 square metre office block in the centre of Warsaw.

Engineering

- In **July** Tractebel Engineering signed two turn-key contracts with the Korean Gas Corp. for the design, detailed specifications and supply of recondensing systems for liquefied natural gas vapour at two terminals in South Korea.
- In **September** Tractebel Engineering acquired a 25% interest in the French engineering company, Géostock, the world leader in the field of underground storage of hydrocarbons.
- Tractebel Engineering also signed two major contracts in the United Arab Emirates in **September**: one to study, design and supervise the construction of a new 400 MW power station in Abu Dhabi and the other to study and monitor the construction of three desalination plants in the Northern Emirates.

Parent Company

In **April** and **October 1996** part of Tractebel's interest in Sipex, which specialises in integrated analogue circuits, was sold on the New York Nasdaq market. This sale generated a capital gain of BEF 2 billion.

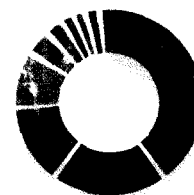


COMMENTS ON RESULTS

Tractebel's consolidated net profit (group share) for 1996 stood at BEF 12.1 billion, a 6.7% increase over 1995. Turnover showed a similar increase, moving up from BEF 322 billion in 1995 to BEF 344 billion in 1996. The Tractebel group continued to grow and expand internationally throughout 1996, in the electricity sector and also in the technical installations and waste management sectors. The most significant contribution to the increase in profit was made by the Fabricom Group companies.

KEY FIGURES

(BEF million)	1996	1995
Turnover	344 326	321 699
Net profit (Loss)	35 024	31 497
Profit (Loss) per share (BEF)	869	823
Shareholders' equity	298 247	262 971
Stock market capitalisation	205 829	167 254
Direct holding	51.77%	27.53%
Dividend per share (BEF)	385	370
Personnel	39 423	36 684



20.1%

ACTIVITIES

With its strong position in its domestic market, where it has a network of 1,100 branches, Generale Bank is developing into a European banking group with its roots in Belgium. It is expanding in the neighbouring countries, with particular emphasis on the area within a 400 km radius of Brussels. In other parts of Europe and the rest of the world its market presence is basically geared to providing an efficient response to the requirements of its Belgian and international customers, in line with the volume of business they conduct in the regions in question. Outside Europe the Group is primarily active in Asia, where it is represented by the Belgian Bank (Hong Kong), among others, and in Africa, where it is represented by Banque Belgoise, its subsidiaries and its shareholdings.

KEY EVENTS

In **September** it was decided to increase the capital by BEF 15 billion.

- In **October** the Bank acquired a 34% interest in the French stockbrokers, Meeschaert-Rousselle.
- In **October** Belgolaise acquired a 35% interest in The Trust Bank of Ghana.
- In **November** Generale Bank and Banque Indosuez Luxembourg set up Fastnet Belgium, a company specialising in accounting services for investment funds incorporated under Belgian law.
- In **January 1997** Fimagest and Banque Parisienne de Cr dit set up a joint subsidiary, G n rale de Patrimoine et de Gestion, specialising in asset management for upmarket private customers.
- In **January 1997** Belgolaise acquired a 35% interest in the Sembule Commercial Bank in Uganda.

COMMENTS ON RESULTS

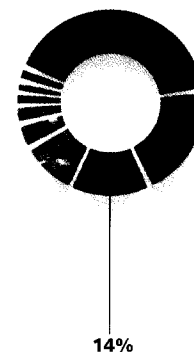
In 1996 the Generale Bank Group's net profit registered a 10.4% increase compared with 1995, up to BEF 15.1 billion. This encouraging result is in line with the Bank's objective of achieving a steady, sustainable growth rate for profits. It also reflects the successful integration of recent acquisitions such as Generale Bank Nederland, Fimagest and the French stockbrokers, Meeschaert-Rousselle. Following the capital increase, the ROE (return on equity) stands at 12.8%, and for the fifth

year running the Bank has met its target of achieving a ROE of at least 12.5%. Overheads increased by 15.9% to BEF 79 billion. This increase was almost entirely due to the consolidation of Generale Bank Nederland and Fimagest. The cost/income ratio improved slightly, from 60.1% in 1995 to 59.8% in 1996. Capital and reserves after appropriation of the profit stand at BEF 129 billion, 20.2% higher than the previous year. The capital increase in October 1996 generated BEF 15.4 billion in new capital. On a consolidated basis the Generale Bank Group achieved a capital adequacy ratio of 10.66% calculated according to the new CAD standards; the minimum required level is 8%.

With a view to taking full advantage of the opportunities offered by recent acquisitions and the imminent introduction of the Euro, Generale Bank reorganised its internal structure, with the emphasis on enhanced integration in areas generating added value, together with real autonomy in those areas where specific regional or national requirements need to be met.

KEY FIGURES

(BEF million)	1996	1995
Total assets	5 544 108	4 739 154
Net profit (Loss)	17 683	16 153
Profit (Loss) per share (BEF)	914	914
Shareholders' equity	155 160	132 477
Stock market capitalisation	187 801	155 694
Direct holding	29.28%	29.32%
Dividend per share (BEF)	395	385
Personnel	22 551	20 772



ACTIVITIES

Fortis is an international financial group operating in the insurance, banking and investment sectors. The group comprises more than 100 companies throughout the world.

KEY EVENTS

In **January** the Danish life insurance operations, Livforsikrings Aktieselskabet Utrecht, were sold to the Danish insurance company, Almindelige Brand.

- In **February** the Compagnie Suisse de Réassurances (Swiss Ré), acquired a 3.59% interest in Fortis AG.
- In **May** the American motor insurance subsidiary, Superior Insurance, was sold to GGS Management.
- In **July** the entire assets of Banque Metropolitan were sold to Crédit à l'Industrie.
- In **July** all the asset management activities were merged into one single company, Fortis Investments Belgium (FIB).
- In **September** a European Works Council was set up.
- In **December** the Dutch merchant bank, MeesPierson was acquired for the sum of BEF 45.9 billion. This acquisition enabled Fortis to consolidate its position in the asset management market and offers openings in the field of private banking and corporate banking.
- In **December** AG 1824 signed a declaration of intent with Naviga, a company owned by the CMB group, on the sale of its subsidiary, la Médicale; this sale took place in February 1997.
- In **January 1997** Herman Verwilt took over from Valère Croes as Managing Director of Fortis AG, Vice-Chairman of Fortis and Chief Executive Officer of Fortis Belgium.
- In **January 1997** a decision was taken to increase the capital in two stages. The increase took place in February 1997, one portion being reserved for existing shareholders and the other for the staff of Fortis Belgium. The amount of around BEF 17 billion raised will be used to finance the external expansion of the Fortis financial group and, among others, the acquisition of MeesPierson.

COMMENTS ON RESULTS

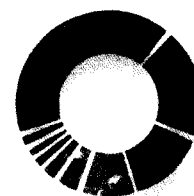
The 1996 financial year was particularly good for Fortis. Its net profit increased by 16% to ECU 731 million. This increase was achieved despite the substantial provisions set aside to cover all the charges in connection with the Euro and the year 2000. These provisions amount to ECU 158 million before tax and ECU 86 million after tax. The operating profit increased by 9% to ECU 1,194 million.

All the group's operations contributed to this increase. All the branches of the insurance business achieved improved results, with life insurance showing the most marked rise. Excluding the provisions for the Euro and the year 2000, income from banking activities was significantly higher than in 1995.

Total income stood at ECU 18.8 billion, up by 7%. Fluctuating exchange rates had a slightly negative impact on Fortis' income. MeesPierson's balance sheet as at 31 December 1996 was included in Fortis' consolidated accounts for the first time. As at 31 December 1996 Fortis had total assets in excess of ECU 141 billion and its capital and reserves stood at ECU 5,917 million, an increase of ECU 1,141 million.

KEY FIGURES

(BEF million)	1996	1995
Net profit (Fortis)	28 343	24 005
Shareholders' equity (Fortis)	234 799	180 226
Stock market capitalisation (AG)	195 308	129 469
Direct holding	19.29%	19.31%
Dividend per share (BEF)	95.25	84
Personnel	34 403	33 117



9.8%

ACTIVITIES

Union Minière (UM) is one of the world's leading non-ferrous metals producers. The group develops and markets more than twenty different metals, including rare metals refined by state-of-the-art techniques. The activities of Union Minière cover mining, smelting, refining, primary transformation, recycling and engineering. The company is organised around five Business Units: zinc, copper, cobalt, germanium and precious metals and the complex metallurgy of lead and copper-bearing materials containing precious metals. Its products are mainly used in the heavy industrial sector and also in advanced technology sectors such as rechargeable batteries and solar cells.

KEY EVENTS

In **April** a partnership was formed with Gécamines to operate a cobalt mine in Zaire (260,000 tonnes of ore). A percentage of the refined metal will be transformed by Union Minière.

- In **September** UM acquired the American company, South Boston Semiconductors (SBS), which specialises in processing semi-conductor materials. This company was integrated into UM Germanium and Special Metals, which changed its name to UM Electro-Optic Materials at the beginning of January 1997.
- In **September** a 33% interest was acquired in the South African company, Union Mineral Concentrators, which specialises in processing low-grade, metal-bearing raw materials and residues.
- In **October** UM acquired full control of Koninklijke Maastrichtse Zinkwit-maatschappij following an agreement concluded with the minority shareholders.
- In **December** the 10% interest held in Thai Copper Industries Public Cy Limited was sold to the other shareholders.
- In **December** Sogem, the UM group's international trading company, signed a co-operation agreement with the group, Centaur Mining and Exploration Ltd, on the development of a nickel and cobalt powder project in Western Australia.

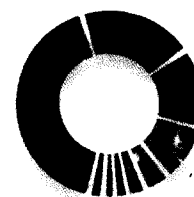
COMMENTS ON RESULTS

The Union Minière Group posted a net profit for 1996, for the first time since 1990. This was achieved despite the overall decrease in metals prices, the significant reduction in volumes in the transformation sector and the deterioration in the results generated by the diamond sector subsidiaries. These negative factors were offset by the appreciation of the US dollar, better treatment charges, an improvement in net financial income and the first positive benefits, primarily in the zinc refining sector, of the Industrial Plan, which met the objectives set for 1996 and which is continuing according to schedule.

Overall, 1997 should be better than 1996 and achievements should be in line with expectations as regards a significant improvement in the Group's performance once the Industrial Plan has been completed.

KEY FIGURES

(BEF million)	1996	1995
Turnover	131 027	127 351
Net profit (Loss)	330	(662)
Profit (Loss) per share (BEF)	16	(39)
Shareholders' equity	39 445	38 697
Stock market capitalisation	53 201	48 623
Direct holding	46.51%	46.51%
Dividend per share (BEF)	-	-
Personnel	10 267	10 623



2.2%

ACTIVITIES

Recticel is a Belgian industrial company with centres of operations throughout Europe and the United States. Its activities cover the production, processing and marketing of polyurethane foams. Recticel's foams are used in the furniture, bedding (mattresses), automotive (seats, fascia boards and encapsulated windscreens) and insulation sectors. In addition Recticel produces and markets a range of top-quality mattresses under its own brand names (Beka, Bultex, Schlaraffia, etc.). The group also produces technical foams which have a wide range of uses in the automotive industry, and for insulation, filtering and sound-proofing. Recticel employs more than 7,800 people at around 60 production and processing sites. Since 1992, the group has been steadily expanding in Eastern Europe.

KEY EVENTS

In **February** a joint venture to produce foams for the automotive industry was set up in the Czech Republic with Gumotex, the local leading producer.

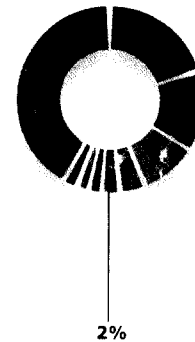
- In **March** a further step in the reorganisation plan was implemented, leading to the closure of 10% of the production units in Western Europe (France, the Netherlands, Germany).
- In **May** Recticel took over the Swiss company, Superba, which produces top-of-the-range mattresses.
- In **June** a strategic partnership was formed with the American company, Foamex, to manufacture and distribute technical foams for the automotive industry.
- In **November** the 32.5% interest in Société Chimique de Prayon-Rupel was sold off.
- In **December** Eurofoam, the 50/50 joint venture between Recticel and Greiner, acquired the remaining 22% of the shares in Polopren from the Polish state.
- In **February** an agreement was signed with the Austrian group, Greiner, on the integration of Eurofoam into their production and transformation units in the furniture, bedding and technical applications sectors, located in Germany and Austria.

COMMENTS ON RESULTS

The 1996 financial year was marked by an increase of nearly 3% in sales, a reduction of BEF 1 billion in overall debts (sale of Prayon-Rupel) and an improvement in revenue in the second half of the year. This improvement was achieved owing to a combination of stable raw materials prices, greater control over production techniques and processes in the automotive sector and the positive impact of the reorganisation plan announced in 1995. The loss for the year (Group share) stands at BEF 38 million, compared with the loss of BEF 682 million posted in 1995. In 1997 Recticel will consolidate the significant upturn in business already achieved in the second half of 1996.

KEY FIGURES

(BEF million)	1996	1995
Turnover	35 061	32 317
Net profit (Loss)	(12)	(650)
Profit (Loss) per share (BEF)	(0.44)	(24)
Shareholders' equity	8 331	8 466
Stock market capitalisation	8 613	10 707
Direct holding	69.95%	69.95%
Dividend per share (BEF)	-	-
Personnel	7 850	7 591



ACTIVITIES

The Sagem Group, with its two main companies Sagem SA and SAT, is the European leader in several high technology sectors: inertial systems, fax machines, telecom terminals, pay television terminals (digital and analogue decoders) and auto electronics. Sagem also produces and markets a wide range of cellular telephones and televisions under its own brand name. Its subsidiary, SAT, is the second largest European manufacturer in the data communication and video communication sector and the leader for all telecommunications networks.

KEY EVENTS

In **February** the FBI (USA) awarded a contract to Sagem SA, in partnership with Lockheed-Martin Corp., for the supply of automatic fingerprint recognition systems.

- In **June** the American subsidiary Divicom, was taken over by C-Cube.
- In **June** Sagem concluded a contract worth more than BEF 3 billion to upgrade the electronic flight systems on more than forty Mirage III jets sold to the Pakistani air force.
- In **September** a contract was concluded to supply mobile telephones for the New York area network of the American operator, Omnipoint.
- In **December** it was announced that the company was conducting negotiations with a view to acquiring CNP/Tharaud/Union Limousine, a specialist producer of Limoges porcelain.
- In **December** the first digital satellite television decoders were delivered to TPS.

COMMENTS ON RESULTS

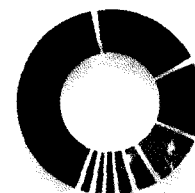
Sagem posted a total consolidated net profit of FRF 698.1 million in 1996, with the Group share standing at FRF 638.3 million against FRF 548.9 million in 1995, a rise of 16.27%. Various components of the Sagem Group's strategy contributed to these results:

- a high-tech subsidiary set up by Sagem was sold off as it was no longer required; this sale generated a capital gain;
- research and development activities were stepped up and refocused on market segments with the greatest potential;
- resources were adjusted in line with ever-changing market requirements.

Overall the results achieved by the Sagem Group in 1996 were significantly higher than the previous year despite the international competition prevailing in its markets.

KEY FIGURES

(FRF million)	1996	1995
Turnover (Sagem)	15 409	15 076
Net profit (Loss) (Sagem)	698	641
Profit (Loss) per share (FRF) (Sagem)	176	151
Shareholders' equity (Sagem)	4 798	4 328
Stock market capitalisation (Sagem)	10 851	8 510
Direct holding (in Coficem)	20%	20%
Personnel (Coficem)	14 350	14 684



2.3%

ACTIVITIES

The Arbed group consists of eight complementary industrial sectors operating worldwide. With an output of 11.8 million tonnes of steel, it is one of the largest steelmakers in the world. It occupies a prominent position in the flat and long products market. It is also a leading player in the European market for stainless steel flat products and one of the major producers of steel cord. It has a selling, marketing and trading network consisting of around sixty centres throughout the world. The group's operations also include the production of super-thin copper sheets and mechanical engineering and construction.

KEY EVENTS

In **February** an agreement was concluded between Sidmar and Hoogovens on the construction, on a joint venture basis, of "Galtec", a hot dip galvanising line in Ghent.

- In **March** the flat products sector acquired the service centre, Flachform Stahl, in Germany. This acquisition was followed by the take-over of other service centres, e.g. FMS in Italy in September, and Howard E. Perry and Hughes & Spencer in the United Kingdom in November.
- In **April** the "new electric arc furnace" industrial plan was adopted for the long products sector's Luxembourg sites.
- In **May** Sidstahl, the flat product sector's marketing company, was inaugurated.
- In **September** the new continuous casting line came on stream at Belval in Luxembourg.
- In **January** the long products sector's marketing operations were consolidated in France, with the creation of Champion Profil.

COMMENTS ON RESULTS

The Arbed group's consolidated turnover declined by 9.7% compared with 1995 (4.6% on a constant consolidation basis) to LUF 232.2 billion. Against the background of heavy competitive pressure on prices throughout the year, sales of beams fell by 13%, cold and hot rolled coils by 7% and 14% respectively, and stainless steel flats by 21%. Gross operating profit fell by LUF 11.2 billion to LUF 19.5 billion. After allowing for net financial charges, which were significantly lower at LUF 6.7 billion, an exceptional loss of LUF 0.7 billion and taxes totalling LUF 840 million, the year closed with a net loss of LUF 928 million (group share LUF (1 207) million).

KEY FIGURES

(LUF million)	1996	1995
Turnover	232 226	257 105
Net profit (Loss)	(928)	6 615
Profit (Loss) per share (LUF)	(136)	414
Shareholders' equity	98 625	100 797
Stock market capitalisation	33 089	30 299
Direct holding	5.50%	15.44%
Dividend per share (LUF)	*	70
Personnel	25 149	30 001

* Not available at time of publication.

Consolidated accounts

NOTES TO THE 1996 CONSOLIDATED ACCOUNTS

RESULTS

The Group's **net profit** increased from BEF 9,205 million to BEF 11,220 million, up by 22% or BEF 2,015 million. Taken as whole, this significant improvement was due both to the fully consolidated companies (which posted a loss of BEF 35 million in 1996 against a loss of BEF 1,298 million in 1995, i.e. an improvement of BEF 1,263 million) and to the companies included under the equity method (Group share of BEF 11,983 million in 1996 compared with BEF 10,780 million, i.e. BEF 1,203 million more than the previous year). The total net profit for 1996 is BEF 2,466 million higher than the previous year; BEF 451 million of this increase goes to minority third parties and the balance, BEF 2,015 million, to the shareholders of the Générale.

With regard to the fully consolidated companies, **turnover** decreased very slightly (by BEF 1,401 million or less than 1%). As can be seen from the following table, this figure is the result of two opposing movements: Union Minière fell by BEF 4,083 million and Recticel increased by BEF 2,741 million. The non-ferrous metals sector suffered from the combination of lower sales volumes and prices in the construction market and a fall in the price of copper. Recticel increased its total sales by 8.5%; sales to the automotive sector showed the most marked rise, whilst sales to the insulation sector fell back.

The **operating profit** contracted sharply, falling from BEF 823 million to BEF 204 million. Although Recticel achieved a BEF 373 million improvement in its performance, this was cancelled out by the deterioration at Union Minière (- BEF 468 million) and the Générale and its subsidiary holding companies (- BEF 524 million), which charged BEF 304 million more for the amortisation of goodwill than was the case in 1995.

Financial income has been improving for the past five years and with the BEF 273 million improvement achieved in 1996 the year closed with a positive balance of BEF 216 million. In 1996 the year closed once again with a financial loss at Union Minière (- BEF 286 million) and Recticel (- BEF 600 million); but the Générale and its subsidiary holding companies posted a financial profit of BEF 1,100 million (which includes BEF 250 million in capital gains on the sale of

the Suez shares) and so contributed to the overall financial income for the year. For the first three quarters of the year the Générale and its subsidiary holding companies had a positive cash balance but since the acquisition of a 24.6% interest in Tractebel on 29 September 1996, the position has changed (see comments on the non-consolidated accounts).

The fully consolidated companies posted a total **profit on ordinary activities** of BEF 420 million, BEF 346 lower than the previous year. Union Minière (BEF 1,569 million) registered a slight increase compared with 1995; Recticel's progress (a net loss of BEF 65 million, i.e. a BEF 268 million improvement on 1995) was due to the stabilization of the price of raw materials and better operating conditions. The "other" companies, i.e. mainly the Générale and its subsidiary holding companies, usually post a loss on ordinary activities, since, on consolidation, overheads, financial results and depreciation on goodwill on all the investments are borne by them.

The **exceptional charges** and **exceptional income** were three or four times lower than in 1995 and more or less cancelled each other out during the financial year under review, which closed with a negative balance for these exceptional items of BEF 97 million, against BEF 1,828 million in 1995). The implementation of the industrial plan announced by Union Minière in October 1995 and the harmonisation of pension arrangements for men and women (Barber act) entailed net charges of approximately BEF 0.8 billion. Diamant Boart's reorganisation plan accounted for BEF 0.3 billion in charges. Société Générale and its subsidiary holding companies realised a capital gain of BEF 0.4 billion on the sale of shares in the American company Tracor, and a capital loss of BEF 0.2 billion on the sale of Elf Aquitaine shares. The Générale booked a positive dilution of BEF 0.4 billion on Fortis AG's capital increase which was reserved for Compagnie Suisse de Réassurances.

There was a BEF 1,385 million improvement in the pre-tax income of the fully consolidated companies, which closed the year with a positive balance of BEF 323 million. The improvements achieved by Union Minière (BEF 1,343 million) and Recticel (BEF 587 million) were partly offset by the decline registered by the Générale and its subsidiary holding companies.

Company	Turnover		Profit (loss) on ordinary activities		Profit (loss) of companies included under the equity method	
	1996	1995	1996	1995	1996	1995
Union Minière	123 265	127 348	1 569	1 538	169	410
Recticel	35 061	32 320	(65)	(333)	-	-
Other	872	930	(1 084)	(439)	1	-
Tractebel					4 856	4 098
Generale Bank					4 347	3 987
Fortis AG					2 335	2 074
Coficem					275	211
Total	159 198	160 598	420	766	11 983	10 780

The fully consolidated companies once again closed the year with a **net loss** after tax, including minority shares, of BEF 35 million, as against a loss of BEF 1,298 million in 1995. Union Minière generated a positive contribution of BEF 293 million, an improvement of BEF 1,262 million, whilst Recticel's contribution remained negative, standing at BEF 12 million, despite the significant BEF 577 million improvement. The Générale and its subsidiary holding companies account for the balance of - BEF 315 million.

The contribution from **the companies included under the equity method** is analysed in the table opposite. These companies achieved an overall improvement of BEF 1,203 million. The increase at Tractebel (+18%) and Coficem/Sagem (+30%) reflects these groups' improved performance and the greater number of shares held by the Générale. In 1996 the Générale held a 20% interest in Coficem throughout the year, but the 1995 results were based on a weighted average shareholding of 17.5%, following the three acquisitions of Coficem shares in 1994-95. The percentage interest held in Tractebel in 1995 and until the end of September 1996 was 34.4%; this interest was subsequently increased to 59.2% and due allowance was made for this in 1996. The 1996 results are based on a weighted average of 38.7%.

BALANCE SHEET

Total assets increased by BEF 46 billion, mainly owing to the additional 24.6% interest acquired in Tractebel. Various balance sheet items were affected by this significant acquisition, to which reference is made on several occasions in this report.

ASSETS

The balance sheet as at 31 December 1996 included an amount of BEF 35 billion for **consolidation goodwill**, an increase of BEF 20.5 billion compared with 1995. This reflects (see details in § 7 of the Notes) new acquisitions totalling BEF 21.8 billion, the greater part of which was the additional interest acquired in Tractebel, less BEF 1.5 billion in amortisation.

The implementation of Union Minière's industrial plan decided in 1995 entailed substantial investments in **tangible fixed assets**, which explain the BEF 2 billion increase in this item. Details of individual changes are given in § 5.2 of the Notes.

Changes in the item **companies included under the equity method** are analysed in detail in § 5.3 of the Notes. The overall increase in this item of BEF 39.4 billion comprises the BEF 4.5 billion Générale Bank capital increase, the 0.5 billion capital increase by Fortis AG in the form of a stock dividend, the acquisition of Tractebel shares (BEF 27.8 billion) and Fortis AG shares (BEF 1 billion), together with the surplus balance between the profit generated by these companies in 1996 and the dividend attribution made to shareholders (BEF 6 billion).

The item **non-consolidated companies** decreased by BEF 15 billion to BEF 34.7 billion. This includes the sale by the Générale of its interest in Elf Aquitaine, the sale by the subsidiary holding companies of part of their interest in the American company, Tracor, Recticel's disposal of its interest in Prayon Rupel, Union Minière's sale of its interest in Thai Copper and also the transfer by the Générale of 880,000 Arbed shares to "current investments". Transactions carried out by the Générale are described in more detail in the Notes to the non-consolidated accounts. Healthy stock market performances are reflected in the BEF 2.3 billion positive difference between the estimated market value of non-consolidated shares and their book value (see § 5.3B of the Notes).

The **amounts receivable** carried under financial fixed assets (§ 5.3C of the Notes) include the sale to a non-Group company of BEF 700 million in Arbed bonds denominated in ECU held by the Générale.

The sharp decrease in **amounts receivable within one year** (BEF 5.7 billion) is due to the non-renewal of the financial transactions concluded with Suez subsidiaries at the end of 1995. By contrast, **current investments** increased by BEF 4.6 billion, owing to the fact that part of the proceeds from the Elf Aquitaine sale was placed on deposit, prior to being used to repay in March 1997 the short-term debt contracted to finance the acquisition of a 24.6% interest in Tractebel.

LIABILITIES

Capital and reserves

The appropriation of the profit includes a transfer of BEF 3,030 million to the reserves. The Group had booked an amount of BEF 3,954 million in negative goodwill on consolidation on the interest held in Arbed. When part of this interest was transferred from financial fixed assets to current investments this amount was reduced accordingly (see § 7 of the Notes). A detailed analysis of changes in the capital and reserves is given in § 6 of the Notes.

Compared with the end of the previous financial year, **provisions** have decreased by BEF 559 million, reflecting the amounts applied (BEF 3,021 million) and amounts released (BEF 1,376 million) which were partly offset by the amounts charged (BEF 3,835 million). A detailed analysis of movements in the various types of provisions is given in § 8 of the Notes.

In order to acquire an additional interest in Tractebel the Générale was obliged to contract substantial long-term bank loans. Union Minière only accounts for BEF 4.3 billion of the BEF 41.1 billion increase in financial **debts**. From § 9 of the Notes it can be seen that these debts are in Belgian francs and that most of the additional amounts repayable will fall due within three to four years or six to ten years (see also the Notes to the non-consolidated accounts).

Amounts payable within one year include an increase in amounts due to financial institutions. These bank loans were contracted by the Générale to finance the above-mentioned Tractebel acquisition. The current investments (see above) were used to repay these bank loans in March 1997.

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

ASSETS

(millions of BEF)

	1996	1995
	234 434	188 089
FIXED ASSETS		
Intangible fixed assets	1 636	1 548
Concessions, patents, licences	296	309
Goodwill (purchased)	711	771
Software	580	337
Other intangible fixed assets	2	3
Advance payments	47	128
Goodwill	35 054	14 588
Tangible fixed assets	29 975	28 007
Land and buildings	9 795	9 437
Plant, machinery and equipment	15 029	13 464
Furniture and vehicles	1 568	1 457
Leasing and other similar rights	509	572
Other tangible fixed assets	452	273
Assets under construction and advance payments	2 622	2 804
Financial fixed assets	167 769	143 946
Investments included under equity method	137 573	98 132
Non-consolidated investments	26 401	42 049
Amounts receivable	3 795	3 765
CURRENT ASSETS	90 437	92 134
Amounts receivable after one year	911	801
Trade debtors	117	122
Other amounts receivable	794	679
Stocks and contracts in progress	30 244	30 605
Stocks	29 519	29 939
Contracts in progress	725	666
Amounts receivable within one year	27 046	34 203
Trade debtors	22 520	23 988
Other amounts receivable	4 526	10 215
Current investments	25 935	21 325
Other investments	25 875	21 325
Own shares	60	0
Cash at bank and in hand	4 286	2 800
Deferred charges and accrued income	2 015	2 400
TOTAL ASSETS	324 871	280 223

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

LIABILITIES AND SHAREHOLDERS' EQUITY

(millions of BEF)

	1996	1995
CAPITAL AND RESERVES	196 887	196 402
Group capital and reserves	166 335	166 470
Capital	58 928	58 928
Share premium account	42 167	42 167
Reserves	65 742	63 872
Negative goodwill	2 028	3 954
Cumulative translation adjustment	(2 530)	(2 451)
Minority interests	30 552	29 932
PROVISIONS AND DEFERRED TAXES	16 004	16 562
Provisions for liabilities and charges	15 413	15 969
Pensions and similar obligations	6 162	5 951
Taxation	32	31
Major repairs and maintenance	616	481
Other liabilities and charges	8 603	9 506
Deferred taxes	591	593
CREDITORS	111 980	67 259
Amounts payable after one year	56 219	15 357
Financial debts	55 189	14 095
Trade debts	48	90
Other amounts payable	982	1 172
Amounts payable within one year	52 081	49 475
Current portion of amounts payable after one year	6 564	4 930
Financial debts	13 743	8 504
Trade debts	14 041	14 182
Advances received on contracts	1 025	1 160
Taxes, remuneration and social security	6 314	6 000
Other amounts payable	10 394	14 699
Accrued charges and deferred income	3 680	2 427
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	324 871	280 223

CONSOLIDATED INCOME STATEMENT

(millions of BEF)

	1996	1995
Operating income	162 868	164 656
Turnover	159 198	160 598
Increase (decrease) in stocks of finished goods, work and contracts in progress	1 537	1 744
Own work capitalised	568	506
Other operating income	1 565	1 808
Operating charges	162 664	163 833
Raw materials, consumables and goods for resale	107 572	110 533
Purchases	104 706	110 341
(Increase) decrease in stocks	2 866	192
Services and other goods	17 524	16 788
Remuneration, social security costs and pensions	29 575	28 521
Depreciation and amounts written off:		
- intangible fixed assets	231	156
- tangible fixed assets	4 669	4 686
- goodwill	1 413	1 063
Increase (decrease) in amounts written off stocks, contracts in progress and trade debtors	51	360
Increase (decrease) in provisions for liabilities and charges	(303)	67
Other operating charges	1 932	1 659
Operating profit	204	823
Financial income	5 468	5 803
Income from financial fixed assets	1 518	1 239
Income from current assets	1 978	2 231
Other financial income	1 972	2 333
Financial charges	5 252	5 860
Interest and other debt charges	2 229	2 356
Amounts written off current assets	655	755
Other financial charges	2 368	2 749
Financial profit (loss)	216	(57)
Profit (loss) on ordinary activities	420	766

CONSOLIDATED INCOME STATEMENT

(millions of BEF)

	1996	1995
Exceptional income	1 996	6 285
Adjustments to depreciation and other amounts written off intangible and tangible fixed assets	0	45
Adjustments to amounts written off financial fixed assets	119	57
Adjustments to provisions for exceptional liabilities and charges	508	629
Capital gains on disposals of fixed assets	699	5 287
Other exceptional income	670	267
Exceptional charges	2 093	8 113
Exceptional depreciation and amounts written off intangible and tangible fixed assets	197	1 297
Amounts written off financial fixed assets	79	217
Provisions for exceptional liabilities and charges	179	5 147
Loss on disposals of fixed assets	308	70
Other exceptional charges	1 330	1 382
Exceptional profit (loss)	(97)	(1 828)
Profit for the year before tax	323	(1 062)
Income taxes	(358)	(236)
Profit for the year of consolidated companies	(35)	(1 298)
Group share of results of companies included under the equity method	11 983	10 780
Profit	12 039	10 802
Loss	(56)	(22)
Consolidated profit	11 948	9 482
Minority interests	728	277
Group share	11 220	9 205

CONSOLIDATED APPROPRIATION ACCOUNT

(millions of BEF)

	1996	1995
Appropriation of Group share	11 220	9 205
Transfers from (to) reserves	(3 030)	(1 015)
(Remuneration of company shareholders)	(8 190)	(8 190)
Appropriation of minority share	728	277
Transfers from (to) minority share	(303)	290
(Remuneration of minority shareholders)	(425)	(567)

STATEMENT OF CASH FLOWS

(millions of BEF)

	1996	1995	1994
Operating activities			
Net consolidated profit, Group share	11 220	9 205	11 011
Net consolidated profit, minority share	729	277	1 312
Net profit of companies included under the equity method	(6 124)	(5 287)	(4 634)
Depreciation of tangible and intangible fixed assets	5 037	6 038	5 900
Depreciation of goodwill	1 472	1 120	1 034
Release of capital subsidies	(83)	(115)	(150)
Amounts written off (written back to) financial fixed assets	(39)	161	2 945
Other exceptional charges (income) with no impact on the cash balance	(332)	128	(195)
Movements of provisions for liabilities and charges	(561)	4 287	305
(Gain) Loss on disposals of fixed assets	(401)	(5 136)	(6 933)
Cash flow	10 918	10 678	10 595
Change in working capital	5 696	(8 671)	7 407
Impact of changes in scope of consolidation and translation differences on working capital	(213)	61	(636)
Net cash provided by (used in) operating activities	16 401	2 068	17 366
Investing activities			
Acquisition of tangible fixed assets	(6 568)	(5 162)	(4 053)
Acquisition of intangible fixed assets	(350)	(476)	(293)
Acquisition of new companies	(235)	(4 568)	(348)
Acquisition of additional shares in Group companies	(55 970)	(983)	(5 770)
Purchase of shares in non-consolidated companies	(1 061)	(845)	(12 394)
New loans granted, including purchase of debentures	(3 480)	(882)	(4 671)
Sub-total of acquisitions	(67 664)	(12 916)	(27 529)
Sale of tangible fixed assets	262	1 675	1 099
Sale of intangible fixed assets	47	0	0
Sale of Group companies	43	4 834	4 422
Sale of shares in Group companies	0	1 036	8 109
Sale of shares in non-consolidated companies	11 373	447	5 760
Transfer of subsidiaries' shares to current investments	3 574	0	3 476
Repayment of loans and disposal of debentures	957	4 909	252
Sub-total of sales	16 256	12 901	23 118
Net cash provided by (used in) investing activities	(51 408)	(15)	(4 411)
Financing activities			
Amounts received from shareholders following a capital increase	0	25	0
Amounts paid to shareholders following a capital repayment	0	(5)	(1)
Capital subsidies	(25)	35	66
New loans	45 155	8 532	3 213
Repayment of loans	(2 773)	(7 437)	(9 796)
Dividends paid by the parent company to its shareholders	(8 162)	(8 070)	(7 098)
Dividends paid by subsidiaries to minority shareholders	(451)	(977)	(545)
Net cash provided by (used in) financing activities	33 744	(7 897)	(14 161)
Change in cash and cash equivalents less short-term debts to financial institutions	(1 263)	(5 844)	(1 206)
Cash and cash equivalents at beginning of financial year	15 730	21 574	20 611
Change in method of booking the "current portion of long-term debts" towards credit institutions			2 169
	15 730	21 574	22 780
Cash and cash equivalents at end of financial year	14 467	15 730	21 574
Change in the net position of cash at bank and in hand	(1 263)	(5 844)	(1 206)

The Group had a positive **net cash balance** of BEF 14.5 billion at the end of 1996. This positive balance decreased by BEF 1.3 billion in the course of the year, mainly owing to the fact that the substantial investments (BEF 51.4 billion) were not balanced out by financing transactions (BEF 33.7 billion) and the increase in the net cash provided by operating activities (BEF 16.4 billion).

Although cash flow has been increasing slowly from year to year and for the past three years has stood at between BEF 10 and 11 billion, the fully consolidated companies' working capital requirements have fluctuated much more widely. Obviously these fluctuations are reflected in the changes in the **net cash provided by (used in) operating activities**.

Certain major components of the **cash flow** were subject to variation. The net profit of companies included under the equity method has been increasing steadily since 1992. In the statement of cash flows this item is deducted from the net consolidated profit, which is used as a basis for calculating the cash flow. This is equivalent to replacing the Group's share in these companies' profit by the dividends received by the shareholder companies in order to reveal the changes in the Group's cash provided by (used in) operating activities. The increase in the net profit of companies included under the equity method is due to the acquisition of additional interests in these companies, together with the increasing profits they generate, and also to the differences between their earnings and the dividends they pay out. Depreciation and amounts written off tangible and intangible fixed assets (BEF 5 billion) mainly concern Union Minière (BEF 3.3 billion) and Recticel (BEF 1.3 billion); the total is less than the BEF 6 billion booked in 1995, which included an exceptional charge of BEF 1.2 billion for Union Minière's industrial plan. Amounts allowed for the amortisation of goodwill increased from BEF 1.2 billion in 1995 to BEF 1.5 billion in 1996, mainly owing to the Générale's acquisition of an additional interest in Tractebel; Recticel and Union Minière each booked an amount of BEF 0.2 billion for the amortisation of goodwill, as last year, and the Générale booked BEF 1 billion as against BEF 0.7 billion. The changes in the provisions carried in the Group's accounts reflect the fact that Union Minière and Recticel's reorganisation programmes were decided in 1995, and provisions set aside accordingly, but were not implemented until 1996. The amounts of these provisions applied and written back in 1996 were higher than the provisions set aside, in particular by Sibeka/Diamant Boart.

Working capital requirements decreased by BEF 8.7 billion in 1995, but the trend was sharply reversed in 1996, when they registered an increase of BEF 5.7 billion. They include the repayment of the short-term advance for BEF 3 billion granted by the CCG at the end of 1995 to a subsidiary of Suez (see page 49 of the 1995 Annual Report); stocks remained stable and the item "trade debtors" registered a decrease of BEF 2 billion.

The acquisitions included under **investing activities** (BEF 67.7 billion) were exceptionally high in 1996 and exceeded by far the proceeds from sales (BEF 16.3 billion). Consequently investing activities showed a negative balance of BEF 51.4 billion. In line with its industrial plan, Union Minière invested BEF 4.8 billion in tangible fixed assets, excluding Sibeka (BEF 0.5 billion). Recticel accounts for BEF 1.2 billion of this item. Additional interests acquired in Group companies mainly comprised Tractebel (BEF 49.6 billion), Générale Bank (BEF 4.5 billion) and Fortis AG (BEF 1.5 billion), by the Générale, and KMZM (BEF 0.2 billion) by Union Minière. Sales of shares in non-consolidated companies totalled BEF 11.4 billion and included Elf Aquitaine (BEF 9 billion) and Tracor (BEF 0.4 billion) sold by the Générale, and Prayon Rupel (BEF 1.1 billion) sold by Recticel. The transfer of Arbed shares to current investments is described in more detail in the Notes to the non-consolidated accounts and also in § 6 and 7 of the Notes to the consolidated accounts.

New loans contracted in 1996 (BEF 45.2 billion) are the major item included under **financing activities**, which showed an increased balance of BEF 33.7 billion. The Générale contracted syndicated bank loans totalling BEF 38 billion to finance the acquisition of an additional 24.6% interest in Tractebel. Union Minière's bank debts increased by BEF 4.4 billion, and the issue by GIF Luxembourg of bonds which can be exchanged for Arbed shares accounts for BEF 2.2 billion. Out of a total of BEF 2.8 billion, the main loan repayments were effected by Union Minière (BEF 2.3 billion) and Recticel (BEF 0.4 billion). The dividend payments concerned the dividends for 1995 which were paid out in 1996 by the Générale, together with the dividends paid out by the fully consolidated companies to their minority shareholders.

NOTES TO THE 1996 CONSOLIDATED ACCOUNTS

NB: Unless otherwise indicated, all amounts are in millions of BEF.

§ 1 CRITERIA FOR METHOD OF CONSOLIDATION

Full consolidation is applied to companies in which the consolidating company has a de facto or de jure controlling interest.

Proportional consolidation is applied to companies jointly held and managed by a limited number of shareholders.

The equity method is applied for associated companies over which significant influence is exercised by one or more companies included in the consolidation.

In significant cases where one of these criteria is not applied, the reason is given in § 2 below.

§ 2 SCOPE OF CONSOLIDATION

§ 2.1 List of the main companies and their subsidiaries fully consolidated by the Generale

Name, registered office and country	Percentage interest in	
	1996	1995
Société Générale de Belgique, Brussels - B	100.00	100.00
Union Minière, Brussels - B	50.16	50.16
Union Minière France, Bagnolet - F	50.16	50.16
Union Minière SF, Brussels - B	50.08	50.16
Sogem, Brussels - B	50.00	49.98
Union Minière Mexico, Mexico City - MEX	26.80	26.80
Metalrame, Avellino - I	50.16	50.16
K.M.Z.M., Machelen - B	49.50	42.89
Asturienne Penamet, Pantin - F	50.16	50.16
Sibeka, Brussels - B	27.33	27.33
Syndiaco, Tortola - BVI	27.33	27.33
Syndianed, Vianen - NL	27.33	27.33
Diamant Boart ICC, Brussels - B	27.14	27.17
Diamant Boart SA, Brussels - B	27.33	27.17
Sibinter, Luxembourg - L	27.33	27.33
CEDEE, Brussels - B	100.00	100.00
Centre de Coordination "Générale", Brussels - B	100.00	100.00
CIG-Intersys Group, Brussels - B	68.47	68.49
Finoutremer, Brussels - B	55.16	55.16
Agriges, Brussels - B(*)	-	55.16
Agricom, Brussels - B	52.38	52.38
Chanic, Brussels - B	30.86	30.86
Recticel, Brussels - B	69.95	69.95
Recticel Comfortschaum (ex-Recticel Deutschland), Bexbach - D	69.95	69.95
Recticel, Kesteren - NL	69.95	69.95
Schlaraffia, Bochum - D	69.95	69.95
Recticel UK, Afretton - GB	69.95	69.95
Recticel Foam Corp., Laporte - USA	69.95	69.95
Recticel Holdnoord, Kesteren - NL	69.95	69.95

(*) absorbed by Finoutremer on 1 May 1996.

§ 2.1 List of the main companies and their subsidiaries fully consolidated by the Generale (continued)

Name, registered office and country	Percentage interest in	
	1996	1995
Centre de Coordination Recticel - Brussels - B	69.95	69.95
Recticel JCI Formschaum - Espelkamp - D	69.95	69.95
RUS Inc. - Wilmington - USA	69.95	69.95
Genfina, Brussels - B	60.00	60.00
GIF, Luxembourg - L	100.00	100.00
GIF, Rotterdam - NL	100.00	100.00
GIF, Curaçao - NA	100.00	100.00
Sogenbel, Brussels - B	100.00	100.00
Tanks, Nassau - BAH	100.00	100.00
UFI, Liège - B	99.98	99.98

§ 2.2. List of the main companies included under the equity method by the Générale

Tractebel, Brussels - B	59.20	34.38
CIB, Brussels - B	18.11	10.60
Rineau, Nantes - F	57.38	31.01
Fabricom Group, Brussels - B	59.20	33.85
CPTE - Linkebeek - B	15.60	10.60
Coditel, Brussels - B	47.04	27.31
American Tractebel, New York - USA	36.21	21.07
Powerfin, Brussels - B	36.21	21.07
Distrigaz, Brussels - B	24.65	14.31
Electrabel, Brussels - B	17.38	11.81
Generale Bank, Brussels - B	29.93	29.97
Banque Parisienne de Crédit, Paris - F	29.93	29.97
Banque Belgo-Zairoise, Brussels - B	16.54	16.55
Générale de Banque Belge pour l'Etranger, Brussels - B	29.93	29.97
Banque Générale du Luxembourg, Luxembourg - L	13.38	13.13
Eurolease, Brussels - B	29.93	29.97
Compagnie de Gestion et de Banque Gonet, Geneva - CH	29.93	29.97
Generale Bank & Co, Cologne - D	29.93	29.97
Generale Bank Nederland - Rotterdam - NL	29.93	28.26
Fimagest, Paris - F	24.39	-
Fortis AG, Brussels - B	19.29	19.31
AG 1824, Brussels - B	9.64	9.66
Amev / VSB 1990, Utrecht - NL	9.64	9.66
CGER Banque, Brussels - B	4.81	4.82
CGER Assurances, Brussels - B	4.81	4.82
SNCI - Brussels - B	4.73	4.69
Caifor, Barcelona - E	4.82	4.83
AG 1990, Utrecht - NL	19.29	19.31
Coficem - Paris - F	20.00	20.00
Sagem - Paris - F	8.15	8.14
Sat - Paris - F	6.14	5.70
Silec - Paris - F(*)	-	5.24

(*) absorbed by SAT on 1 January 1996.

§ 2.3 List of companies

The two lists above include only those subsidiaries and associated companies held directly by the Générale, as well as the main companies included in their consolidated accounts.

In 1996, the full scope of consolidation of the Générale Group comprised : 202 fully consolidated companies, 8 proportionally consolidated companies and 845 companies included under the equity method. For the previous year, these figures were 191, 7 and 801 respectively.

The full list of consolidated subsidiaries and companies included under the equity method comprises a large number of relatively insignificant holdings. As such it would be of little interest to the reader to publish this list here. This list has been deposited with the National Bank of Belgium together with the company and consolidated accounts; it can also be obtained on request from the Communication Department of the Générale.

The annual reports of the main companies consolidated or included under the equity method by the Générale also supply further detailed information on their respective scopes of consolidation.

§ 2.4 Non-consolidated companies

Subsidiaries not consolidated:

because they are not significant :

- Société Générale de Belgique (Japan) Co. Ltd, Tokyo - J
- Société d'Investissement du Bassin Liégeois, Liège - B

in liquidation :

- De Coene, Courtrai - B
- Belgatel, Brussels - B

Associated company not included under the equity method because its consolidation would not be significant :

- Société Espace Léopold, Brussels - B

The full list of non-consolidated subsidiaries and companies not included under the equity method at subsidiary and sub-subsidiary level comprises 468 companies. It would be of little interest to the reader to publish this list here, given the small size of these companies. This list has also been deposited with the National Bank of Belgium together with the company and consolidated accounts and can be obtained on request from the Communication Department of the Générale.

§ 2.5. Consolidation of TRACTEBEL

Between 1991 and 1995 consolidation of Tractebel has been maintained under the equity method based on Article 14§1 of the Royal Decree of 6 March 1990. This treatment has been discussed in the Annual Reports of Société Générale de Belgique of 1991, 1992 and 1993.

Following the acquisition on 29 September 1996 of an additional 24.6% interest in Tractebel, the Générale should include Tractebel on a full consolidation basis as it is legally considered to be a subsidiary. For purely technical reasons

Tractebel was not fully consolidated in 1996 but was once again included under the equity method, owing to the fact that it would not have been possible for the Générale to comply with the more stringent information requirements (in view of the links between the balance sheet and the statement of cash flows) by the necessary deadline, the deadline for fully consolidated companies being much shorter than for companies included under the equity method. Tractebel will be included on a full consolidation basis with effect from 1 January 1997.

TRACTEBEL's consolidated accounts are given here for information purposes.

Consolidated balance sheet after appropriation (millions of BEF)

ASSETS	31.12.1996	31.12.1995
Fixed assets	510 865	467 345
Intangible fixed assets	23 190	14 959
Tangible fixed assets	295 996	257 695
Financial fixed assets	191 679	194 691
<i>Investments included under the equity method</i>	<i>133 167</i>	<i>134 275</i>
<i>Other shareholdings</i>	<i>56 754</i>	<i>56 012</i>
<i>Amounts receivable</i>	<i>1 758</i>	<i>4 404</i>
Current assets	214 470	195 478
Total assets	725 335	662 823
LIABILITIES		
Capital and reserves	298 248	262 971
<i>Group capital and reserves</i>	<i>108 307</i>	<i>99 101</i>
<i>Minority interests</i>	<i>189 941</i>	<i>163 870</i>
Provisions for liabilities and charges	100 976	89 120
Creditors	326 111	310 732
Amounts payable after one year	143 084	131 545
Amounts payable within one year	169 144	163 691
Accrued charges and deferred income	13 883	15 496
Total liabilities	725 335	662 823

Consolidated income statement (millions of BEF)

	1996	1995
Turnover	350 631	326 663
Cost of sales	337 086	315 783
Operating profit (loss)	13 545	10 880
Financial income (expenses)	31 067	27 985
Profit (loss) on ordinary activities	45 327	40 157
Exceptional income (expenses)	788	605
Pre-tax profit (loss) for the year	46 115	40 762
Income taxes	(11 091)	(9 265)
Consolidated profit (loss)	35 024	31 497
Minority interests	22 930	20 161
Group share	12 094	11 336

§ 2.6 Movements during the year

A. The Générale

There were no changes in 1996.

B. Among the subsidiaries, the main changes in the scope of consolidation were as follows:

• Generale Bank:

- Fimagest and its subsidiaries, which were acquired at the end of December 1995, were consolidated with effect from 1996;
- GMIC, which was sold in 1995, is no longer included;
- several acquisitions made by Belgolaise in Africa were included under the equity method

• Recticel:

- included: Polopren (included under the equity method in 1995) and the assets of Superba, which has been renamed Recticel;
- excluded: SPC and Prayon-Rupel.

• Tractebel:

- three companies included under the equity method in 1995 were consolidated: Tibsa and Litoral Gas (full consolidation), Nigen (proportional integration);
 - two new companies were fully consolidated: United Power Corp. and Tocopilla;
 - the interest held in Watco was increased from 60% to 85%.
- #### • Union Minière:
- the new interests in Huron Valley Europe, UMC and BMC Battery were included under the equity method;
 - the companies, Blue Lotus, Sogem Thailand, SPC, UMCS and VM Zinc, which were acquired or set up in 1996, were fully consolidated.
- #### • Sibeka:
- the synthetic diamond division of Winter was included.

§ 3 LIST OF THE MAIN NON-CONSOLIDATED COMPANIES IN WHICH THE GENERALE HOLDS MORE THAN 10%

For the Générale, this applies to the following companies: Société Espace Léopold, Belfin and Arbed.

Among the subsidiaries, the main holdings are as follows:

- Union Minière: Mexicana de Cananea, Contimine, Laser Power Corporation.

Readers will find the relevant information on these companies under point V of the Notes to the accounts in the annual reports of each of the shareholder companies.

§ 4 ACCOUNTING PRINCIPLES

Restatements and eliminations

The application of uniform accounting principles within the Group means that the consolidated companies accounts can be prepared on the same economic basis and may require company accounts to be restated in accordance with the accounting principles described below.

Once the balance sheets and income statements have been combined, after being restated where necessary, intra-group balances are eliminated, together with losses and profits on transactions between Group companies.

Gains or losses of interest

A gain or a loss is recorded when there is a reduction in the effective percentage holding in a consolidated company following a capital increase.

When the Group increases its percentage holding in the same circumstances, the subsequent consolidation differences are treated as goodwill.

Conversion of assets and liabilities denominated in foreign currency

Assets and liabilities denominated in foreign currency are translated at the official exchange rates at the end of the financial year. For Belgian companies, this affects items not denominated in Belgian francs. For foreign companies, it concerns items denominated in a currency other than that used for their financial statements. The gains or losses resulting from these conversions as well as the exchange differences realised on the financial year's transactions are recorded in the income statement.

Translation of the financial statements of foreign companies and branches

Balance sheets of foreign companies and branches are translated into Belgian francs at the official exchange rates at the end of the financial year, and income statements at the average rates for the financial year. The differences resulting from the translation of the balance sheets are debited or credited to shareholders' equity; the Group's share in these differences appears in the item Translation differences, as part of consolidated shareholders' equity.

End of the financial period

The consolidated accounts are drawn up for the year ending 31 December, the end of the financial period for the parent company and for most consolidated companies. When a company's financial period ends between 30 September and 31 December, its annual accounts are used without modification. If the financial period ends before 30 September, an interim statement as at 31 December is prepared for consolidation purposes.

Intangible and tangible assets

Assets are carried at historical cost less accumulated depreciation, calculated over the estimated economic life of the assets concerned using the straight-line or reducing balance method.

NOTES TO THE 1996 CONSOLIDATED ACCOUNTS

The useful economic lives applied are as follows:

- Buildings: 20 to 50 years (straight line);
- Equipment and movable assets: 3 to 10 years (straight line or reducing balance);
- Complex installations, machines and specific tools: 5 to 20 years (straight line or reducing balance).

Acquisitions are recorded at cost price. Repairs and maintenance are charged to the income statement. Assets acquired under financial leases are recorded as fixed assets at their original value and rentals paid are replaced in the income statement by depreciation and interest expenses.

Goodwill

When a company is acquired, a difference arises between the cost price of the investment and the corresponding share in the company's equity. This difference is often justified by the existence of unrecorded gains or losses in respect of the underlying assets and liabilities of the acquired company, or in view of the expected future profitability of the investment.

With effect from 1 January 1988, the main differences arising from the reappraisal of assets and liabilities have been added to, or deducted from, the balance sheet items concerned, and written off, depreciated or adjusted in the income statement according to the rules applicable to the assets and liabilities concerned. The residual intangible difference is included in the consolidated balance sheet under the heading Goodwill and is written off on a straight-line basis over a period not exceeding 20 years.

Financial fixed assets

In the consolidated balance sheet, investments included under the equity method are valued on the basis of the share in the equity determined according to the rules of consolidation rather than on the basis of the book value in the holding company.

Investments in non-consolidated companies represent long-term investments which enable a decisive or significant influence to be exercised within the issuing company, or allow business relations to be established with it, but which do not meet the criteria for consolidation. They are recorded at their acquisition value, taking into account any amounts still not paid up. A specific reduction in value is recorded when the valuation reveals a permanent impairment of value.

Stocks

Stocks are valued at the historical cost obtained by applying the first in, first out (FIFO) method or by the method of the weighted average cost calculated over a period not exceeding the average duration of stocking. Certain non-ferrous products whose prices are subject to significant cyclical fluctuations, are valued according to the last-in, first-out (LIFO) method, so as to give a more faithful view of economic activity. If the realisable value of stocks is less than the cost price, they are reduced in value accordingly.

The cost price of purchased products includes the net acquisition cost and ancillary expenses. For finished products and stocks in progress, the cost price takes into account a proportion of the direct and indirect production expenses.

Contracts in progress

The cost price of long-term contracts is determined in the same way as work in progress; it may also include the financial expenses directly incurred to finance these contracts.

Long-term contracts are valued according to the percentage of completion method.

Amounts receivable and amounts payable

Amounts receivable and amounts payable are carried at their nominal value. If they are denominated in foreign currencies, they are carried at their Belgian franc equivalent at the rate in force on the day of acquisition.

At the end of the financial year, they are valued on the basis of the last exchange rate of the financial year. With regard to receivables, the rules for recording impairment of value are similar to those adopted for securities.

Current investments

This heading includes short-term deposits with credit institutions as well as securities acquired as market opportunities arose or where temporary excess funds had to be placed. They are valued at their acquisition value or at the stock market value for listed securities and the estimated value for unlisted securities, if the latter is lower than cost.

Provisions for pensions

Retirement pensions due under various obligatory retirement schemes to which employers and employees contribute are generally managed by specialist external organisations. The contributions due for the financial year are charged against the profit for the period.

Additional pension plans which generate obligations for the companies concerned are covered by provisions. These amounts are calculated by actuarial methods on the basis of the expected future salaries at the end of the employee's career.

Company taxes

In the consolidated accounts, deferred taxes are recorded on all temporary differences, resulting from expenses and income which are included or excluded from the accounting profit of one financial year but may be deducted from, or included in, the taxable basis of other financial years in the course of which these differences will reverse. Deferred taxes are calculated on the basis of the latest known tax rate on the date the accounts are drawn up. On this date and for each of the taxable concerns included in consolidation, tax assets and liabilities on all temporary differences are offset. Only the net balance of deferred tax liabilities remaining after offsetting qualifying assets is recorded in the balance sheet.

§ 5 5.1 Statement of intangible fixed assets

	Concessions, patents, trade licences	Purchased Goodwill	Software	Other intangible fixed assets	Advance Payments	Total
A. Acquisition value						
• At the beginning of the financial year	429	1 125	527	10	128	2 219
• Movements						
- Changes in consolidation scope	0	0	(5)	0	0	(5)
- Acquisitions	15	26	152	0	0	193
- Own work capitalised	0	0	158	0	0	158
- Sales	0	0	(1)	0	(47)	(48)
- Retirals	0	(2)	(7)	0	(36)	(45)
- Transfers	(11)	16	5	0	0	10
- Translation differences	2	49	8	0	2	61
- Subtotal of movements	6	89	310	0	(81)	324
• At the end of the financial year	435	1 214	837	10	47	2 543
B. Depreciation and amounts written off						
• At the beginning of the financial year	120	354	191	7		672
• Movements						
- Changes in consolidation scope	0	0	(6)	0		(6)
- Charge for year	28	129	73	1		231
- Sales	0	0	(1)	0		(1)
- Retirals	0	(2)	(7)	0		(9)
- Transfers	(11)	10	1	0		0
- Translation differences	2	12	6	0		20
- Subtotal of movements	19	149	66	1		235
• At the end of the financial year	139	503	257	8		907
C. Net book value at						
• the beginning of the financial year	309	771	337	3	128	1 548
• the end of the financial year	296	711	580	2	47	1 636

NOTES TO THE 1996 CONSOLIDATED ACCOUNTS

5.2 Statement of tangible fixed assets

	Land and buildings	Plant, machinery & equipment	Furniture and vehicles	Leasing and other similar rights	Other tangible fixed assets	Assets under construction & advance payments	Total
A. Acquisition value							
• At the beginning of the financial year	19 911	50 624	5 256	820	2 254	2 804	81 669
• Movements							
- Changes in consolidation scope	2	(74)	5	6	7	0	(54)
- Acquisitions	598	2 649	593	1	144	2 149	6 134
- Own work capitalised	21	160	1	0	0	229	411
- Contribution	(97)	(192)	(3)	0	0	0	(292)
- Sales	(148)	(984)	(256)	(49)	(10)	(16)	(1 463)
- Retirals	(65)	(502)	(65)	0	(141)	(5)	(778)
- Transfers	287	1 753	99	(12)	304	(2 566)	(135)
- Translation differences	201	451	74	18	24	27	795
- Subtotal of movements	799	3 261	448	(36)	328	(182)	4 618
• At the end of the financial year	20 710	53 885	5 704	784	2 582	2 622	86 287

B. Depreciation and amounts written off

• At the beginning of the financial year	10 474	37 160	3 798	249	1 981		53 662
• Movements							
- Changes in consolidation scope	0	(137)	(5)	0	0		(142)
- Charge for year	851	3 208	599	65	83		4 806
- Contribution	(53)	(128)	(3)	0	0		(184)
- Sales	(135)	(944)	(225)	(34)	(9)		(1 347)
- Cancellations	(57)	(502)	(64)	0	(141)		(764)
- Transfers	(253)	(118)	(23)	(14)	198		(210)
- Translation differences	88	317	59	9	18		491
- Subtotal of movements	441	1 696	338	26	149		2 650
• At the end of the financial year	10 915	38 856	4 136	275	2 130		56 312

C. Net book value

• At the beginning of the financial year	9 437	13 464	1 457	572	273	2 804	28 007
• At the end of the financial year	9 795	15 029	1 568	509	452	2 622	29 975

§ 5.3 Statement of financial fixed assets

A. Holdings included under the equity method

• Value at the beginning of the financial year		98 132
• Movements		
- Changes in consolidation scope		50
- Gains/losses of interest		(41)
- Capital increases		5 006
- Dividends paid		(5 820)
- Profit (loss) for the financial year		11 983
- Acquisitions		28 843
- Other movements		(1 161)
- Translation differences		581
- Subtotal of movements		39 441
• Value at the end of the financial year		137 573

B. Unconsolidated shareholdings

	Acquisition value	Amounts written off
• At the beginning of the financial year	53 800	11 751
• Movements		
- Changes in consolidation scope	(206)	0
- Acquisitions	1 106	0
- Sales	(13 910)	(839)
- Provisions	0	55
- Amounts written back	0	(114)
- Translation differences	87	49
- Transfers and other movements	(6 193)	(2 619)
- Subtotal of movements	(19 116)	(3 468)
• At the end of the financial year	34 684	8 283

	Net book value	Market value
• At the beginning of the financial year	42 049	40 304
• At the end of the financial year	26 401	28 777

C. Amounts receivable

	Acquisition value	Amounts written off
• At the beginning of the financial year	5 247	1 482
• Movements		
- Changes in consolidation scope	0	0
- Additions and acquisitions	855	0
- Provisions and amounts written back	0	19
- Repayments and disposals	(897)	0
- Translation differences	125	29
- Cancellation	(15)	0
- Transfers and other movements	(469)	(479)
- Subtotal of movements	(401)	(431)
• At the end of the financial year	4 846	1 051

	Net book value
• At the beginning of the financial year	3 765
• At the end of the financial year	3 795

NOTES TO THE 1996 CONSOLIDATED ACCOUNTS

§ 6 CHANGES IN SHAREHOLDERS' EQUITY

millions of BEF							
	Number of shares	Capital	Share premium account	Reserves	Negative goodwill	Translation differences	Total
At 31 December 1995	70 601 069	58 928	42 167	63 872	3 954	(2 451)	166 470
• Movements							
- Other movements (*)				(1 160)			(1 160)
- Effects of exchange rate changes						(79)	(79)
- Changes in consolidation goodwill (**)					(1 926)		(1 926)
- Profit generated in 1996				11 220			11 220
- 1996 Dividends declared				(8 190)			(8 190)
At 31 December 1996	70 601 069	58 928	42 167	65 742	2 028	(2 530)	166 335

(*) As at 31 December 1995 Fortis AG recorded a change in shareholders' equity of BEF 6,009 million, to allow for the impact of the application of article 17 of the 3rd European directive on life insurance. According to this article, mathematical reserves must in future be calculated on the basis of prospective mortality tables, interest rates and costs, whereas in the past insurance companies used retrospective mortality tables.

In order to allow for the procedure followed by Fortis AG, i.e. the impact of this procedure on the reserves, the Générale, with effect from 1 January 1996, reduced the consolidated reserves by an amount equal to its share of the above-mentioned amount, i.e. BEF 1,160 million.

(**) As explained in the Notes to the accounts, 880,000 Arbed shares were transferred to current investments. The negative goodwill was reduced by an amount of BEF 1,926 million to reflect the negative goodwill booked on these shares. On the assets side, the same amount was deducted from the value of non-consolidated shares.

§ 7 STATEMENT OF GOODWILL ARISING ON CONSOLIDATION

						Goodwill	Negative goodwill
Net book value							
• At the beginning of the financial year						14 588	3 954
• Movements							
- Changes in consolidation scope						240	0
- Depreciation charge(*)						(1 473)	0
- Interest gains and losses						(70)	0
- Acquisitions (*)						21 784	0
- Translation differences						94	0
- Transfer to a different heading						(13)	(1 926)
- Other movements						(96)	0
- Subtotal of movements						20 466	(1 926)
• At the end of the financial year						35 054	2 028

(*) The acquisition of an additional 24.6% interest in Tractebel revealed goodwill of more than BEF 21 billion. This will be amortised over a period of 20 years, as already applied for the amortisation of the goodwill on the Tractebel shares acquired in 1989. The factors supporting this decision have not changed: the group's profitability has increased steadily for many years and this trend should continue in the long-term, barring major changes in the economic situation.

§ 8 STATEMENT OF PROVISIONS AND DEFERRED TAXES

Net book value	Pensions and similar obligations	Taxation	Major repairs and maintenance	Other liabilities and charges	Deferred taxes	Total
• At the beginning of the financial year	5 951	31	481	9 506	593	16 562
• Movements						
- Changes in consolidation scope	(16)	0	0	0	0	(16)
- Charges	1 354	3	496	1 941	41	3 835
- Amounts applied	(1 010)	0	(351)	(1 660)	0	(3 021)
- Amounts released	(158)	(3)	(14)	(1 151)	(50)	(1 376)
- Amounts transferred	11	0	0	(81)	(3)	(73)
- Translation differences	30	1	4	48	10	93
- Subtotal of movements	211	1	135	(903)	(2)	(558)
• At the end of the financial year	6 162	32	616	8 603	591	16 004

§ 9 STATEMENT OF DEBTS PAYABLE AFTER ONE YEAR

A. Analysis by maturity date

	y+2	y+3	y+4	y+5	y+6 to 10	y+11 to 15	over y +15	Total
Subordinated loans	0	0	0	0	0	0	30	30
Unsubordinated debentures	14	1 244	0	0	5	0	0	1 263
Leasing and similar agreements	42	51	31	34	174	71	0	403
Loans from credit institutions	1 989	16 397	5 236	1 533	28 120	126	0	53 401
Other loans	17	20	16	21	18	0	0	92
Subtotal of financial debts	2 062	17 712	5 283	1 588	28 317	197	30	55 189
Trade debts	48	0	0	0	0	0	0	48
Other debts*	355	4	7	7	141	0	31	545
Total	2 465	17 716	5 290	1 595	28 458	197	61	55 782

B. Analysis by currency

	BEF	FRF	DEM	GBP	USD	NLG	Others	Total
Subordinated loans	0	0	0	0	0	0	30	30
Unsubordinated debentures	1 263	0	0	0	0	0	0	1 263
Leasing and similar agreements	1	212	190	0	0	0	0	403
Loans from credit institutions	45 898	1 724	4 400	419	192	260	508	53 401
Other loans	5	85	0	0	0	2	0	92
Total financial debts	47 167	2 021	4 590	419	192	262	538	55 189

* Excluding capital subsidies of BEF 437 million

§ 10 A. Average number of staff

1. Analysis by grade and geographical area

	Consolidated companies				
	Manual	Clerical	Executives	Managers	Total
• Belgium	5 008	2 086	576	46	7 716
• France	1 785	1 292	345	46	3 468
• Rest of Europe	4 482	1 464	212	57	6 215
• North & South America	342	298	70	12	722
• Asia	36	60	33	9	138
• Total	11 653	5 200	1 236	170	18 259

2. Companies included under the equity method: 110,727 persons.

NOTES TO THE 1996 CONSOLIDATED ACCOUNTS

B. Reconciliation of theoretical and effective tax charge

Theoretical tax charge:	323 x 0.4017 =	130
• Dividends from non-consolidated companies (income already taxed)		(387)
• Non-taxable dividends distributed (AFV)		(10)
• Use of deferred tax debits of previous financial years and recoverable tax losses		(394)
• Effect of the financial year's losses		1 257
• Foreign tax rate differences		(10)
• Items taxed on other bases		(2 268)
• Non-deductible depreciation		497
• Deductions for investments		(27)
• Miscellaneous deductions and adjustments		1 627
• Tax credit		(57)
Effective tax charge as per the income statement		358

§ 11 RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

	1996	1995
• Guarantees given by third parties on behalf of the Group	7 262	7 336
• Guarantees given by the Group on behalf of third parties	5 534	2 357
• Guarantees given by the Group on own property and on its own behalf	296	3 257
• Guarantees received	570	3 464
• Property and stocks held by third parties in their own name but at the Group's risk	4	48
• Commitments to acquire/sell fixed assets (*)	101 938	327
• Forward contracts:		
- Goods	18 076	14 585
- Currencies	39 004	26 390
- Options	9 516	411
- Swaps	34 407	10 610
- Other	641	1 138
Total	101 644	53 134
• Third parties' goods and property held by the Group	6 807	5 304
• Miscellaneous rights and commitments	2 434	137

(*) For 1996 these commitments include put warrants on Tractebel issued by the Générale at the end of the period during which it had maintained the price of Tractebel shares on the stock market at a constant level. This commitment is valued at the exercise price of the put (BEF 14,500) multiplied by the number of Tractebel shares which were not included in the portfolio of Société Générale de Belgique, i.e. a total amount of BEF 97,260 million.

The group uses derivatives to hedge against the risks inherent in its ordinary operations; derivatives are not held for speculative purposes.

DISPUTES

For several years Recticel has been involved in various disputes, in particular concerning pollution at the Balen site (Belgium) and the demilitarisation of the same site, pollution of agricultural land at Morristown, Tennessee (USA) and a case brought by former PRB executives. In connection with this latter case, the opposing party has lodged an appeal against an initial ruling given in favour of Recticel, and a verdict is expected by the end of 1997. The Morristown case was closed without damages being awarded against Recticel, which is now engaged in recovering its legal costs. There were no significant developments as regards the other cases in 1996. Legal proceedings were instituted in 1995 against Plasteurop, Recticel's French sub-subsidiary, for defects in its products. The total amount of damages is estimated at BEF 900 million and is covered by the contractors' ten year warranty insurance or Recticel's product liability insurance.

Several companies belonging to the Union Minière group are faced with long-standing site pollution problems, where developments are very slow. There were no significant changes in the risks in 1996. In December 1995 a case was brought against Sogemin by Codelco but in view of the lack of supporting evidence, it is still difficult to assess the risk entailed.

There were no developments in Electrabel's dispute with the National Social Security Office and the tax authorities during the year.

Having duly considered the facts at issue, the Boards of Directors of these subsidiaries, together with the Board of Directors of the Générale, have set aside provisions to cover the amounts which, in their opinion, will have to be disbursed.

These companies' annual reports contain details of these risks and give an indication of the potential maximum impact.

PENSIONS

See Accounting Principles (Provisions for pensions) on page 54.

§ 12 RELATIONSHIPS WITH AFFILIATED COMPANIES AND COMPANIES LINKED BY PARTICIPATING INTERESTS WHICH HAVE NOT BEEN CONSOLIDATED

This information has been omitted as it is insignificant with regard to the true and fair view and also owing to the fact that obtaining and processing this information would have entailed excessive charges.

§ 13 DIRECTORS' INTERESTS

- a) Total fees and pensions paid to the Directors: BEF 144.1 million
- b) Number of registered Société Générale de Belgique shares held by the Directors: 412
- c) No Directors were involved in any of the extraordinary transactions effected by Société Générale de Belgique
- d) No loans were granted to, or guarantees issued in favour of, the Directors
- e) There are no plans to grant stock options to the Directors.

§ 14 ANALYSIS OF TURNOVER PER COUNTRY

In %	1996	1995
Belgium	45	48
France	15	15
Other countries of the E.U.	29	28
Other European countries	1	1
America	6	5
Asia	4	3
	100	100

§ 15 OTHER EXCEPTIONAL INCOME AND CHARGES

"Other exceptional charges" totalled BEF 1,330 million, including BEF 1,067 million at Union Minière. These charges were mainly incurred to cover the impact of the industrial plan on the staff and, to a lesser extent, the cost of rehabilitation work on industrial sites.

The greater part of "other exceptional income" (BEF 670 million) was posted by the Générale (BEF 600 million), including BEF 450 million resulting from positive dilution following Fortis AG's capital increase reserved for Compagnie Suisse de Réassurances.

To the shareholders of Société Générale de Belgique SA

FREE TRANSLATION

In accordance with our responsibilities as auditors and the legal requirements applicable to publicly quoted companies we have examined the consolidated accounts of Société Générale de Belgique as at 31 December 1996. In the course of our examination we took all steps necessary in accordance with the auditing standards of the Belgian Institute of Auditors and those generally accepted internationally. We have obtained from the directors and officers of the group all the explanations and information which we requested from them.

The consolidated annual accounts of certain companies that make a significant contribution to the consolidated accounts of Société Générale de Belgique and which are accounted for under the equity method have been examined by the auditors of those companies. In forming our opinion of the consolidated accounts of Société Générale de Belgique we have relied on the unqualified opinions of these auditors.

In September 1996 Société Générale de Belgique acquired an additional interest in Tractebel thus acquiring de jure control of the company. While the acquisition of this control would require the investment to be fully consolidated, the Board of Directors has decided, for technical reasons as explained in note 2.5 to the accounts, to postpone the consolidation of the accounts of Tractebel till 1 January 1997 and to account for this investment in the consolidated accounts as at 31 December 1996 using the equity method. According to the published, consolidated accounts of the Tractebel Group which are summarised in note 2.5 to the accounts, total assets of the group amount to BEF 725,335 million, while sales and net profit are BEF 344,326 million and BEF 12,094 million respectively. The non-consolidation of Tractebel has affected the presentation of the consolidated balance sheet, income statement, and notes to the accounts of Société Générale de Belgique as at 31 December 1996 but has no effect on consolidated net profit (group share) or net equity (group share).

We have reviewed the report of the Board of Directors, which includes the information required by the Royal Decree of 6 March 1990 and is in agreement with the information contained in the consolidated accounts.

In conclusion, on the basis of our examination of the consolidated accounts, and the opinions of the auditors of those companies accounted for under the equity method whose accounts we are not directly responsible for examining, and except for the effects of the non-consolidation of the accounts of Tractebel, we certify that the consolidated accounts of Société Générale de Belgique as at 31 December 1996 showing total assets of BEF 324,871 million and a profit for the year then ended (Group share) of BEF 11,220 million, give a true and fair view of the assets and liabilities, the financial position, and the results for the year in accordance with the applicable legal and regulatory requirements, and that the explanations given in the notes are adequate.

20 March 1997

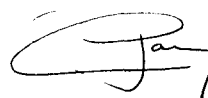
The joint Statutory Auditors



PRICE WATERHOUSE

Company Auditors

Represented by Robert PEIRCE



DELOITTE & TOUCHE

Company Auditors, SCC

Represented by Claude POURBAIX

Non-consolidated accounts

The Générale's acquisition of 3,405,828 Tractebel shares from Electrafina and Royale Belge on 29 September 1996 was obviously the key event of the 1996 financial year. The Générale now has a majority interest in this subsidiary. This acquisition, which was financed by means of bank loans, had a significant impact on the structure of the company's balance sheet.

At the end of the financial year the Générale acquired shares in the American company, Union Seas, from one of its subsidiaries.

In the second half of the year the Générale sold its remaining shares in Compagnie de Suez and in October the 3,600,000 Elf Aquitaine shares it had acquired when the company was privatised.

Following the negotiations held with the Luxembourg Government, Arbed's main shareholder, and the management of the company, the Générale was authorised under the shareholders' agreement to dispose of nearly half the shares it held in the Luxembourg steelmaker with effect from June 1996. The Générale subsequently issued a LUF 2.2 billion 0% bond 1996-1997 which could be exchanged for 550,000 Arbed shares, via its subsidiary GIF Luxembourg. In connection with this issue it transferred 880,000 Arbed shares to "current investments". It also disposed of all its ECU bonds issued by Arbed.

A further significant event was the sale on 19 February 1997 of the 9% interest held in Accor. The proceeds from this sale, BEF 13.2 billion, will enable the Générale to reduce its level of debt. The Générale realised a total capital gain of BEF 2.6 billion on this sale which will be included in 1997's results.

The Générale, which was founded on 16 December 1822, is preparing to celebrate its 175th anniversary in 1997 and 1998. It is also making the necessary arrangements to keep and publish its accounts in Euro, as soon as this has been authorised, which will probably be with effect from 1 January 1999.

Key figures of Société Générale de Belgique S.A.

	1996	1995	1994	1993	1992
Results (millions of BEF)					
Net profit on ordinary activities	5 016	5 819	4 565	4 534	4 560
(of which dividends from investments)	(6 985)	(6 754)	(5 399)	(6 290)	(5 446)
Net exceptional profit	1 286	1 098	2 499	18 391	549
Net profit	6 302	6 917	7 064	22 925	5 109
Balance sheet (millions of BEF)					
Financial fixed assets of which :	180 557	152 721	148 359	132 476	134 757
Consolidated investments	39 041	54 650	53 538	49 517	64 375
Investments included under the equity method	122 274	66 034	60 700	54 385	55 062
Other investments	18 514	30 547	32 583	27 008	13 855
Book value of investments	179 829	151 230	146 821	130 911	133 292
Estimated value of investments (1)	282 104	219 141	196 634	195 002	172 076
Capital and reserves	132 894	134 531	135 872	136 958	121 200
Amounts payable after one year	38 541	578	615	653	7 687
Working capital	(9 384)	(16 972)	(10 434)	6 526	(3 996)
Number of shares issued and market capitalisation					
Shares outstanding as at 31 December	70 601 069	70 601 069	70 601 069	64 182 790	64 182 790
Shares calculated on full dividend entitlement basis	70 601 069	70 601 069	70 601 069	61 680 838	60 398 760
Market capitalisation at year end 31.12					
(millions of BEF) (2)	175 797	173 679	152 498	169 443	121 947
Figures per ordinary share, adjusted (BEF)					
Net profit	89	98	100	336	75
Gross dividend	116	116	114	104	102
Net dividend	87	87	85	77	76
Capital and reserves	1 882	1 906	1 925	1 940	1 717
Market price : high	2 590	2 475	2 636	2 477	2 077
low	2 220	1 805	2 025	1 714	1 505
31.12	2 490	2 460	2 160	2 400	1 727
Ratios					
Return on equity : $\left(\frac{\text{Net profit}}{\text{Capital and reserves (3)}} \right)$	4.7%	5.1%	5.2%	18.9%	4.6%
Debt ratio (gearing) : $\left(\frac{\text{Amounts payable after one year}}{\text{Capital and reserves}} \right)$	29.0%	0.4%	0.5%	0.5%	6.3%
Yield : $\left(\frac{\text{Gross dividend}}{\text{Year end market price}} \right)$	4.7%	4.7%	5.3%	4.3%	5.9%
Market return : $\left(\frac{\text{Price variation} + \text{Gross dividend}}{\text{Year end market price}} \right)$	6.0%	20.0%	(6.3%)	46.3%	8.6%

(1) Market price at year end for listed shares, objective and consistent valuation for unlisted securities

(2) Total number of outstanding shares multiplied by year end Brussels Stock Exchange price of ordinary shares.

(3) At previous year end + new shares prorata to dividend entitlement.

COMMENTS ON THE 1996 ACCOUNTS

Dividend distribution

If you approve the proposed appropriation of profit, a gross dividend of BEF 116, i.e. BEF 87 net, the same as the previous year, will be paid to holders of the 70,601,069 ordinary shares against coupon No. 40, with effect from 28 May 1997. Shareholders who present coupon No. 40 from ordinary shares together with coupon No. 40 from the VVPR strip by 30 November at the latest, will receive a net dividend of BEF 98.60 owing to the reduced rate of withholding tax (15% as opposed to 25%).

Financial position and results for the year

The 1996 financial year closed with a net profit of BEF 6,302 million, compared with BEF 6,917 million for the previous year. The BEF 803 million decrease in the profit on ordinary activities, which was partly offset by the BEF 188 million increase in the exceptional profit, is the reason for the reduction in the net profit.

Profit	1996	1995	change
Profit from ordinary activities	5,016	5,819	-803
Exceptional profit	1,286	1,098	+188
Net	6,302	6,917	-615

The difference in the **profit on ordinary activities** is mainly due to higher interest and similar charges, an increase in amounts written off and in allocations to provisions. The financial debts contracted in connection with the acquisition of an additional 24.6% interest in Tractebel in September 1996 (see comments on the balance sheet below) gave rise to BEF 417 million in interest on financial debts towards credit institutions payable after one year and within one year, whereas previously no such amounts appeared in the balance sheet. This is the main reason for the increase in the item "interest and similar charges". The transfer of 880,000 Arbed shares from financial assets to current investments (see comments on these items below) resulted in an amount of BEF 577 million being written off current assets in order to align the value on the stock market closing price of the shares.

In view of the creation of the European Monetary Union and the likely introduction of the Euro, the company decided to carry out a thorough review of its transaction processing procedures and the software used for accounting, asset and liability management, portfolio management, financial reporting and consolidation. A provision of BEF 220 million has been charged to overheads to cover the cost of this programme. The Générale has already started to carry out this work in order to be ready to use the new single currency when it comes into force at the beginning of 1999.

Dividend income amounted to BEF 6,985 million, BEF 231 million more than in 1995. Whereas Recticel paid a dividend on preference shares in 1995 (BEF 261 million for the Générale), no dividend was declared in 1996; however, by contrast, Arbed and Tanks, which did not pay a dividend in 1995, paid out BEF 86 and 175 million respectively in the year under review. The dividend paid in 1996 by the Générale Coordination Centre was BEF 177 million less than the

previous year (BEF 775 million). The Générale received higher dividend income on its shareholdings in Generale Bank (+ BEF 348 million), Tractebel (+ BEF 205 million) and Fortis AG (+ BEF 153 million) owing to the increased dividend paid per share by these subsidiaries and the larger number of shares held by the Générale. The improved dividend per share distributed by Accor resulted in a BEF 55 million increase in the Générale's overall income from this shareholding.

The **net financial loss** posted by the company deteriorated by BEF 773 million, standing at BEF 1,062 million in 1996 as against BEF 289 million in 1995. This was due to interest and similar charges and amounts written off, as already mentioned above. It should also be noted that the company booked a net gain on exchange (BEF 100 million) this year.

Overheads remained stable at BEF 650 million.

The **exceptional income and charges** include BEF 941 million in capital gains realised on financial fixed assets, of which a BEF 710 million gain on Fortis AG shares and a BEF 178 million loss on the interest held in Elf Aquitaine.

Amounts written off mainly concerned Recticel (BEF 282 million) and GIF Rotterdam (BEF 101 million), whereas an amount of BEF 367 million was written back on the Générale's subsidiary holding companies (GIF Curaçao and Tanks). The Générale released an amount of BEF 727 million against the provisions for liabilities and charges set aside on the other subsidiary holding companies (GIF Rotterdam and UFI).

BALANCE SHEET

Overall, **total assets** rose by 35 billion in 1996. On the assets side financial fixed assets increased by BEF 28 billion and current investments by BEF 7 billion, and on the liabilities side amounts payable after one year increased by BEF 37.5 billion.

Financial fixed assets include a BEF 713 million reduction in amounts receivable, mainly owing to the sale of the Arbed bonds, which contrasts with a BEF 28,598 million net increase in shares in affiliated companies and other companies linked by participating interests. The analysis of this increase is as follows: BEF 57,030 million in acquisitions, BEF 9,300 million in sales and disposals, BEF 3,218 million in transfers to current investments, BEF 16,246 million in capital repayments by subsidiaries, BEF 556 million in amounts written off and BEF 718 million from the reinstatement or cancellation of amounts written off. The most important acquisition was obviously the 3,405,828 Tractebel shares purchased from the Royale Belge and Electrafina on 29 September 1996 (BEF 49,641 million). The Générale acquired a 100% interest in Union Seas from one of its subsidiary holding companies; it also subscribed the capital increases of Generale Bank (BEF 4,491 million) and GIF Rotterdam (BEF 109 million), together with Fortis AG's capital increase in the form of a stock dividend.

The Générale also acquired 260,000 Fortis AG shares from AG 1824 in order to maintain its percentage interest in Fortis AG, which had been diluted following the acquisition of Fortis AG shares by Compagnie Suisse de Réassurances. In addition it purchased and sold shares in this company on the stock market. Its total acquisitions amounted to BEF 2,133 million.

In co-operation with the Luxembourg Government 440,000 non-voting preference shares in Arbed were exchanged for the same number of ordinary shares with voting rights. For prudent management reasons, the capital gain resulting from marking these shares to market was offset by a corresponding write-down. Following this exchange, 880,000 Arbed shares, which are likely to be either sold or exchanged for bonds issued by GIF Luxembourg, were transferred to current investments.

The 66,666 shares held in Ifimo were exchanged for 532,455 Amorim shares together with a cash payment. The main disposal was the sale of the 3,600,000 Elf Aquitaine shares, which gave rise to a capital loss of BEF 178 million. The Générale also sold its remaining 8,768 CFE shares and realised a capital gain of BEF 58 million.

Numerous Belgian companies, including Tractebel, Generale Bank and Fortis AG detached the tax concessions conferred by their VVPR shares from these shares, which are now the same as ordinary shares, and in exchange allocated sheets of VVPR strips to shareholders which represent the tax concessions. The Générale, which held VVPR shares from these companies in its portfolio, therefore obtained VVPR strips; the VVPR strips are carried under current investments.

The Générale Coordination Centre repaid its shareholder, the Générale, BEF 10,001 million in capital, GIF Guraçao BEF 6,019 million and Tanks BEF 225 million, following the cancellation of shares.

Finally, an amount of BEF 282 million was written off the interest held in Recticel.

The main changes to the portfolio were as follows:

Acquisitions

Subscription:

439,402	Generale Bank ordinary shares
180,502	Fortis AG ordinary shares

Purchase:

3,405,828	Tractebel shares
18,395	Union Seas shares
407,000	Fortis AG ordinary shares

Exchange:

440,000	Arbed ordinary shares
532,455	Amorim shares

Disposals

Sale:

180,502	Fortis AG ordinary shares
8,768	CFE shares
3,600,000	Elf Aquitaine shares

Exchange:

440,000	Arbed non-voting preference shares
66,666	Ifimo shares

Cancellation:

225,000,000	Tanks shares (class B, BEF 1)
90	Tanks shares (class A, GBP 1)

This year **current investments** include an amount of BEF 60 million, representing 25,700 Générale shares, which the Board has acquired, further to the authorisation granted at the Extraordinary General Meeting on 15 May 1996, for the purpose of regulating the market in Générale shares. During the financial year under review none of the own shares acquired was sold, but in February 1997 the above-mentioned 25,700 shares were sold at a profit.

There were two significant changes in the shares carried under this heading. The remaining shares held in Suez were sold on the stock market at a slight loss. As explained above, the 880,000 ordinary Arbed shares were transferred from financial assets to current investments and marked to market as at 31 December 1996. As a result, an amount of BEF 577 million was written down as a charge against profits.

Term deposits amounted to BEF 5,415 million. There were no such deposits at the end of the previous year. This surplus cash will be used to reduce the financial debts payable within one year on the first repayment date in 1997.

Shareholders' equity decreased by BEF 2 billion, reflecting the dividend distribution which was higher than the income for the year. In addition, a capital reserve was set aside corresponding to the Générale shares carried under assets.

Provisions for liabilities and charges decreased from BEF 1,286 million to BEF 722 million over the course of the financial year, reflecting the BEF 275 million charged, the BEF 111 million applied and the BEF 728 million released in respect of surplus provisions.

Total **debts** increased significantly during the financial year. This was mainly due to the BEF 44 billion in loans from credit institutions in order to finance the greater part of the acquisition of a 24.6% interest in Tractebel (see the comments above on financial fixed assets). These bank borrowings took the form of syndicated loans for BEF 24 billion and BEF 14 billion for a period of 7 years and 3 years respectively, which are carried under amounts payable after one year, plus a 6-month syndicated loan for BEF 6 billion. The reduction by nearly BEF 7 billion in other amounts payable within one year reflects the level of debts towards subsidiaries.

BALANCE SHEET OF SOCIETE GENERALE DE BELGIQUE S.A. AS AT 31 DECEMBER

ASSETS

(Thousands of BEF)

	1996	1995
FIXED ASSETS	180 620 673	152 720 802
Tangible assets	63 987	49 270
Furniture and vehicles	63 987	49 270
Financial assets	180 556 686	152 671 532
Affiliated companies	114 830 275	80 798 213
Shares	114 294 936	80 262 161
Amounts receivable	535 339	536 052
Other companies linked by participating interests	60 081 469	57 157 575
Shares	60 081 469	56 456 975
Amounts receivable	0	700 600
Other financial assets	5 644 942	14 715 744
Shares	5 452 194	14 511 139
Amounts receivable and cash guarantees	192 748	204 605
CURRENT ASSETS	9 919 073	2 807 589
Amounts receivable after one year	700 517	644 918
Other amounts receivable	700 517	644 918
Amounts receivable within one year	752 903	664 622
Trade debtors	48 842	115 260
Other amounts receivable	704 061	549 362
Current investments	8 354 321	1 415 540
Own shares	60 156	0
Other investments and deposits	8 294 165	1 415 540
Cash at bank and in hand	74 213	33 564
Deferred charges and accrued income	37 119	48 945
TOTAL ASSETS	190 539 746	155 528 391

BALANCE SHEET OF SOCIETE GENERALE DE BELGIQUE S.A. AS AT 31 DECEMBER

LIABILITIES

(Thousands of BEF)

	1996	1995
CAPITAL AND RESERVES	132 573 680	134 530 516
Capital	58 928 523	58 928 523
Issued capital	58 928 523	58 928 523
Share premium account	42 749 561	42 749 561
Reserves	30 873 008	32 812 852
Legal reserves	5 892 852	5 892 852
Capital reserves	60 156	0
1. For own shares	60 156	0
Untaxed reserves	4 870 000	4 870 000
Available reserves	20 050 000	22 050 000
Profit carried forward	22 588	39 580
PROVISIONS FOR LIABILITIES AND DEFERRED TAXATION	722 464	1 286 174
Provisions for liabilities and charges	722 464	1 286 174
Other liabilities and charges	722 464	1 286 174
CREDITORS	57 243 602	19 711 701
Amounts payable after one year	38 541 137	577 842
Financial debts	38 400 000	436 705
Unsubordinated debentures	400 000	400 000
Other loans	38 000 000	36 705
Other amounts payable	141 137	141 137
Amounts payable within one year	18 115 547	19 019 906
Current portion of amounts payable after one year	36 711	36 705
Financial debts	6 000 018	9
Credit institutions	6 000 018	9
Trade debts	143 775	132 796
Suppliers	143 775	132 796
Taxes, remuneration and social security	169 035	174 347
Taxes	82 074	45 096
Remuneration and social security	86 961	129 251
Other amounts payable	11 766 008	18 676 049
Accrued charges and deferred income	586 918	113 953
TOTAL LIABILITIES	190 539 746	155 528 391

INCOME STATEMENT OF SOCIETE GENERALE DE BELGIQUE S.A. AT 31 DECEMBER

CHARGES

(Thousands of BEF)

	1996	1995
Interest and similar charges	1 028 577	576 177
Other financial charges	190 247	181 561
Services and other goods	408 423	343 569
Remuneration, social security costs and pensions	302 845	375 436
Other operating charges	97 393	99 549
Depreciation and amounts written off formation expenses, intangible and tangible fixed assets	22 009	19 857
Amounts written off	1 260 694	795 082
financial fixed assets	571 027	751 762
current assets	689 667	43 320
Provisions for liabilities and charges	163 693	635 825
Loss on disposal	371 922	18 899
of tangible and intangible fixed assets	113	1 013
of financial fixed assets	349 284	7 588
of current assets	22 525	10 298
Exceptional charges	97 154	91 860
Taxes	20 000	15 860
Profit for the year	6 302 199	6 916 944
TOTAL CHARGES	10 265 156	10 070 619
Profit for the year available for appropriation	6 302 199	7 322 044

APPROPRIATION ACCOUNTS

(Thousands of BEF)

	1996	1995
Transfer to reserves	0	182 512
To the legal reserve	0	182 512
Result to be carried forward	22 588	39 580
Profit to be carried forward	22 588	39 580
Distribution of profit	8 259 034	8 258 142
Dividends	8 189 724	8 189 724
Directors' entitlements	46 012	45 120
Other appropriations: Patronage Fund	23 298	23 298

INCOME STATEMENT OF SOCIETE GENERALE DE BELGIQUE S.A. AT 31 DECEMBER

INCOME

(Thousands of BEF)

	1996	1995
Income from financial fixed assets	7 058 748	6 834 469
Dividends	6 985 376	6 754 143
Interest	73 372	80 326
Income from current assets	207 283	109 961
Other financial income	397 159	140 829
Income from services rendered	101 030	98 736
Other operating income	62 193	78 809
Reinstatement of amounts written off	529 568	772 891
financial fixed assets	473 692	763 388
current assets	55 876	9 503
Release of provisions for liabilities and charges	727 404	951 050
Gains on disposal	1 114 406	1 018 160
of tangible and intangible fixed assets	451	729 229
of financial fixed assets	941 262	107 094
of current assets	172 693	181 837
Exceptional income	67 365	35 536
Adjustment of income taxes and release of tax provisions	0	30 178
TOTAL INCOME	10 265 156	10 070 619
Transfer from untaxed reserves	0	405 100

APPROPRIATION ACCOUNTS

(Thousands of BEF)

	1996	1995
Profit to be appropriated	6 341 779	7 330 234
Profit for the year available for appropriation	6 302 199	7 322 044
Profit brought forward	39 580	8 190
Transfer from capital and reserves	1 939 843	1 150 000
Transfer from available reserves	1 939 843	1 150 000

NOTES TO THE NON-CONSOLIDATED ACCOUNTS

III. STATEMENT OF TANGIBLE FIXED ASSETS

(Thousands of BEF)

	Furniture and vehicles
a. Acquisition cost	
As at the end of the previous financial year	107 199
Movements during the year :	
Acquisitions including own work capitalised	36 839
Sales and disposals	(9 602)
At year end	134 436
c. Depreciation and amounts written off	
At the end of the previous financial year	57 929
Movements during the year :	
Charge for the year	22 009
Transfers to a different heading	(9 489)
At year end	70 449
d. Net book value at the year end (a) - (c)	63 987

IV. STATEMENT OF FINANCIAL FIXED ASSETS

(Thousands of BEF)

	Subsidiary companies	Companies linked by a participating interest	Others
1. Shares			
a. Acquisition cost			
At the end of the previous financial year	90 108 353	58 115 834	15 065 294
Movements during the year :			
Acquisitions	50 294 110	8 201 718	111 368
Sales and disposals	(16 245 380)	(4 649 393)	(9 276 261)
At year end	124 157 083	61 668 159	5 900 401
c. Amounts written off			
At the end of the previous financial year	9 846 191	1 583 859	554 154
Movements during the year :			
Charge for the year	383 192	172 313	509
Released	(367 236)	0	(106 456)
Cancelled	0	(244 482)	0
At year end	9 862 147	1 511 690	448 207
d. Uncalled amounts			
At the end of the previous year	0	75 000	0
At year end	0	75 000	0
Net book value at year end (a) - (c) - (d)	114 294 936	60 081 469	5 452 194
2. Amounts receivable			
Net book value at the end of the previous year	536 051	700 599	204 605
Movements during the year :			
Additions	0	0	3 417
Reimbursements	0	(734 025)	(261)
Amounts written off	0	0	(15 013)
Translation differences	(712)	33 426	0
Net book value at year end	535 339	0	192 748
Accumulated amounts written off at year end	310 000	0	15 013

NOTES

V. INVESTMENTS AND SHAREHOLDINGS IN OTHER COMPANIES

Name and Registered Office	Class of share	Shares held			Financial information as per the latest available annual accounts			
		Directly		Through subsidiaries	Financial year end	Currency	Capital and reserves	Net result
		Number	%	%			(x 1000)	
A. Holdings in subsidiary companies								
Belgatel (in liq.), Brussels VAT 430-510-348	ord.	2 140 000	100.00		31.12.95	BEF	63 499	2 761
"CEDEE" Compagnie Européenne pour le Développement Électrique et Electronique, Brussels VAT 427-337-062	ord.	312 656	99.99	0.01	15.12.96	BEF	1 484 745	17 191
"Centre de Coordination "Générale", Brussels VAT 427-646-274	ord.	1 699 977	100.00		31.12.96	BEF	8 174 460	542 292
ClG-Intersys Group, Brussels VAT 434-292-952	ord.	605 000	55.00		31.12.96	BEF	27 532	506
De Coene (in liq.), Courtrai VAT 405-327-861	ord.	81 250	22.39	77.26	31.12.95	BEF	(651 926)	(32)
Finoutremer "Compagnie Financière Européenne et d'Outre-Mer", Brussels VAT 403-227-218	ord.	705 193	55.16	1.47	31.12.96	BEF	4 753 238	362 999
Genfina, Brussels VAT 435-084-986	ord.	3 660	60.00		30.06.96	BEF	6 256 035	517 897
"GIF", Curaçao - Neth. Antilles	ord.	4 013	100.00		31.12.96	NLG	125 348	14 959
"GIF", Luxembourg	ord.	390 000	97.50	2.50	31.12.96	BEF	801 553	(69 367)
"GIF", Rotterdam - Netherlands	ord.	10 000	100.00		31.12.96	NLG	(1 992)	(61 383)
Recticel, Brussels VAT 405-666-668	ord. priv. VVRP	12 481 823 6 455 389 253 881	69.95		31.12.96	BEF	7 129 889	26 394
"SEL" Société Espace Léopold, Brussels VAT 435-890-977	"A"	3 320	16.60	33.40	31.12.95	BEF	268 299	28 467
"SIBL" Société d'Investissement du Bassin Liégeois, Liège VAT 450-953-889	ord. founder's shares	41 599 0 41 599	100.00 50.00		31.12.95	BEF	421 138	(1 414)
Société Générale de Belgique, Japan C° Ltd Tokyo - Japan	ord.	500	100.00		31.12.95	JPY	35 881	1 590
Sogenbel, Brussels VAT 436-443-877	ord.	31 500	96.92	3.08	30.06.96	BEF	231 943	23 374
"TCI" Tanks Consolidated Investments Nassau-Bahamas	Cat. B of BEF 1	255 000 000	100.00		31.12.96	BEF	271 560	297 260
Tractebel, Brussels VAT 403-239-886	ord.	7 212 392	51.77	9.62	31.12.96	BEF	83 389 836	7 756 705
Union Financière et Industrielle "UFI", Liège VAT 402-305-601	ord.	4 998 541	99.98		31.12.96	BEF	(232 951)	4 521
Union Minière, Brussels VAT 401-574-852	ord. VVRP	10 549 084 963 480	46.51	3.65	31.12.96	BEF	29 527 945	1 156 679
Union Seas Inc., Baltimore - USA	ord.	18 395	100.00		31.12.96	USD	11 673	5 075

V. INVESTMENTS AND SHAREHOLDINGS IN OTHER COMPANIES (continued)

Name and Registered Office	Class of share	Shares held			Financial information as per the latest available annual accounts			
		Directly		Through subsidiaries	Financial year end	Currency	Capital and reserves (x 1000)	Net result
		Number	%	%				

B. Holdings in other companies linked by participating interests

Accor, Evry - France	ord. FRF 100	2 988 582	9.02		31.12.95	FRF	11 376 000	968 000
ARBED, Luxembourg	ord.	486 297	5.50		31.12.95	LUF	46 100 798	1 369 404
"BELFIN" Compagnie Belge pour le Financement de l'Industrie, Brussels VAT 420-479-855	ord. to be paid 25%	100 000	10.00	13.00	31.12.96	BEF	556 455	30 963
Coficem, Paris - France	ord.	787 324	20.00		31.12.95	FRF	600 210	32 228
Fortis AG, Brussels VAT 403-249-586	ord. warrants	7 400 521 162 864	19.29		31.12.96	BEF	111 268 799	58 408 286
Generale Bank, Brussels VAT 403-199-702	ord.	4 833 410	29.28	0.34	31.12.96	BEF	101 532 884	14 239 062
"SPE" Sociedade Portuguesa de Empreendimentos, Lisbon - Portugal	ord. PTE 1000	85 907	1.72	0.87	31.12.95	PTE	(642 795)	(1 053 604)
Sybetra, Charleroi VAT 400-398-281	Pref. "S"	181	0.22	8.53	31.12.95	BEF	235 225	6 402

C. Other significant shareholdings

Amorim Investimentos E Participações, Lourosa-Portugal	ord. PTE 1000	3 865 788	7.93		31.12.95	PTE	50 718 636	13 601 306
Brussels Airport Terminal Cy "BATC", Brussels VAT 433-137-365	ord.	52 501	6.56		31.12.95	BEF	3 273 008	248 854
Fibelpar, Charleroi VAT 414-752-204	ord. VVPR pref.	6 780 430 441 654 5 493	5.51	12.56	30.06.96	BEF	27 511 251	1 212 689
Flanders Expo, Ghent VAT 427-328-649	ord.	100	1.32	3.95	31.12.95	BEF	825 039	57 624
LGA, Luxembourg	ord.	220 000	50.00		31.12.95	LUF	5 429 575	(24 015)
Nivelinvest, Court-Saint-Etienne VAT 430-636-943	ord. "B"	3 000	10.00	6.67	30.06.96	BEF	66 951	20 088
Sambrinvest, Charleroi VAT 427-908-867	ord. "B"	1 500	7.50	7.50	30.06.96	BEF	290 080	53 790
Siparex Participations, Fribourg - Switzerland	ord. "A"	5 990	1.86		31.03.96	CHF	9 111	(553)

NOTES

VI. CURRENT INVESTMENTS, OTHER INVESTMENTS AND DEPOSITS

(Thousands of BEF)

	Current year	Previous year
Shares	2 878 701	1 246 635
Book value grossed up by amount uncalled	2 880 301	1 248 235
Uncalled amount	(1 600)	(1 600)
Term deposits with credit institutions with a residual term or notice period:	5 415 464	168 905
• from maximum one month to a year	0	63 905
• one month or less	5 415 464	105 000

VII. DEFERRED CHARGES AND ACCRUED INCOME

(Thousands of BEF)

	Current year
Deferred charges	6 042
Accrued income	31 077

VIII. SHARE CAPITAL

	Amounts (Thousands of BEF)	Number of shares
A. Share capital		
1. Issued capital		
• At the end of the previous financial year	58 928 523	
• At year end	58 928 523	
2. Structure of capital		
2.1. Categories of shares		
Ordinary shares	58 928 523	70 601 069
2.2. Registered or bearer shares		
Registered shares		52 347 285
Bearer shares		18 253 784
	Amount of capital held (Thousands of BEF)	Corresponding number of shares
C. Own shares held by:		
• the company itself	21 451	25 700
• its subsidiaries	0	0
E. Capital authorised but unissued	45 000 000	
G. Details of significant holdings in Société Générale de Belgique's share capital are given in Note XXII below		

IX. PROVISIONS FOR LIABILITIES AND CHARGES

(Thousands of BEF)

	Current year
Provisions for commitments	138 176
Provisions for miscellaneous liabilities	546 682
Provisions for financial charges	37 606

X. AMOUNTS PAYABLE

(Thousands of BEF)

	Debts or portion of debts		
	due within the year	having a term over one year and less than 5 years	over 5 years
A. Analysis of amounts originally payable after one year according to their residual terms			
2. Unsubordinated debentures	0	400 000	0
4. Credit institutions	0	14 000 000	24 000 000
5. Other debentures	36 711	0	0
Other amounts payable	0	0	141 137
Total	36 711	14 400 000	24 141 137
			Current year
C. Taxes, remuneration and social security			
1. Taxes			
b) Taxes not yet due			47 074
c) Estimated taxes due			35 000
2. Remuneration and social security			
b) Other amounts due in respect of remuneration and social security			86 961

XI. ACCRUED CHARGES AND DEFERRED INCOME

(Thousands of BEF)

	Current year
Accrued charges	41 008
Deferred income	64 834
Accrued interest	415 491
Premiums on financial instruments	65 585

NOTES

XII. OPERATING RESULTS

(Thousands of BEF, except C.1. and G.2.b)

	Current year	Previous year
C.1. Employees included on the staff register		
a) Total number at year end	88	89
b) Average number of staff in terms of full time equivalent	84.7	72.6
c) Effective number of hours worked	139 232	138 738
C.2. Personnel charges		
a) Wages, salaries and direct benefits	190 138	274 496
b) Employer's social security contributions	74 609	67 204
c) Employer's premiums for non-statutory insurance	26 615	32 389
d) Other personnel charges	5 557	1 347
e) Pensions	5 926	0
E. Provisions for liabilities and charges		
Charged	220 000	0
F. Other operating charges		
Duties and other taxes relating to operating activities	97 393	99 549
G. Temporary staff and persons on secondment to the company		
1) Total number at year end	0	0
2) a. Average number in terms of full time equivalent	0	0
b. Effective number of hours worked	67	0
c. Cost to the company	46	0

XIII. FINANCIAL RESULTS

(Thousands of BEF)

	Current year	Previous year
A. Other financial income		
Exchange gains	58 015	26 345
Translation differences on foreign currencies	109 339	99 740
Interest and premiums on financial instruments	146 770	0
Commissions and miscellaneous proceeds	83 035	14 744
C. Amounts written off current assets		
Charge for the year	689 666	43 320
Amounts released	(55 875)	(9 503)
D. Other financial charges		
Financial provisions		
• Charged	54 551	24 766
• Applied and released	(16 945)	(24 766)
Exchange gains	62 512	30 597
Foreign exchange conversion differences	4 998	110 089
Interest and premiums on financial instruments	53 586	0
Commissions and other charges	69 452	40 875

XV. INCOME TAXES

(Thousands of BEF)

	Current year
A.1. Income taxes for the current year	20 000
a) Taxes and withholding taxes due or paid	232 374
b) Excess income tax prepayments and withholding taxes included in assets	(232 374)
c) Estimated additional tax (booked to liability heading 450/3)	20 000
B. Main sources of differences between profit before taxes as stated in the annual accounts and the estimated taxable profit	
Deduction of definitively taxed income	5 995 000
Amounts written off and capital losses on non-tax-deductible shares	1 548 000
Capital gains and reinstatement of amounts written off on tax-free shares	1 588 000
Non-tax-deductible provisions and miscellaneous expenditure	521 000

NOTES

XVI. OTHER TAXES AND TAXES PAYABLE BY THIRD PARTIES

(Thousands of BEF)

	Current year	Previous year
A. Value added tax, equalisation taxes, special taxes charged during the year :		
1. to the company (deductible)	24 819	26 740
2. by the company	44 923	31 613
B. Amounts deducted from third parties for:		
1. Withholding tax on salaries	125 796	118 781
2. Withholding tax on investment income	919 599	923 685

XVII. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

(Thousands of BEF)

	Current year
Personal guarantees given or irrevocably promised by the company as security for third parties' debts or commitments	
Maximum amount of guarantees given by company to secure other commitments of third parties	3 211 781
Goods and property held by third parties in their own name but at the risk or for the benefit of the company, if they are not carried in the balance sheet	
<i>Significant commitments to purchase fixed assets</i>	
Various put options granted	97 260 403
<i>Significant commitments to sell fixed assets</i>	
Various call options granted	2 200 000

Supplementary provisions for pension and retirement benefits

The company guarantees its employees a retirement income or survivors' pension based on seniority and end of career salary. Insurance policies cover these commitments. The required mathematical reserves are recalculated annually.

New financial instruments

The company occasionally uses derivatives to hedge against the risks inherent in its ordinary operations; derivatives are not held for speculative purposes.

XVIII. RELATIONSHIPS WITH SUBSIDIARY COMPANIES AND COMPANIES LINKED BY PARTICIPATING INTERESTS

(Thousands of BEF)

	Subsidiary companies		Companies linked by participating interests	
	Current year	Previous year	Current year	Previous year
1. Financial fixed assets	114 830 275	80 798 213	60 081 469	57 157 575
shareholdings	114 294 936	80 262 161	60 081 469	56 456 975
other amounts receivable	535 339	536 052	0	700 600
2. Amounts receivable	49 203	123 122	226 783	148 137
after one year	0	0	5 425	5 425
within one year	49 203	123 122	221 358	142 712
3. Current investments	75 781	143 474		
shares	75 781	143 474		
4. Amounts payable	3 321 350	10 520 699	55 944	76 310
after one year	136 843	136 843	0	36 705
within one year	3 184 507	10 383 856	55 944	39 605
5. Real or personal guarantees given or irrevocably promised by the company as security for subsidiary companies' debts and commitments	3 211 781	2 275 000		
7. Financial results				
Income				
from financial fixed assets	3 118 974	3 312 290		
from current assets	9 848	46 229		
other financial income	8 906	1 350		
Charges				
interest and other debt charges	555 579	507 647		
other financial charges	1 015	496		
8. Disposal of fixed assets				
Capital gains realised	0	0		
Capital losses realised	0	3 491		

XIX. FINANCIAL RELATIONS WITH DIRECTORS

(Thousands of BEF)

	Current year
a) Directors and managers	
1. Amounts payable by the above-mentioned persons	0
2. Guarantees given on their behalf	0
3. Other significant commitments in their favour	0
4. Direct and indirect remuneration and pensions included in the Income Statement, to the extent that this disclosure does not solely or primarily concern the situation of a single identifiable person:	79 028

XX. SUMMARY OF ACCOUNTING PRINCIPLES, AS REQUIRED BY ARTICLE 7 OF THE LAW OF 17 JULY 1975

I. Formation expenses

Expenses incurred for capital increases or for issuing debentures, whether convertible or not, are written off over five years. Conversion expenses are charged during the financial year in which they are incurred.

II. Tangible fixed assets

Tangible fixed assets are carried as assets in the balance sheet at their purchase price or at their production cost or at the assigned value at the moment of contribution. Depreciation is recorded on a straight-line basis at the rates allowed for tax purposes, i.e. :

• Buildings	3 % per year;
• Alterations to occupied buildings	10 % per year;
• Computer equipment	33 % per year;
• Other equipment	20 % per year;
• Furniture	10 % per year;
• Safes	5 % per year;

Ancillary costs and, in particular, non-recoverable VAT, are written off during the year in which they are incurred, except for costs incurred on motor vehicles, which are written off at the same rate as the purchase price.

III. Financial fixed assets

Investments and other shares held in portfolio

Except for shares held as at 31 December 1977, whose historic book value was adjusted during the 1977 transitional accounting period, by virtue of an exemption obtained from the Regulatory Authority, acquisitions are carried as assets in the balance sheet at their purchase or contribution price (including ancillary costs and taking into account any amounts still to be paid up).

At the end of each financial year, each individual share included in financial assets is assessed so as to reflect in as satisfactory a manner as possible the position, profitability, or prospects of the company concerned.

The method of valuation is chosen objectively taking into account the nature and characteristics of the share.

It may be based on one or other of the values traditionally used for such a valuation, or else be based on the suitably weighted average of several of these values.

The method of valuing a particular share is applied consistently from one financial year to another, unless changing circumstances render it impossible. In such a case, and if the change has significant consequences, a special mention will be included in the Notes to the accounts.

When this valuation shows a lasting impairment of value against the recorded value, an amount equal to such impairment is written off. Amounts are written back when a lasting increase in value is observed on a share which had previously been written down. The concept of a "lasting" increase or decrease in value is

defined on a case-by-case basis. In all cases the "lasting" part of the increase or decrease is that part which has been sustained over three consecutive years.

As in the past, the rule is not to revalue shares even when underlying capital gains are identified by independent valuers.

Amounts receivable

At the time of the transaction, amounts receivable are stated at their nominal value. Amounts in foreign currencies are recorded at the Belgian franc equivalent at the rate prevailing on the day of acquisition. At the end of the year, they are restated at the year-end exchange rate.

The rules for writing down receivables are similar to those for shares.

IV. Amounts receivable after and within one year

Amounts receivable are stated in the balance sheet at their nominal value. Receivables in foreign currencies are recorded in Belgian francs at the exchange rate on the day of the transaction and revalued on the basis of the exchange rate at the close of the financial year.

An amount is written off when repayment on the due date of all or part of a receivable is uncertain or doubtful or when the realisable value at the financial year end is lower than the book value, provided the impairment in value is permanent in the case of amounts receivable after one year.

V. Current investments and cash at bank and in hand

In principle, investment shares for which there is a significant market, are valued at the last Stock Exchange quotation of the financial year.

Other investments and cash at bank and in hand are valued in the same way as amounts receivable within one year.

VI. Provisions for liabilities and charges

At balance sheet date, the Board examines what provisions should be made to cover, in particular :

- major repairs or maintenance;
- risks resulting from advances or from guarantees;
- other risks, where appropriate.

Provisions from previous years are regularly reviewed and released to income if no longer required.

VII. Amounts payable after and within one year

These amounts are recorded at their nominal value.

XXI. AUDITORS

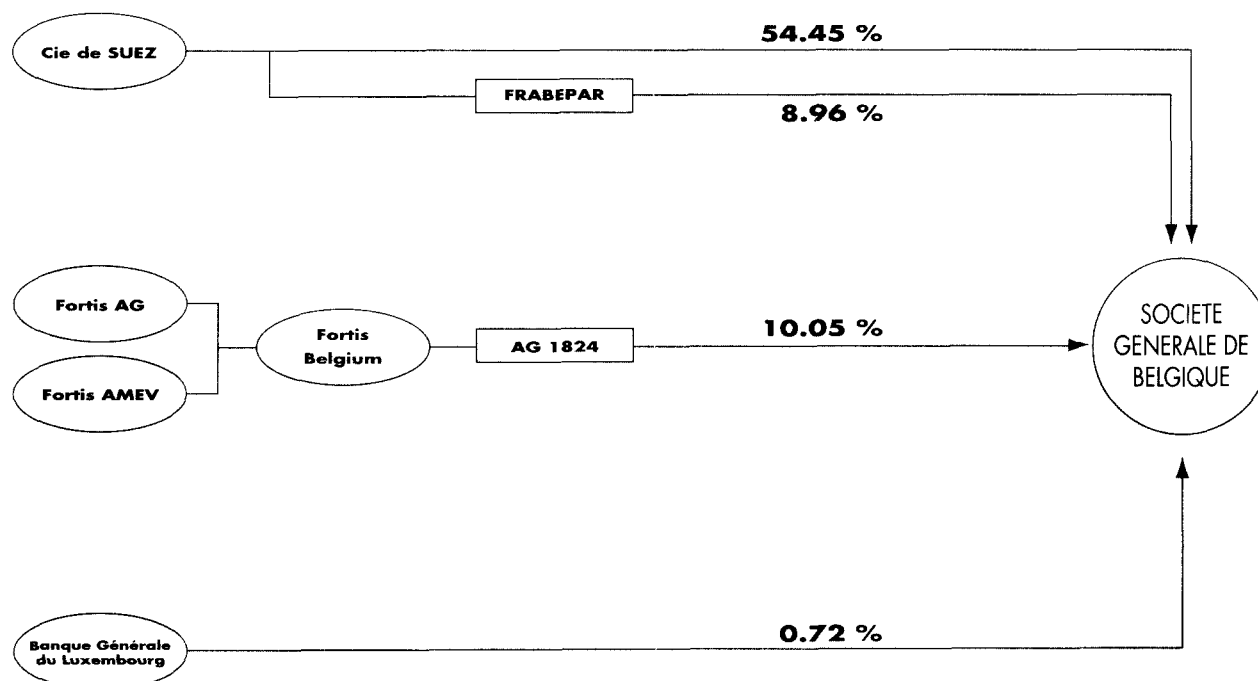
The annual fees paid to the Auditors amount to BEF 8 500 000 divided equally between the two Auditors.

During the 1996 financial year Société Générale de Belgique gave various special assignments to its Auditors.

The fees paid for these special assignments amount to:

BEF 300 000 for Price Waterhouse, Company Auditors

BEF 160 000 for Deloitte & Touche, Company Auditors, SCC.

XXII. SIGNIFICANT SHAREHOLDINGS IN SOCIETE GENERALE DE BELGIQUE AS AT 31 DECEMBER 1996

NOTES

Name of direct shareholders :			Date of last statement received art. 4 § 2 Law of 2/3/1989	Number of shares	% (*)
Compagnie de SUEZ :				44 202 052	62.61%
Compagnie de SUEZ SA	1 rue d'Astorg	75008 PARIS	12.07.96	37 876 242	53.65%
FRABEPAR SA	rue Blanche 27	1060 BRUSSELS	12.07.96	6 325 704	8.96%
SEGT SA	4 Place des Saussaies	75008 PARIS	12.07.96	106	p.m.
Voting rights exercised jointly by Fortis AG and the Luxembourg Syndicate :				9 375 810	14.60%
Fortis AG :				7 575 810	11.80%
• AG 1824 SA	boulevard E. Jacqmain 53	1000 BRUSSELS	08.04.91	7 560 180	11.77%
• SODINVEST SA	rue du Pont-Neuf 17	1000 BRUSSELS	08.04.91	5	p.m.
• G. SIMONS & Cie SA	Suikerrui 5 - Bus 1	2000 ANTWERP	08.04.91	825	p.m.
• AMEV Levensverzekering NV	Archimedeslaan 10	3500 HB UTRECHT	08.04.91	9 200	0.01%
• AMEV Levensverzekeringen NV	rue de la Loi 13	1000 BRUSSELS	08.04.91	5 600	0.01%
Luxembourg Syndicate :				1 800 000	2.80%
• ARBED SA	19 avenue de la Liberté	2930 LUXEMBOURG	08.04.91	652 500	1.02%
• Banque Générale du Luxembourg SA	14 rue Aldringen	1906 LUXEMBOURG	08.04.91	465 000	0.72%
• SIDARFIN NV	Kouter 188	9000 GHENT	08.04.91	682 500	1.06%

(*) The denominator used to calculate the percentage is 64,210,066 (including the 149,061 warrants outstanding as at this date) for statements as at 8 April 1991 and 70,601,069 for statements as at 12 July 1996.

The above list strictly complies with the most recent transparency statement received by the Générale. In 1996 certain changes occurred in the shareholder base, some of which did not exceed the limits and consequently did not require a new statement to be submitted. The chart representing the structure of the shareholder base as at 31 December 1996 (see page 83) takes account of changes advised to the Générale.

STATEMENT ON THE CONSOLIDATED ACCOUNTS

The company prepares and publishes consolidated accounts and a consolidated management report in accordance with the provisions of the Royal Decrees of 6 March 1990 and 25 November 1991.

The annual consolidated accounts of Société Générale de Belgique are included in the consolidated accounts of Compagnie de Suez, 1 rue d'Astorg, 75008 Paris (France). A copy of this company's consolidated accounts may be obtained from its registered office.

FREE TRANSLATION

In accordance with legal and statutory requirements, we have carried out an examination of the annual accounts at 31 December 1996 of Société Générale de Belgique SA. Our examination was made in accordance with the general auditing standards and recommendations of the Belgian Institute of Auditors. We have been able to rely for our audit procedures on an administrative organisation which includes a system of internal control appropriate to the nature and extent of the company's activities. We have obtained from the directors and officers of the company all the information and explanations which we requested from them.

Based on our audit procedures, we confirm that :

- the accounting records are maintained and the annual accounts are drawn up in accordance with the relevant legal and regulatory requirements ;
- the annual report of the Board of Directors contains the information required by the law and is consistent with the annual accounts ;
- the appropriation of results proposed to the general shareholders' meeting is in accordance with the company's statutes and the company law ;
- we have no knowledge of any transactions undertaken or decisions taken in violation of the company's statutes or the company law.

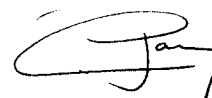
In conclusion, we certify without qualification that, in our opinion, the annual accounts at 31 December 1996 of Société Générale de Belgique SA - which show a balance sheet total of BEF 190 540 million and a profit for the year then ended of BEF 6 302 million - give a true and fair view of the company's net worth, its financial position and its results for the year, in compliance with legal and regulatory requirements. The explanations given in the notes are adequate.

Brussels, 20 March 1997

The joint Statutory Auditors



PRICE WATERHOUSE
Company Auditors
Represented by Robert PEIRCE



DELOITTE & TOUCHE
Company Auditors, SCC
Represented by Claude POURBAIX

STAFFING STATEMENT

National Social Security Office: No. 010 - 108.301

Joint industrial councils: Nos. 151 - 218

I. STATEMENT OF PERSONS EMPLOYED

(Thousands of BEF, unless otherwise specified)

	Current year			Previous year
	Full time	Part time	Total or total as full time equivalent	Total or total as full time equivalent
A. Employees included on the staff register				
1. During current year and previous year				
Average number of employees	79.2	8.4	84.7	72.6
Effective number of hours worked	130 705	8 527	139 232	138 738
Personnel charges	271 867	30 978	302 845	321 990
Benefits paid over and above wages			0	5 096
				Total or total as full time equivalent
2. At the end of the financial year		Full time	Part time	
a. Number of employees included on the staff register		78	10	84.5
b. By type of contract of employment				
Unlimited contract		75	10	81.5
Limited contract		3	0	3.0
c. By sex				
Men		48	4	49.8
Women		30	6	34.7
d. By professional category				
Managerial staff		31	4	32.8
Clerical staff		42	6	46.7
Manual staff		5	0	5.0
			Temporary staff	Persons on secondment to the company
B. Temporary staff and persons on secondment to the company				
During the financial year				
Average number of persons employed			0	0
Effective number of hours worked			67	0
Cost to the company			46	0

II. STATEMENT OF STAFF CHANGES DURING THE FINANCIAL YEAR

	Full time	Part time	Total as full time equivalent
A. Inward			
a. Number of employees included on the staff register during the financial year	7	0	7.0
b. By type of contract of employment			
Unlimited contract	2	0	2.0
Limited contract	5	0	5.0
c. By sex and level of education			
Men : primary	0	0	0.0
university	4	0	4.0
Women : primary	0	0	0.0
secondary	0	0	0.0
higher (non-university)	1	0	1.0
university	2	0	2.0
B. Outward			
a. Number of employees whose contract of employment ended during the financial year and was recorded as such in the staff register	8	1	8.6
b. By type of contract of employment			
Unlimited contract	5	1	5.6
Limited contract	3	0	3.0
c. By sex and level of education			
Men : primary	0	0	0.0
higher (non-university)	1	0	1.0
university	2	0	2.0
Women : primary	0	0	0.0
secondary	4	0	4.0
university	1	1	1.6
d. By type of termination			
Dismissal	4	0	4.0
Other reason	4	1	4.6
incl. : the number of persons who are continuing, at least on a part-time basis, to work for the company in a self-employed capacity.	0	0	0.0

STAFFING STATEMENT

III. STATEMENT IN RESPECT OF THE IMPLEMENTATION OF MEASURES TO PROMOTE EMPLOYMENT DURING THE FINANCIAL YEAR

	Number of employees concerned		(Thousands of BEF)
	Number	Full time Equivalent	Financial benefit
Measures to promote employment			
1. Measures offering a financial benefit (1)			
1.3 Low wages	6	6.0	42
1.6 Maribel	5	5.0	38
2. Other measures			
2.3 Youth training schemes	2	2.0	
2.6 Series of contracts concluded for a limited period	3	3.0	
Number of workers affected by one or more measures to promote employment:			
- total for financial year	14	14.0	
- total for previous year	9	9.0	

IV. DETAILS OF TRAINING PROVIDED FOR EMPLOYEES DURING THE FINANCIAL YEAR

	Number of employees concerned	Number of hours of training provided	(Thousands of BEF) Cost to the company
Total employee training schemes organised at the employer's cost			
Men	31	1 145	5 108
Women	27	998	2 197

(1) Financial benefit to the employer as regards the employee or his replacement

Information for the shareholders

INFORMATION FOR THE SHAREHOLDERS

1997-1998 financial calendar

Publication of the results for the 1996 financial year
19 March 1997

Annual General Meeting
21 May 1997

Dividend payment
28 May 1997

Publication of half-yearly results
30 September 1997

Publication of the results for the 1997 financial year
March 1998

Annual General Meeting
20 May 1998

Information for shareholders

Shareholders and investors can contact the Corporate Communication Department on the following numbers:

Telephone: + 32 2/507 02 77
Facsimile: + 32 2/513 43 27
E-mail: G.Dellicour@generale.be

Additional information is available on the Générale's Internet site:
[http : // www.generale.be](http://www.generale.be)

GENERAL INFORMATION

REGISTERED NAME

"Société Générale de Belgique" or "Generale Maatschappij van België".

REGISTERED OFFICE

Rue Royale 30
B - 1000 Brussels - Belgium
Brussels Trade Register No. 17.487
VAT No. BE 403.203.264

LEGAL STATUS

A public limited company incorporated under Belgian law.

DATE OF INCORPORATION

Company incorporated in Brussels on 16 December 1882, pursuant to Royal Decree No. 118 of 28 August 1822.

DURATION

Unlimited.

OBJECTS

"The objects for which the company is established consist, both in Belgium and abroad, in:

- the acquisition of participating interests, in any form whatsoever, in all types of companies, partnerships and establishments, both present and future, which carry out activities of an industrial, financial, commercial or civil nature, or activities involving immovable property;
- the management and value enhancement of such participating interests, in particular by means of promoting, organising and co-ordinating the development of the companies, partnerships and establishments in which it holds a participating interest;
- the purchase, sale, disposal and exchange of any transferable securities, shares, no-par value shares, debentures, State bonds and any other rights in movable and immovable property;
- the performance of any financial, industrial, commercial or civil transactions or transactions involving transferable securities or immovable property which are conducive to the development of the company. The company may carry out any studies on behalf of third parties, in particular the companies, partnerships and establishments in which it holds, either directly or indirectly, a participating interest, it may provide technical, managerial or financial assistance, grant any loans, advances or guarantees and perform any financial transactions. It may also acquire, manage, rent out or sell any movable or immovable property.

The company may realise its objects directly or indirectly, on its own behalf or on the behalf of third parties, alone or with other parties, by carrying out any transactions whatsoever which are conducive to the attainment of the said objects or those of the companies, partnerships and establishments in which it holds a participating interest."

(Article 6 of the Memorandum and Articles of Association - free translation).

AUTHORISED CAPITAL

"Pursuant to a decision taken at the Extraordinary General Meeting held on 17 May 1995, the Board of Directors is authorised to increase the company's capital in one or more instalments up to an amount of forty-five billion (45,000,000,000) Belgian francs, on the terms and conditions it shall define. (...)

This authorisation shall be valid for a period of five years with effect from the date of publication of the amendment to the memorandum and articles of association decided by the aforementioned Extraordinary General Meeting; however, it shall be renewable in accordance with the conditions laid down in law. (...)

In respect of any increase in the company's capital for cash, subscription of new shares will be offered on a pre-emptive basis to existing shareholders pro rata to their shareholding in the company. (...) the Board of Directors is expressly authorised, in the interests of the company, to restrict or cancel shareholders' pre-emptive rights in respect of any capital increase within the framework of the authorised capital, including rights in favour of one or more given persons, irrespective of whether the said persons are members of the staff of the company or one of its subsidiaries."

(Article 3 of the Memorandum and Articles of Association - free translation).

MAIN CHARACTERISTICS OF THE SHARES

The company's capital is represented by 70,610,069 shares without par value, known as "parts de réserve". (Article 3 of the Memorandum and Articles of Association- free translation).

At the general meetings of shareholders each "part de réserve" share shall entitle the holder to one vote. (Article 19 of the Memorandum and Articles of Association- free translation).

In principle, the dividend shall be distributed for the calendar year and therefore, with the exception of partial dividend entitlements, covers the period from January 1 to December 31. However, the Board of Directors shall be authorised to effect interim dividend payments. (Article 8 of the Memorandum and Articles of Association- free translation).

OFFICIAL LISTING OF THE "PART DE RESERVE" SHARES

The "part de réserve" shares are listed on the Brussels, Antwerp, Luxembourg, Paris and Frankfurt Stock Exchanges and also on the Swiss Exchange.

CORPORATE GOVERNANCE

In April 1995 Société Générale de Belgique established an Audit Committee, comprising three Members of the Board, whose mission and method of operation may be summarised as follows:

- to make recommendations to the Board of Directors with regard to the appointment and dismissal of external auditors;
- to make a thorough examination, before the Board of Directors, of the annual and interim accounts of the Group and the company;
- to examine, with the external auditors, the nature, scope and results of their audits and the conclusions drawn from these audits;
- to examine changes and amendments to the accounting principles and valuation rules used for drawing up the accounts, prior to such changes and amendments being approved by the Board of Directors;
- the Committee meets at least three times a year, two of these meetings being devoted to the annual and interim accounts;
- the Committee reports to the Board of Directors on the outcome of the work and examinations it has carried out and, where applicable, makes recommendations to the Board.

The Group's subsidiaries are gradually setting up a similar committee as part of their internal structure.

Another major initiative taken by Société Générale de Belgique in the field of corporate governance was the establishment of a Shareholders' Advisory Committee. The Committee, which comprises twenty individual shareholders, meets several times a year to evaluate the Générale's methods of communicating with the general public and the transparency of the management and operational teams of the companies belonging to the Générale Group. Additional information on this Committee can be found on page 18 of this report.

DOCUMENTS AVAILABLE TO THE GENERAL PUBLIC FOR CONSULTATION

The Memorandum and Articles of Association of Société Générale de Belgique may be consulted at the office of the clerk of the court of Brussels and at the company's registered office. The annual accounts are deposited with the National Bank of Belgium. Decisions to appoint or dismiss members of the governing bodies of Société Générale de Belgique are published in the *Riders* to the Belgian Official Gazette. Financial announcements and invitations to attend the general meetings of shareholders are also published in the Belgian and international press.

The annual reports of Société Générale de Belgique may be obtained from the company's registered office on request. They are sent each year to registered shareholders, shareholders who have deposited their shares for the purpose of attending a general meeting of shareholders and to any person who has expressed a wish to receive these reports. They are also available for immediate consultation on the Générale's Internet site.

CHANGES IN THE CAPITAL AND NUMBER OF SHARES (from 01/01/1988)

Date (1)	Operation	Number of shares	Capital
As at 01/01/1988		28 158 259	35 254 288 688
18/01/1988	Private subscription for cash by Sodecom at a price of BEF 3,350 , including an issue premium of BEF 2,098, of which an amount in capital of BEF 939 remained to be paid up (2)	+ 12 000 000	+ 15 024 000 000
In 1988	Subscription for cash at a price per share of BEF 3,416, including an issue premium of BEF 2,164, by taking up warrants	+ 2 548 116 42 706 375	+ 3 190 241 232 53 468 529 920
In 1989	Subscription for cash at a price per share of BEF 3,416, including an issue premium of BEF 2,164, by taking up warrants	+ 12	+ 15 024
20/06/1989	Share split, 2 old shares exchanged for 3 new shares (3)	+ 21 353 193	-
In 1989	Subscription for cash at a price per share of BEF 2,277, including an issue premium of BEF 1,442 1/3, by taking up warrants	+ 9 64 059 589	+ 7 512 53 468 552 456
In 1990	Subscription for cash at a price per share of BEF 2,277, including an issue premium of BEF 1,442 1/3, by taking up warrants	+ 951 64 060 540	+ 793 768 53 469 346 224
In 1991	Subscription for cash at a price per share of BEF 2,277, including an issue premium of BEF 1.442 1/3, by taking up warrants	+ 122 250 64 182 790	+ 102 038 000 53 571 384 224
18/05/1994	Capital increase by making a withdrawal from the share premium account and effecting a bonus share issue on the basis of 1 new share for 10 existing shares	+ 6 418 279	+ 5 357 138 422
As at 31/12/1996		70 601 069	58 928 522 646

(1) Date of the Extraordinary General Meeting at which issues were decided; date of subscription in the case of issues decided by the Board of Directors within the framework of the authorised capital; year in the case of subscriptions effected by taking up warrants.

(2) The unpaid capital (BEF 11,268,000,000) was paid up in two equal instalments on 1 July 1992 and 29 December 1993.

(3) One shareholder agreed to accept one single new share in exchange for one old share.

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FORTIS AG
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 Tel. (32-2) 220.81.11, Fax (32-2) 220.81.50
 Internet site: <http://www.Fortis.com>

GENERALE BANK
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*Information on the Générale and its group
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