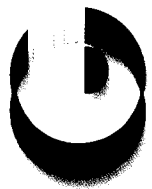


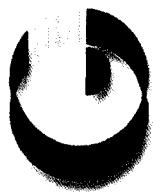
INGENIERIA MAASCHERATO

Report 1997



175
1831-2006
ans
jaar

Annual Report 1997



SOCI T  G N RALE DE BELGIQUE GENERALE MAATSCHAPPIJ VAN BELGI 

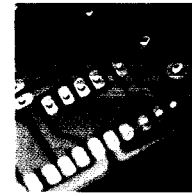
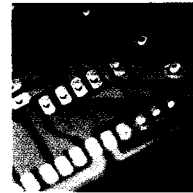
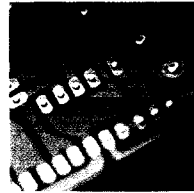
On 7 April 1998 the Belgian Banking and Finance Commission authorised the use of this annual report as the reference document for any public market issues made by Société Générale de Belgique until publica-

tion 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 29b, § 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.



G

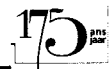
CONTENTS

Introduction	page 4
Principal Shareholdings	page 5
Financial Highlights of the Group	page 6
Directors' Report on the Consolidated Accounts	page 8
Human Resources	page 13
Board and Committees	page 14
Shareholders' Committee	page 18
Patronage	page 20
The Key Companies of the Group	page 23
Consolidated Accounts	page 41
Management Report and Accounts	page 67
Information for Shareholders	page 93
Useful Addresses	page 99



INTRODUCTION

Page 4



Société Générale de Belgique is the largest group of companies in Belgium. It recently celebrated the 175th anniversary of its foundation in 1822 by William I of Orange, King of the Netherlands.

This year was particularly profitable for Société Générale de Belgique; not only did it post an increase in its profit on ordinary activities for the sixth year running, but all the Group companies also made a positive contribution to the profit.

Its portfolio is made up of large shareholdings in companies with an international spread of operations, primarily in the energy and utilities sector; it also has a solid base in the incontestably buoyant financial sector:

- Tractebel, an industrial group specialising in the generation and distribution of electricity, the distribution of gas, public utilities and community services.
- Generale Bank, the leading financial institution in Belgium, with a particularly strong market presence in Europe and the Far East.

- Fortis AG, which specialises in insurance, banking and investments.

- Union Minière, one of the world's leading non-ferrous metals producers.

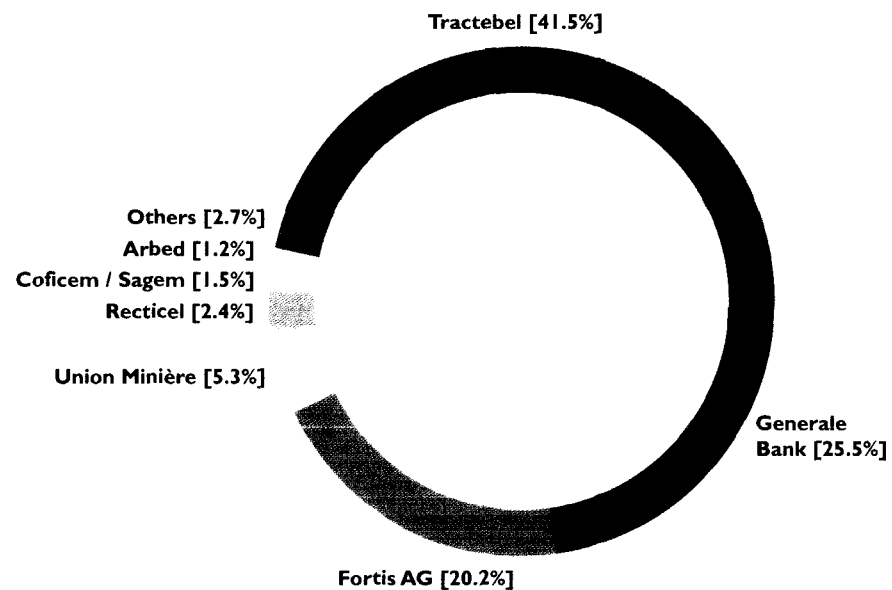
- Recticel, which specialises in the production of polyurethane foams.

- Coficem/Sagem, a French company operating in the advanced electronics sector.

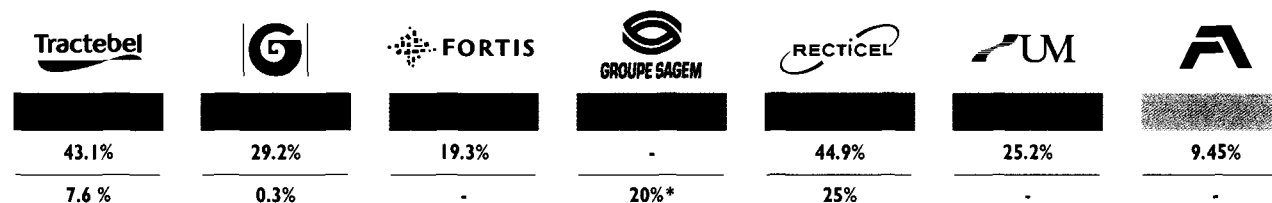
- Arbed, based in Luxembourg, one of the world's leading steelmakers.

In the course of 1997 Société Générale de Belgique not only posted a substantial increase in the profit for the year, which climbed from BEF 11.2 billion in 1996 to BEF 19.3 billion (consolidated net profit - Group share), but it also reduced its debts to zero and at the same time achieved a performance on the Brussels Stock Exchange which was much higher than the market average.

ESTIMATED VALUE OF SHAREHOLDINGS (31/12/97)



STRUCTURE OF SHAREHOLDINGS (31/12/97)



Remark:

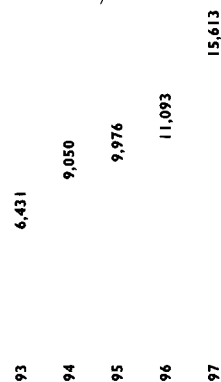
Upper figures indicate direct holdings lower figures denote indirect holdings.

* In Coficem

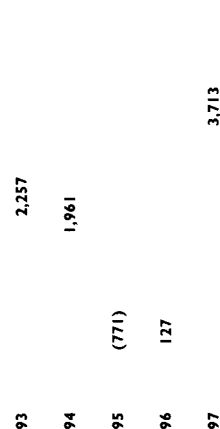
- Fully consolidated companies
- Companies included under the equity method
- Non-consolidated company

FINANCIAL HIGHLIGHTS OF THE GROUP

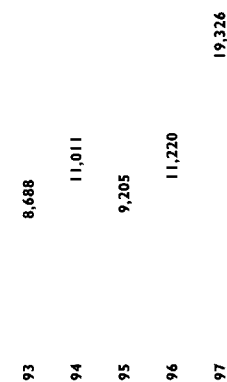
PROFIT ON ORDINARY ACTIVITIES Group share (Millions of BEF)



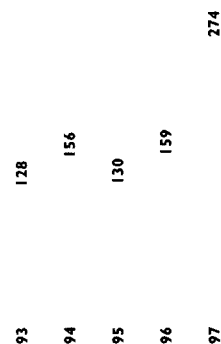
EXCEPTIONAL PROFIT (LOSS) Group share (Millions of BEF)



NET PROFIT Group share (Millions of BEF)



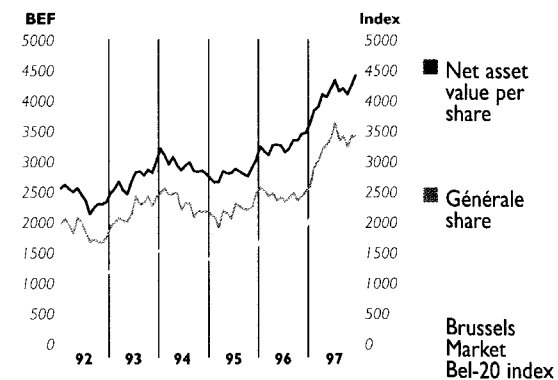
NET EARNINGS PER SHARE (BEF)



CAPITAL AND RESERVES Group share (Billions of BEF)



SHARE PRICES AND NET ASSET VALUE (1992-1997) (Brussels Stock Exchange)



FINANCIAL HIGHLIGHTS OF THE GROUP

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

(2) Total capital and reserves after appropriation of profit + gross dividend + potential capital gains on portfolio.

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

*These amounts are taken from the Consolidated Income Statement and include minority interests, unless specified otherwise; the figures given in the press release of 24 March 1998, and the data on the previous page on the profits on ordinary activities and exceptional profits only include the Group share.

	1997	1996	1995	1994	1993
Results* (BEF millions)					
Profit on ordinary activities	48 068	420	766	1 263	3 049
Exceptional profit (loss)	2 467	(97)	(1 828)	2 240	1 835
Profit of companies included under the equity method	8 676	11 983	10 780	9 488	7 270
Consolidated profit	46 920	11 948	9 482	12 323	10 504
Total net profit - Group share	19 326	11 220	9 205	11 011	8 688

Balance sheet (BEF millions)					
Tangible fixed assets	327 289	29 975	28 007	30 041	36 170
Financial fixed assets	279 827	167 769	143 946	138 582	132 621
Total capital and reserves	395 417	196 887	196 402	196 360	192 345
Group capital and reserves	178 079	166 335	166 470	165 769	163 519
Amounts payable after one year	143 855	56 219	15 357	15 054	17 757
Working capital	(3 679)	33 765	39 431	37 975	40 485

Number of shares issued and Market Capitalisation

Shares outstanding at 31.12	70 601 069	70 601 069	70 601 069	70 601 069	64 182 790
Shares calculated on full dividend entitlement basis at 31.12	70 601 069	70 601 069	70 601 069	70 601 069	61 680 838
Market Capitalisation at 31.12 (BEF millions) (1)	239 338	175 797	173 679	152 498	169 443

Figures per ordinary share, adjusted (BEF)

Total net profit - Group share	274	159	130	156	128
Gross dividend	120	116	116	114	104
Group capital and reserves	2 522	2 356	2 358	2 348	2 316
Estimated net asset value at 31.12 (2)	4 392	3 443	2 998	2 769	2 977
Market price: high	3 865	2 590	2 475	2 636	2 477
low	2 435	2 220	1 805	2 025	1 714
at 31.12	3 390	2 490	2 460	2 160	2 400

Ratios

Return on Equity: <small>(Group net profit) (Group capital and reserves (3))</small>	11.6%	6.7%	5.6%	6.7%	5.5%
Debt ratio (gearing): <small>(amounts payable after one year) (total capital and reserves)</small>	36.4%	28.6%	7.8%	7.7%	9.2%
Yield: <small>(gross dividend) (year-end market price 31.12)</small>	3.5%	4.7%	4.7%	5.3%	4.3%
Market return: <small>(price variation + gross dividend) (year-end market price 31.12)</small>	30.0%	6.0%	20.0%	(6.3%)	46.3%

DIRECTORS' REPORT ON THE CONSOLIDATED ACCOUNTS



■ **Société Générale de Belgique**, after having supported the Tractebel-Powerfin merger, initiated and subsequently approved certain amendments to Tractebel's articles of association with a view to defining the management autonomy which Tractebel requires to implement its independent strategy. The Générale sold a 24.24% interest in Union Minière, bringing its percentage shareholding down to 25.22%; as a result it no longer exerts a decisive influence in this subsidiary, and Union Minière is now included as a company linked by a participating interest.

■ Various significant events took place at **Tractebel** and in the Tractebel group in the course of the

1997 financial year. With a view to simplifying its structure and raising its profile on the international markets, and at the same time boosting its profit, Tractebel merged with its subsidiary Powerfin, in which it held a 63% controlling interest. Electrabel lowered its rates as a result of the steady improvement in productivity and despite heavier taxation; it is essential that it continues to make further productivity gains owing to the imminent liberalisation of the European electricity market. Electrabel extended and consolidated its partnership arrangements with the communal authorities when the standard articles of association of the jointly owned intercommunal utility companies were renewed. The operational unit, «International

Electricity and Gas - EGI» participated or was involved to a varying degree in several large-scale projects in connection with the construction, acquisition or operation of power stations or gas pipelines in more than eighteen countries excluding Belgium. In January 1998 three additional power stations were acquired in North America. Another noteworthy event was the creation of an energy marketing and trading company in Houston (USA). In the «Communications» sector, Coditel sold off its minority interests in Coditel Suisse and Cofira and set up a 50/50 joint venture in Belgium, WorldCom S.A., with the American company WorldCom International. The new Belgian company will develop a new telecommunications network



offering upmarket services to corporate clients, and in particular to multinational companies. In the «Technical Installations and Community Services» sector, the Fabricom Group carried out a major investment and acquired the newly privatised company, Lancashire Waste Services. Other take-overs included Alvey Europe (B), Santens Engineering Services (B), Sulzer Infra (F), Technac (UK) and Van Cleemput (B). Tractebel Engineering consolidated its position on the intellectual services market by acquiring three consultancy offices in Romania, Thailand and the Netherlands. It also took over the French company, Corys. It concluded numerous contracts abroad covering a wide range of projects, such as nuclear power station management simulation (Russia), the construction of a liquefied natural gas terminal (Turkey), the supply of gas loading and storage facilities for ethylene tankers (China) and control systems for nuclear power station reactor vessels (Sweden).

■ In February 1997 **Generale Bank**, together with its subsidiary Fimagest, acquired a 44.3% interest in FP Consult, a young company based in Paris specialising in portfolio management, portfolio management advisory services and financial engineering. This brings the capital handled by the Generale Bank Group's asset management operations up to around BEF 1,700 billion, making it the 15th largest asset manager in Europe. In November 1977 it purchased from an American

fund a 10% interest - with the option of increasing this to 50.8% - in the Polish PPA Bank. This medium-sized bank, which was founded in 1990, specialises in the small businesses niche market. This acquisition will enable Generale Bank to offer a wide range of banking services to group customers in Poland. At the end of the year, through its London subsidiary, Generale Bank acquired the Corporate Banking division of Hambros Bank Ltd, which also specialises in the small businesses market. Generale Bank indicated it was interested in CIC, the banking division of GAN, which was being offered for sale by the French government, but after an in-depth study of the file it withdrew from the sale on 17 February 1998.

■ In January 1997 **Fortis AG** decided to carry out a two-part capital increase for a total of nearly BEF 17 billion. One part was reserved for existing shareholders to which the Générale subscribed on the basis of one new share for every 12 shares held, and the other part, involving a maximum of 80,000 shares, was reserved for members of staff. This capital increase was designed to finance Fortis's external growth, and in particular the acquisition of MeesPierson. A purchase agreement for this bank was signed on 20 December 1996, and the final contract was concluded by Fortis and ABN AMRO on 6 March 1997. MeesPierson made a positive contribution to Fortis' profit immediately, from the first quarter of 1997.



At the end of June 1997 Fortis sold its Irish subsidiary, AMEV General Insurance Co. The Belgian government decided to sell a further 24.7% interest in CGER/ASLK-Bank and CGER/ASLK-Insurance and Fortis indicated its interest in this sale. Consequently an agreement was concluded at the end of July 1997 by the two shareholders, Fortis and Société Fédérale de Participations (SFP). Fortis initially acquired 9.8%, which, following the abolition of own share ownership, brought its interest up from 49.9% to 60%. Subsequently CGER/ASLK-Insurance was converted into an autonomous subsidiary of CGER/ASLK-Bank. A possible sale of a 14.9%

interest in CGER on the Stock Market had been considered but it was Fortis which eventually took up the option on these shares on 12 November 1997. In September 1997 American Security Group, an American subsidiary of Fortis, acquired Insureco, which specialises in services to financial institutions granting mortgages and personal loans. Fortis Inc., another American subsidiary, acquired Pierce National Life Insurance in November, one of the largest North American funeral insurance companies. This company will operate in this sector with United Family Life under the new joint name: Fortis Family Life.

■ In June 1997 **Union Minière** made an exchange offer for the balance of the shares of its subsidiary Sibeka, in which it already held a 54.62% interest. De Beers, which had held a 19.56% interest for a long time, wished to remain a partner of the Générale Group in the diamond sector and did not offer its shares in exchange. Following the conclusion of this transaction, Union Minière's holding in Sibeka increased to nearly 80%. When MDK Pirdop, an important copper smelting and refining complex in Bulgaria, was privatised, Union Minière was awarded the contract and acquired a 56% interest in September 1997, which was stepped up to almost 100% at the beginning



of 1998. This acquisition forms part of Union Minière's strategic approach to the copper sector under its policy of internationalisation. In the course of the next five years substantial investments will be required to upgrade the smelter and to increase its capacity, and also to build a new refinery and deal with the environmental problems. UM Engineering obtained several engineering contracts in various countries. In the last quarter of 1997 the Business Unit, UM Cobalt & Energy Products, consolidated its market position by acquiring The Westaim's battery materials and cobalt powder division in Alberta (Canada) and by taking a 27% interest in Nanodyne, based in

New Jersey (USA). Following the adoption of the soil rehabilitation decree, Union Minière was the first company to conclude a framework agreement with the Flemish Regional Authority with a view to developing an integrated approach to historic soil pollution at UM's sites in Flanders.

- In February 1997 **Recticel** expanded the scope of the flexible polyurethane foam operations of Eurofoam, the 50/50 joint venture it set up with its Austrian partner Greiner in 1992. Eurofoam now covers Germany and Austria as well as Eastern Europe. In September 1997 Recticel concluded a strategic alliance in the bedding sector with the

Spanish group, Pikolin and in February 1998 it took over the Belgian company Verhaegen, which manufactures and markets Lattoflex brand slatted bed bases.

- **Sagem** started to simplify its legal structure in 1996 by merging Silec with Sat and took this one stage further in February 1998, when it announced that Sagem had taken over Sat.

- As part of the privatisation of the Spanish steel industry, the **Arbed** Group concluded a strategic alliance with Aceralia (formerly CSI), which enabled it to consolidate its position as one of the leading steelmakers on the world market.

■ In accordance with the presentation of the consolidated income statement required by the Royal Decree of 6 March 1990, the ordinary and exceptional income and charges of fully consolidated subsidiaries are included in full (100%), despite the fact that minority shareholders hold interests in these subsidiaries, the extent of which varies from one subsidiary to another. In addition, the Group's share in the net income of subsidiaries 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 under 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 FROM ORDINARY ACTIVITIES PER COMPANY Unaudited analysis

BEF millions	1997	1996	1995
Tractebel	7 521	4 119	3 593
Générale Bank	4 590	4 758	4 180
Fortis AG	3 402	2 435	2 067
Union Minière	1 542	659	701
Coficem / Sagem	285	313	201
Recticel	268	(76)	(313)
SGB and Subsidiary holding companies	(1 995)	(1 115)	(453)
Group share in net income from ordinary activities	15 613	11 093	9 976
Group share in exceptional income	3 713	127	(771)
Group share in net income	19 326	11 220	9 205

HUMAN RESOURCES

For four years Société Générale de Belgique has been carrying out a ground-breaking experiment in connection with promoting employment for young people. The results could not have been more positive and to date this experiment is unique in the private sector in Belgium. In practical terms, each year Société Générale de Belgique offers five young university graduates - who have no previous work experience - an opportunity to spend a one-year training period

in one of its departments. This training period gives the graduates a chance to use their skills and, in a way, provides them with a springboard from the academic world to the world of business. In addition to acquiring work experience - an important factor in their future career - the graduates also obtain a clearer idea of the career openings available to them and have an opportunity to put what they learnt at university into practice in a work environment.

The results achieved in the last four years are positive: the thirteen trainees taken on since 1994 have all found a job in line with their interests and qualifications. In fact twelve of them found a job before their training period ended. At present there are four trainees working at Société Générale de Belgique and two places remain to be filled in the Management Systems and Finance Departments.



Gaëtane Scavée

*University Diploma in Commercial and Consular Sciences
Institut Catholique des Hautes Etudes Commerciales
(Brussels)*

Energy Department



Audrey Bossuyt

*Ingénieur Commercial, Solvay Business School (Brussels)
Studies in progress: University Diploma in Archaeology
and History of Art, Université Libre de Bruxelles
Communications Department*



Thierry Bodson

*Ingénieur Commercial - H.E.C. Liège
Legal Affairs Department*

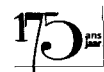


Yohann Delzant

*University Diploma in Communication,
Information and Journalism
Université Libre de Bruxelles
Communications Department*

BOARD AND COMMITTEES

Page 14



BOARD OF DIRECTORS*

CHAIRMAN

Etienne Davignon

DEPUTY CHAIRMEN

Maurice Lippens ■

Chairman-Chief Executive Officer, Fortis AG

Gérard Mestrallet ▲

*Chairman of the Management Board,
Suez Lyonnaise des Eaux*

CHIEF EXECUTIVE OFFICER

Christine Morin-Postel (since 1.2.1998)

Philippe Liotier (until 1.2.1998)

BOARD MEMBERS

Philippe Bodson ♦

*Chairman of the
General Management Committee, Tractebel*

Valère Croes ●

Chairman, Sabena

Jean-Claude Dehovre ●

Chairman, SRIW

François de Laage de Meux ●

*Chairman, Comité national français
de la Chambre de Commerce internationale*

Thierry de Rudder ★ (since 21.5.1997)

Chief Executive Officer, Groupe Bruxelles Lambert

Bernard Egloff (until 21.5.1997)

*Chairman-Chief Executive Officer, Crédit Foncier
de Monaco (Indosuez Group)*

Jean Gandois ●

Chairman, Cockerill Sambre

François Jaclot ▲

*Member of the Management Board,
Suez Lyonnaise des Eaux*

Joseph Kinsch ♦

Chairman, Arbed

Philippe Liotier ★

Chairman, Recticel

Philippe Malet ▲

*Honorary Chairman, Compagnie des Salins du Midi
et des Salins de l'Est*

Xavier Moreno ▲

Chairman-Chief Executive Officer, Suez Industrie

Patrick Ponsolle ★

Chairman, Eurotunnel

Alain Seugé (until 21.5.1997)

Director of Private Banking at Indosuez

Hugo Vandamme ●

Chief Executive Officer, Barco

Piet Van Waeyenberge ■

Chairman-Chief Executive Officer, De Eik

Karel Vinck ♦

Chief Executive Officer, Union Minière

Gérard Worms ★

*Chairman of the Board, Rothschild
et Cie Banque*

SECRETARY

Jean-Pierre Standaert

* The periods of office of the members of the Board of Directors expire at the close of the Annual General Meeting of 2000, except for François Jaclot and Hugo Vandamme, whose periods of office expire at the close of the Annual General Meeting of 1999.

▲ De facto representative of Suez Lyonnaise des Eaux

■ De facto representative of Fortis AG

♦ Member of the management of Group companies

● Independent

★ Does not belong to any of the above categories

E. DAVIGON



C. MORIN-POSTEL



A. CHAIGNEAU



J.-J. MASSART



J.-P. STANDAERT



K. WENDEL



V. BRIBOSIA



EXECUTIVE COMMITTEE

CHAIRMEN *

Gérard Mestrallet (since 21.5.1997)

Maurice Lippens (until 21.5.1997)

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

MEMBERS

Philippe Bodson

Patrick Buffet (since 1.2.1998)

Valère Croes

Etienne Davignon

François Jactot

Philippe Liotier (until 1.2.1998)

Xavier Moreno

Christine Morin-Postel (since 1.2.1998)

Alain Seugé (until 21.5.1997)

Karel Vinck

SECRETARY

Jean-Pierre Standaert

AUDIT COMMITTEE

CHAIRMAN

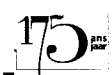
François de Laage de Meux

MEMBERS

Valère Croes

Bernard Egloff (until 21.5.1997)

Hugo Vandamme (since 21.5.1997)



REMUNERATION COMMITTEE

Etienne Davignon
Philippe Liotier (until 1.2.1998)
Maurice Lippens
Gérard Mestrallet
Christine Morin-Postel (since 1.2.1998)

GROUP COMMITTEE

CHAIRMAN
Etienne Davignon

DEPUTY CHAIRMEN
Christine Morin-Postel (since 1.2.1998)
Philippe Liotier (until 1.2.1998)
Karel Vinck

MEMBERS
Philippe Bodson
Ferdinand Chaffart (since 10.6.1997)
Joseph Kinsch (since 10.6.1997)
Maurice Lippens (since 10.6.1997)
Bruno Morelli (until 28.5.1997)
Luc Vansteenkiste

AND THE MANAGEMENT COMMITTEE

SECRETARY
Jean-Pierre Standaert (since 1.2.1998)
Vincent Bribosia (until 1.2.1998)

MANAGEMENT COMMITTEE

CHAIRMAN
Christine Morin-Postel (since 1.2.1998)
 Chief Executive Officer
Philippe Liotier (until 1.2.1998)

MEMBERS
Patrick Buffet (until 1.2.1998)
Alain Chaigneau
 Finance Director
Etienne Davignon
 Chairman of the Board
Jean-Jacques Massart

Director of Communication
 Director of Human Resources
Jean-Pierre Standaert
 Secrétaire General
 Director Legal Affairs
Klaus Wendel
 Director Management Systems

**ALSO PARTICIPATES
 IN THE MANAGEMENT COMMITTEE**
Vincent Bribosia
 Head of the Energy Department
 (since 1.2.1998)

SECRETARY
Jean-Pierre Standaert (since 1.2.1998)
Vincent Bribosia (until 1.2.1998)

ADVISERS
Paul De Keersmaecker
Philippe de Woot de Trixhe
Jean Van Marcke

P. BODSON



F. CHAFFART



J. KINSCH



M. LIPPENS



L. VANSTEENKISTE



K. VINCK



REPRESENTATIVES ABROAD

JAPAN AND SOUTHEAST ASIA
SGB Representative Office, Tokyo

PEOPLE'S REPUBLIC OF CHINA
Lino Giudice

DEMOCRATIC REPUBLIC OF THE CONGO
Pierre Linard de Guertechin

COORDINATION IN BELGIUM
Georges Nève

JOINT STATUTORY AUDITORS

DELOITTE & TOUCHE
Company Auditors, SC C
represented by Claude Pourbaix
Avenue de la Renaissance 20 - P.O. Box 25
1040 Brussels

PRICE WATERHOUSE
Company Auditors SC C
represented by Robert Peirce
Woluwedal 30 - 1932 Sint-Stevens-Woluwe

SHAREHOLDERS' ADVISORY COMMITTEE



It is now more than three years since Société Générale de Belgique took an initiative which, to date, has remained unique in Belgium: the creation of a Shareholders' Advisory Committee made up of individual shareholders. Twenty shareholders, who are selected by an independent jury on the basis of the applications they submit, meet several times a year and put forward ideas for ways of improving communications between the Générale and its shareholders. The working meetings also involve an element of «discovery», in other words the shareholders are given an opportunity to learn more about the activities of Group companies through visits to plants or meetings with the staff and management of the companies in question.

The Shareholders' Advisory Committee continued its activities in 1997 although these were curtailed somewhat owing to the 175th anniversary celebrations, which kept the Communications Department staff extremely busy.

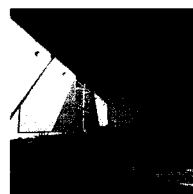
In addition to the Annual General Meeting on 21 May 1997, at which two Shareholders' Advisory Committee members addressed the meeting, and several informal meetings as part of the 175th anniversary celebrations, the Committee held two one-day study and discussion meetings.

The meeting held in May 1997 was devoted to finance. Peter Praet, Generale Bank's high-profile

chief economist, gave a talk on the euro, and explained the gradual process leading to the introduction of a single currency, with the emphasis on the impact of the euro on the financial markets in Europe. He highlighted the pioneering role played by Generale Bank in introducing the euro and in keeping customers and the general public informed about developments.

Following Mr. Praet's talk, the members of the Shareholders' Advisory Committee visited the Bank's dealing room.

At the working meeting which followed the Committee members had an opportunity to learn more about how the Finance Department of Société Générale de Belgique works and the various



activities it carries out as part of the company, for example, asset and liabilities management, corporate finance, monitoring money market transactions, etc.

In October, after a detailed presentation of the interim results, the Shareholders' Advisory Committee travelled to La Ciotat (near Marseilles, France) to visit Union Minière Oxide. This plant is part of UM's Industrial Products division. It produces and markets zinc oxides which are widely used in the rubber industry, particularly for tyres, and also in ceramics and, surprisingly, in animal feeds. From the technological point of view, this small company (56 staff), which was founded in

1992, is the most advanced zinc production plant in Western Europe. It has a production capacity of 35,000 tonnes per year (33% of European consumption) and achieved sales of around BEF 1.3 billion in 1996.

But an even more striking thing about this plant is its environmental record. La Ciotat, which recently received an award for its environmentally friendly operation, uses zinc scrap as its basic material, in other words it recycles old zinc, most of which comes from demolition sites. The entire Union Minière Group is actively committed to recycling, an approach it has successfully implemented for several years.

PATRONAGE



175^{ans}

The patronage activities of Société Générale de Belgique in 1997 centred on its 175th anniversary.

Although it did not neglect the other sectors where it has a long-term commitment, and which have been described in detail in previous Annual Reports, the Générale initiated various new projects in line with the historical background of the company and the values prevailing in its patronage activities.

On the cultural front Société Générale de Belgique focused on two large-scale projects:

With the scientific support of two Belgian universities and in close collaboration with the Syrian Ministry

of Culture, it organised an exhibition, «In Syria, back to the origins of writing», which centred on the archaeological project in the Syrian province of Jezirah which the Générale has been funding for several years. The purpose of this project is to excavate a city, Tell Beydar, which dates back to the third millennium BC. To date more than 150 cuneiform tablets have been found, which shed new light on the importance of the Jezirah region as a trading and cultural centre at that time. More than 450 objects, coming mainly from Syrian museums and most of which have not been exhibited before in Europe, trace the origins and development of that marvellous invention, writing, without which it would not have been possible to transmit civilisation and cultural and scientific advances from one

generation to the next. The exhibition at SGB's head office attracted more than 30,000 Belgian and foreign visitors.

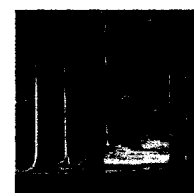
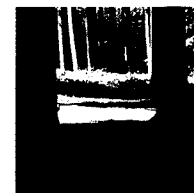
The Générale also provided financial support for the outstanding René Magritte retrospective being held in Brussels to mark the 100th anniversary of the artist's birth. With over 350 works, this is the most important Magritte exhibition ever held. The opening ceremony was attended by the King and Queen of Belgium. The exhibition has already proved a resounding success, both in Europe and worldwide.

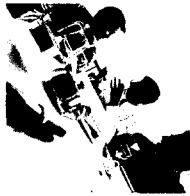
To mark its 175th anniversary, the Générale also participated in two projects associated with its past:

Two independent historians wrote a book - published by the well-known «Fonds Mercator-Paribas» - tracing the 175 years of the Générale's existence, from the company's controversial foundation in 1822 to the stock market battle of 1988 when Carlo De Benedetti made a hostile take-over bid with the aim of acquiring control of the Générale. As is common knowledge, this battle was won by the Suez Group, which has been SGB's controlling shareholder for 10 years now. The authors had full access to the company archives, the first time this has been possible. As a result, the book provides a significant insight into the vital role played by the Générale in the development of Belgium's infrastructure, and in particular the role it played in building up large concerns in key sectors of the economy, e.g. banks, cement, glass, steel and, more recently, the non-ferrous metals and electricity sectors, through mergers and acquisitions.

The Générale recently set up the «Fonds pour la sauvegarde de la Forêt de Soignes» (Foundation for the protection of the «Forêt de Soignes/Zoniënwood») within the frame of the «Fondation Roi Baudouin». For the next five years it has pledged its support for a series of projects to maintain or rehabilitate this natural asset. This forest, which mainly comprises oak and beech plantations, covers an area of more than 4,000 hectares on the outskirts of Brussels, acting as the city's «lungs». This move re-establishes a symbolic link with the Générale's distant past: when the company was set up in 1822, William I, King of

the Netherlands, the forest was part of the original capital. The Générale managed the forest until 1842, when it transferred the ownership to the Belgian State in accordance with the agreement settling the disputes between the company and the two governments, Dutch and Belgian, in the aftermath of the events of 1830, when Belgium became independent.





THE KEY COMPANIES OF THE GROUP



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

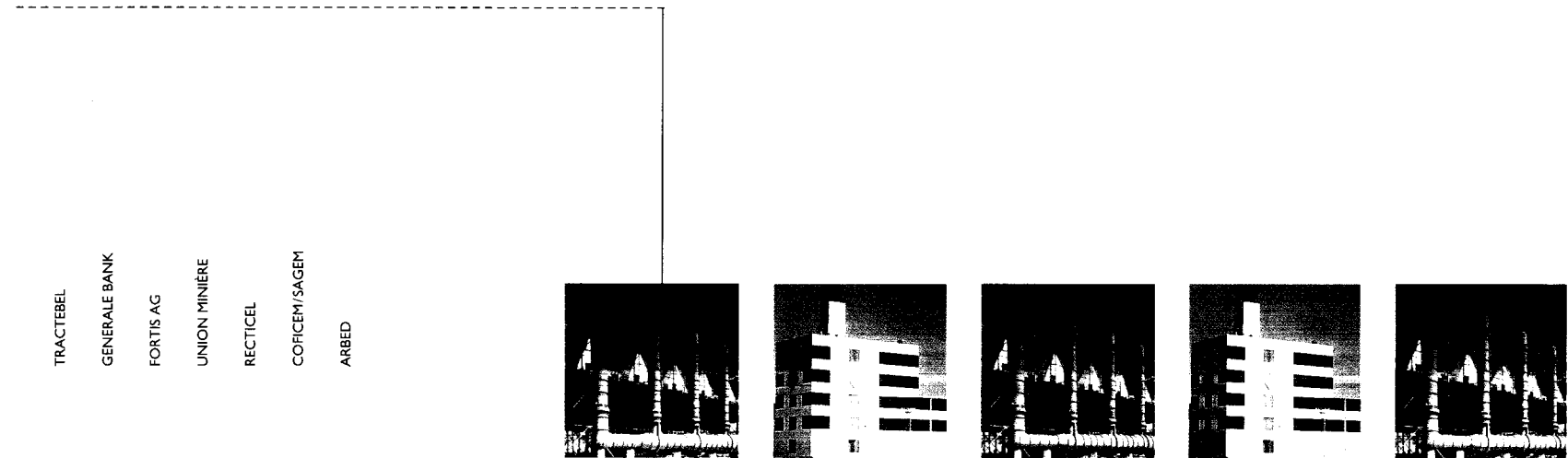
Notes on the figures for the seven key companies:

- 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 «dividend per share» is the figure after tax.

The chart gives the relative value of each company in the Générale's portfolio based on net asset value as at 31.12.97.

TRACTEBEL

TRACTEBEL IS A BELGIAN-BASED INTERNATIONAL GROUP CENTRED ON INDUSTRIAL SERVICES AND UTILITIES, SPECIALISING IN ELECTRICITY, GAS, WASTE MANAGEMENT, TECHNICAL INSTALLATIONS AND ENGINEERING.



41.5%

ACTIVITIES

Tractebel is an international group operating in the energy and services sectors. The Group has an electricity generating capacity of nearly 30,000 megawatts and supplies private and corporate customers throughout the world. In the gas sector Tractebel manages networks with a transport capacity of more than 100 billion cubic metres per year.

Tractebel is currently working on gas and electricity projects in 18 countries outside Belgium, drawing on the vast store of experience it has acquired on its domestic market, Belgium, where its companies generate nearly 90% of the electricity and distribute nearly 80% of the electricity and 90% of the gas

consumed. Taking advantage of Belgium's strategic geographical position, the Group has specialised in the transit of natural gas on the European gas market. Tractebel also specialises in community services, in particular the integrated management of solid and liquid, hazardous and non-hazardous waste. Tractebel provides waste management services for more than 200 towns and local authorities with a total population of nearly 6 million. The Group's advanced skills and know-how in the field of recycling waste and recovering energy give it a significant edge over its competitors. In addition to the domestic market, Tractebel also concentrates on the areas and countries bordering on Belgium. The Communications sector's activities centre on

cable television networks (Coditel), and more recently, telecommunications services, such as high-speed data transmission, national and international voice links and Internet link-ups. Tractebel's technical installations activities cover electrical installations, industrial piping systems, air-conditioning and cooling systems, managing facilities such as car parks, and the management of real estate.

Tractebel also has a long-established tradition of international engineering services. Today its engineering activities are backed up by a network of operational subsidiaries in 15 countries, which in 1997 were involved in projects in more than 70 different countries.

- In February 1998 the Tractebel Group was awarded a contract to build and operate a CCGT power station with a capacity of 350 MW in the Grand Duchy of Luxembourg.

GAS IN BELGIUM

- The transport/transit network was extended in preparation for the start-up, scheduled for October 1998, of the Interconnector gas pipeline linking the United Kingdom and Belgium. UK gas will arrive in Zeebrugge and transit through Belgium to the neighbouring countries (Germany, France, the Netherlands).
- Several long-term transit contracts were signed in connection with supplying German and Dutch



KEY EVENTS

ELECTRICITY IN BELGIUM

- Construction of two CCGT power stations at Herdersbrug and Gent-Ringvaart, with a capacity of 460 and 350 megawatts respectively. Construction work was started on a third CCGT power station with a capacity of 350 megawatts (Saint-Ghislain) in the course of the year.
- In 1997 four heat/power generating plants with a combined capacity of 90 MW came on stream on sites belonging to large industrial clients. A contract was also signed with PetroFina to build a cogeneration plant (126 MW and 165 t/h of steam) at the Fina refinery in Antwerp.

customers, involving a total volume of 13 billion cubic metres per year.

INTERNATIONAL ELECTRICITY AND GAS

- In Thailand a 50% interest was acquired in H-Power Company Ltd., which supervises the Bowin Power (730 MW) and Industrial Power (195 MW) projects. A 44 MW heat/power plant was completed and the PTT NGD (Bangkok) gas network came into operation.
- A contract was signed with the State of Kazakhstan on the operation of a gas transport network with a capacity of more than 65 billion cubic metres of gas per year.

- The Tractebel Group's market presence in the United States was stepped up following the acquisition of a 42 MW unit in California (San Gabriel) and, in partnership with Florida Power and Light, two units, each with a capacity of 300 MW, in Massachusetts and New Jersey. An energy marketing and trading company, Tractebel Energy Marketing Inc., was set up in Houston.
- In South America, Tractebel is a member of the consortium building a 1,066 km pipeline across the Andes. It also acquired Enersur, a company with a 180 MW generating capacity, in southern Peru and entered into an undertaking to build a power station with an additional capacity of 125 MW.

operates the Astra system. The seventh Astra satellite was launched at the end of 1997.

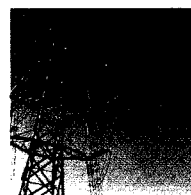
- Coditel sold its minority shareholdings in Coditel Suisse and Cofira (France).

TECHNICAL INSTALLATIONS AND COMMUNITY SERVICES

- In the course of the year the Fabricom Group took over the technical installations activities of Alvey Europe, together with those of Santens Engineering Services, the Van Cleemput Group in Belgium, and Techmac in the United Kingdom.
- In France the Group acquired Sulzer Infra France, a company specialising in air conditioning, fire protection and maintenance services.

ENGINEERING

- In Belgium Acec-Osi was taken over by Trasys and the Group's presence on the intellectual services market was stepped up by acquiring consultancy offices in the Netherlands, Romania and Thailand.
- Tractebel took over the French company, Corys, which designs and builds simulators for the energy and transport sectors; in February 1998 it delivered a driving simulator for the future high-speed train line in Korea.
- Several contracts were signed in the nuclear sector in Russia, Sweden and the «PHARE» countries.
- In Turkey a contract was signed to build two liquefied natural gas terminals. In China, Tractebel



- In Italy the Rosignano cogeneration plant (352 MW) came into operation.
- In Hungary the interest held in the Dunamenti power station (2,080 MW) was increased.

COMMUNICATIONS

- A 50/50 joint venture, NV WorldCom SA, was set up in partnership with WorldCom International. This new company offers companies and Internet service providers a comprehensive range of telecommunications services, such as high-speed data transmission, national and international voice links and Internet link-ups.
- The Tractebel Group increased its shareholding in Société Européenne des Satellites (SES), which

- In partnership with a subsidiary of CIB, it took over De Meuter, the leading demolition and earthworks company in Belgium.
- In the environment sector it acquired Lancashire Waste Services at the beginning of 1997. This UK company operates landfill sites with a capacity of 15 million cubic metres, several sorting centres and numerous waste disposal units. It also provides waste collection services for several urban centres. With the assistance of its British partners, Tractebel was chosen as preferred bidder in connection with the privatisation of the waste disposal services of the Kirklees district (population 400,000) which lies north-east of Manchester.

was awarded a contract to supply the gas loading and storage facilities for five ethylene tankers.

- A contract was signed to carry out a feasibility study on linking up the electricity networks in Eastern Europe and Western Europe.
- Trasys was awarded a contract to install Cobram, the electronic alarm management system developed and operated by BBL, the Belgian Post Office, Generale Bank and Banque Cera.

TRACTEBEL S.A.

In May 1997 Powerfin, the international electricity subsidiary, merged with its parent company, Tractebel.

COMMENTS ON RESULTS

Earnings per share increased significantly (+11.7%) and the International Electricity and Gas sector grew appreciably in 1997. Tractebel's profit (Group share) stands at BEF 16.403 billion, against BEF 15.128 billion in 1996, an increase of 8.4%. This improvement is primarily due to the higher profits achieved by the International Electricity and Gas and Technical Installations and Community Services sectors. The exceptional profit (BEF 0.59 billion, against BEF 0.86 billion in 1996) reflects the significant capital gains realised on the sales of Cofira and Sipex shares. However, this was partly offset by the higher provisions charged, mainly to cover the Group's increased investments and commitments



abroad, and undertakings given in respect of new activities in the communications sector.

KEY FIGURES

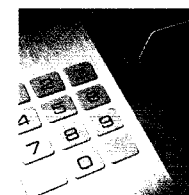
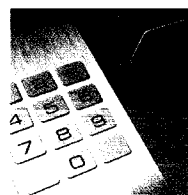
BEF million	1997	1996
Turnover	384 018	344 326
Net profit	37 803	35 024
Profit per share (BEF)	194	174
Shareholders' equity	310 809	298 247
Stock market capitalisation	272 838	205 829
Direct holding	43.15%	51.77%
Dividend per share (BEF)	80.75	77
Personnel	42 613	39 423

GENERALE BANK

GENERALE BANK IS A EUROPEAN BANKING GROUP WITH ITS ROOTS IN BELGIUM. FOR THE PAST 175 YEARS IT HAS BEEN THE LEADING FINANCIAL INSTITUTION IN BELGIUM.

TRACTEBEL
GENERALE BANK
FORTIS AG
UNION MINIERE
RECTICEL
COFICEM/SAGEM
ARBED

25.5%



ACTIVITIES

Generale Bank is a forward-looking bank with a long-standing tradition. For the past 175 years it has been the leading financial institution in Belgium. Generale Bank has paved the way for Economic and Monetary Union and the introduction of the euro by developing into a European banking group with its roots in Belgium. There are two complementary lines to the Group's strategy: geographical priorities and specialist business lines. The Group's is particularly active in the heart of Europe, where it has a unique network of more than 1,300 branches in Belgium, the Netherlands, France, Luxembourg, the United Kingdom and Germany. Outside Europe the Group is very active in the

Far East, where it is represented by the Generale Belgian Bank, in particular, and in Africa, where it is represented by Banque Belgoise and its network. The Generale Bank Group consists of around 200 banks and companies offering services which complement traditional banking services in specialist sectors such as venture capital financing, leasing, factoring and insurance. It employs 22,800 staff and has centres of operations in 46 countries. In terms of total assets (BEF 5,912 billion) it ranks in the Top 30 in Europe and the Top 50 worldwide.

KEY EVENTS

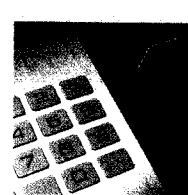
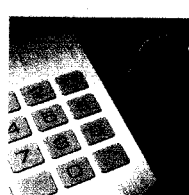
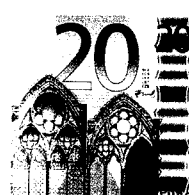
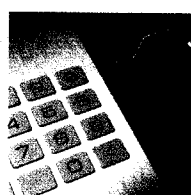
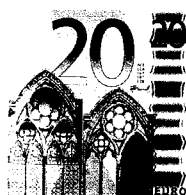
■ In January Fimagest and Banque Parisienne de Crédit set up Générale de Patrimoine et de

Gestion, specialising in asset management for retail customers.

- In January the Bank obtained a licence to open an off-shore centre in Bangkok, enabling it to play a more active part in regional and international trade financing in this part of the world.
- In February, in association with its subsidiary Fimagest, the Bank acquired a 44.3% interest in FP Consult, a French company specialising in asset management on emerging markets.
- In February the Bank obtained approval from the Philippine authorities to open a representative office.
- In April a new dealing room was opened in Hong Kong. With the New York and Brussels dealing rooms this gives the Bank a round-the-

- In December 930,000 «postchèque» accounts with assets of BEF 70 billion were transferred to the Banque de la Poste/Postbank, a 50/50 joint venture between Generale Bank and the Belgian Post Office.

- In December the Bank acquired the small businesses portfolio from Hambros Bank Limited in the United Kingdom.
- In January 1998 the Bank increased its shareholding in Banque Générale du Luxembourg (BGL) to 52.64%. At the end of 1996 its interest stood at 44.7%.
- In 1998 the Bank's asset management activities were transferred to a separate legal entity, FIMAGEN, in which Generale Bank has a 91% interest.



clock presence on the world financial markets.

- In June the Bank became the first Belgian financial institution to obtain authorisation to operate on the regulated German market for listed derivatives (Deutsche Terminbörse - DTB).
- In July, in association with Fimagest, the Bank acquired a majority interest, with the option of increasing this interest to 75%, in the asset manager, US Harbor Capital Management, which is based in Boston and manages funds with assets of around US\$ 5 billion.
- In October the Taipei (Taiwan) representative office was converted into a foreign branch.
- In November a 9.7% interest was acquired in the Polish commercial bank, PPA Bank.

- The Group's prudent risk management policy ensured that the impact of the Far East crisis was kept within limits.

COMMENTS ON RESULTS

The Generale Bank Group posted a consolidated net profit of BEF 17.060 billion for the 1997 financial year, i.e. BEF 1.962 billion or 13% more than in 1996. With a return on equity (ROE) of 12.83% the Group has met its target for the sixth year running of achieving a minimum ROE of 12.5%.

The Generale Bank Group has also achieved a risk-weighted capital adequacy ratio, as defined by the EU Capital Adequacy Directive (CAD), of 11.36%, whereas the minimum required is 8%.

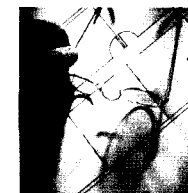
KEY FIGURES

BEF million	1997	1996
Total assets	5 912 236	5 544 108
Net profit	19 505	17 683
Profit per share (BEF)	1 033	914
Shareholders' equity	166 610	155 160
Stock market capitalisation	236 535	187 801
Direct holding	29.24%	29.28%
Dividend per share (BEF)	410	395
Personnel	22 814	22 551

FORTIS AG

FORTIS IS AN INTERNATIONAL GROUP WHICH CONSISTS OF MORE THAN 100 COMPANIES. IT OPERATES IN THE INSURANCE, BANKING AND INVESTMENT SECTORS.

TRACTEBEL
GENERALE BANK
FORTIS AG
UNION MINIERE
RECTICEL
CORITEM/SAGEM
ARBED



20.2%

ACTIVITIES

The international Fortis group operates in the insurance, banking and investment sectors. It consists of more than 100 companies and employs more than 34,000 people in Europe, the United States, the Far East, Australia and the Caribbean. Fortis targets both the retail and the corporate customer markets and seeks to establish long-lasting business relations by offering a range of adaptable products and services. Investors can acquire an interest in Fortis by purchasing shares in the two parent companies, Fortis AG in Belgium and Fortis AMEV in the Netherlands, each of which holds a 50% interest in Fortis. Fortis AG is listed on the Brussels, London and Luxembourg Stock Exchanges

and Fortis AMEV is listed on the Amsterdam, London and Luxembourg Stock Exchanges. It also belongs to a «sponsored ADR program» in the United States. At 31 December 1997 the market capitalisation of Fortis AG and Fortis AMEV stood at ECU 15.2 billion (BEF 620 billion).

KEY EVENTS

■ In January 1997 the Board of Directors of Fortis AG decided to carry out two capital increases, one reserved for existing shareholders and the other for the staff of the Group's Belgian companies, for a total amount of BEF 17 billion. These capital increases were carried out for the purpose of financing the Group's external growth, and in

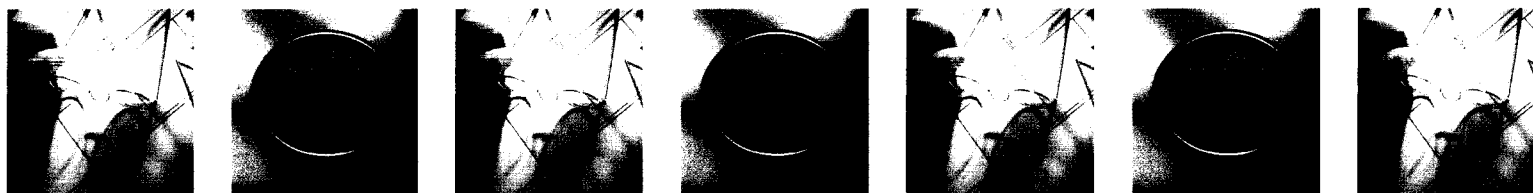
particular the acquisition of MeesPierson.

- In June 1997 it was decided to sell the Irish subsidiary, AMEV General Insurance Company Limited, to the Royal & Sun Alliance group.
- At the end of July 1997, further to a request from the Belgian federal government, an agreement was concluded between the Société Fédérale de Participations and Fortis on the sale of an additional share in CGER/ASLK-Bank and CGER/ASLK-Insurance. As a result of this agreement Fortis' shareholding in the CGER/ASLK group increased from 49.9% to 60%. This agreement also made provision for CGER/ASLK-Insurance to be converted into a subsidiary, so as to consolidate the CGER/ASLK group's position in the niche

Pierce National Life, one of the largest funeral insurance companies in North America.

COMMENTS ON RESULTS

1997 was an excellent year for Fortis. The group posted financial results which were well above target, with the net profit increasing by 25% to ECU 912 million, the highest growth rate recorded since Fortis was established in 1990. The figure achieved is higher than the forecasts made when the results for the first three quarters were published. MeesPierson made a significant contribution to these results, but the internally generated rise in the profit is also substantial (+11%).



market of «bancassurance»). Later on, the Government decided to sell a further 14.9% interest in CGER/ASLK on the stock exchange and on 12 November Fortis decided to take up its pre-emptive rights on these shares; as a result Fortis' shareholding in the CGER/ASLK group increased to 74.9%.

- In December 1997 an agreement was signed between Fortis and the Dutch Railways on the sale of a 13% interest in GWK Bank, bringing Fortis' holding in GWK up to 100%.

■ Various acquisitions were finalised in the course of the year aimed at consolidating Fortis' presence in various sectors, e.g. acquisition of Insureco, which specialises in services to companies granting mortgages and personal loans, acquisition of

KEY FIGURES

BEF million	1997	1996
Net profit (Fortis)	36 786	28 343
Shareholder's equity (Fortis)	286 427	234 799
Stock market capitalisation (Fortis AG)	334 338	195 308
Direct holding	19.31%	19.29%
Dividend per share (Fortis AG) (BEF)	114.75	95.25
Personnel	35 500	34 403

UNION MINIERE

UNION MINIERE IS ONE OF THE WORLD LEADING NON-FERROUS METALS PRODUCERS. THE GROUP DEVELOPS AND MARKETS MORE THAN 20 PRECIOUS AND SPECIAL METALS.

TRACTEBEL
GENERALE BANK
FORTIS AG
UNION MINIERE
RECTICEL
COFICEM/SAGEM
ARBED

5.3%



ACTIVITIES

Union Minière (UM) is one of the world's leading non-ferrous metals producers. Its activities cover mining, smelting, refining, transformation and recycling, where the group has developed revolutionary technologies. The group also has an engineering division which develops and markets Union Minière's own technologies. The group develops and markets more than 20 precious and special metals and is organised around five business units: copper, zinc, precious metals, speciality materials and diamonds.

KEY EVENTS

- In May 1997 Union Minière made an exchange offer for Sibeka shares, as a result of which its

interest in this company increased from 54.62% to 78.66%. This transaction formed part of UM's policy to support the development of the Sibeka Group, and in particular its subsidiary, Diamant Boart, which is in the process of reorganisation.

- In September 1997 a 56% interest was acquired in the Bulgarian company, MDK, the national leader in the field of copper smelting and refining. As part of its international expansion strategy UM has since increased its interest, which now stands at 98%.
- In October 1997 two industrial units and a research centre were acquired from The Westaim Corporation of Canada. This new subsidiary produces battery materials and cobalt powder, for which there is a rapidly growing market.

- In November 1997 a 27% interest was acquired in Nanodyne, an American company producing nano-structured and micro-crystalline powders used for cutting tools and wear-resistant materials.
- In December 1997 an agreement was signed with the Flemish Regional Authorities on the rehabilitation of sites by eliminating the risks posed by the historic soil pollution caused by UM's former industrial activities.

COMMENTS ON RESULTS

The Union Minière Group posted a consolidated profit of BEF 4,265 million in 1997, against BEF 330 million in 1996. The main factors contributing to this improvement were the initial impact of the

1996-1998 Industrial Plan, the appreciation of the US dollar and the rise in the price of zinc, plus the capital gain realised on the sale of the interest held in the Mexicana de Cananea copper mine in Mexico.

As expected, all the Group's operational units, with the exception of the Hoboken precious metals refinery, contributed to the improvement in the profit on ordinary activities, which moved up from BEF 1,606 million in 1996 to BEF 4,572 million in 1997.

The Annual General Meeting of shareholders will vote on the payment of a dividend of BEF 44 per share for the 1997 financial year.

Union Minière's priorities continue to centre on

attaining the targets set out in the 1996-1998 Industrial Plan, the full benefit of which will not be felt until 1999. Union Minière also remains vulnerable to external factors such as the price of metals, the exchange rate for the US dollar and treatment charges, which can vary considerably from one year to another.

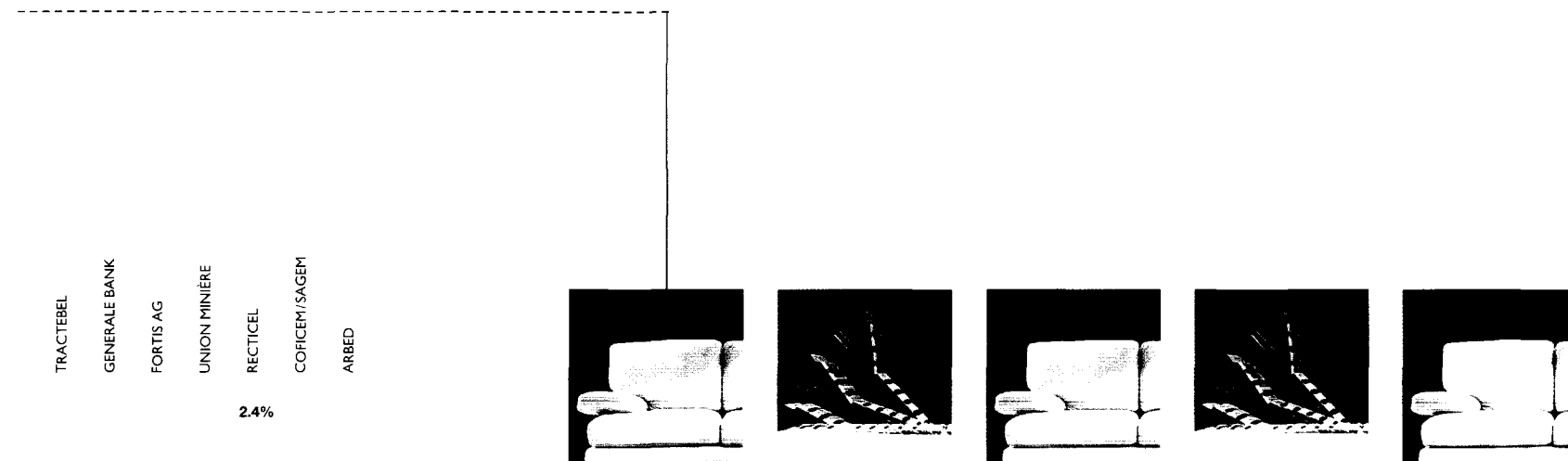


KEY FIGURES

BEF million	1997	1996
Turnover	156 912	131 027
Net profit	4 265	330
Profit per share (BEF)	144	16
Shareholder's equity	44 854	39 445
Stock market capitalisation	66 363	53 201
Direct holding	25.22%	46.51%
Dividend per share (BEF)	44	-
Personnel	9 779	10 267

RECTICEL

RECTICEL IS THE LEADING EUROPEAN PRODUCER AND PROCESSOR OF POLYURETHANE FOAMS. ITS PRODUCTS ARE USED IN PARTICULAR IN THE FURNITURE INDUSTRY AND THE AUTOMOTIVE SECTOR.



ACTIVITIES

Recticel is a Belgian group with centres of operations throughout Europe. It specialises in producing and processing polyurethane foams. It is also one of the leading European manufacturers of mattresses and slatted bed bases. Recticel products are used in the furniture industry (upholstery) and in the building sector (insulating materials). The automotive sector uses polyurethane for many different applications, including vehicle seats, fascia boards and encapsulated windscreens and windows. Polyurethane foams also have a wide range of industrial and domestic uses. Recticel is established in 17 European countries and has no fewer than 75 production and processing

units. It also has three centres of operations in the United States. Recticel employs around 7,700 people.

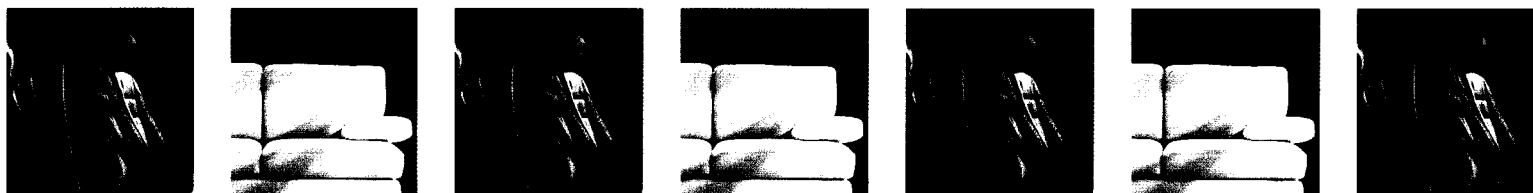
KEY EVENTS

- Eurofoam, Recticel's subsidiary operating in the comfort and technical foams sector, increased its capacity by setting up a new production unit (under construction) at Sibiu in Romania, and three new processing units in the Ukraine, Belarus and Estonia.
- In July 1997 Recticel set up a joint venture (under the name Correctthane) with the German company, Correcta, for the purpose of marketing insulating materials produced by the two groups in Germany.

- In the second half of 1997 Recticel formed a strategic alliance with the Spanish group, Pikolin, the leading bedding manufacturer in Spain.
- In December 1997 Recticel signed an agreement on the acquisition of Form-in-Form, a German manufacturer of natural latex foam mattresses.
- Following the take-over of Verhaegen, Recticel will manufacture and distribute Lattoflex brand products in the Benelux countries and France from April 1998 onwards.
- An agreement was concluded with Mercedes to supply polyurethane skins for fascia boards for the new C Class models starting in 1999. New contracts were signed with Opel (Astra) and Volkswagen (Golf) to produce moulded seats.

COMMENTS ON RESULTS

In 1997 Recticel moved back into the black and posted a profit of BEF 298 million, following the losses booked in 1995 and 1996. This encouraging result was achieved due to a 4.6% increase in sales revenues, which climbed to BEF 36.7 billion. All sectors improved in 1997, with the automotive sector alone accounting for nearly two thirds of the increase. On condition that current economic trends continue, Recticel should achieve a further increase in sales revenues in 1998, with a consequent further improvement in net profit. The automotive sector, which has clearly demonstrated its interest and confidence in the advanced technologies developed by Recticel, is expected to play a key part in this improvement.



KEY FIGURES

BEF million	1997	1996
Turnover	36 679	35 061
Net profit (loss)	319	(12)
Profit (loss) per share (BEF)	10.86	(0.44)
Shareholders' equity	8 359	8 331
Stock market capitalisation	11 016	8 613
Holding (direct + indirect)	69.95%	69.95%
Dividend per share (BEF)	24	-
Personnel	7 676	7 850

COFICEM/SAGEM

THE SAGEM GROUP IS ONE OF THE EUROPEAN LEADERS IN THE FIELD OF ADVANCED ELECTRONICS AND TELECOMMUNICATIONS.

TRACTEBEL
GENERALE BANK
FORTIS AG
UNION MINIERE
RECTICEL
COFICEM/SAGEM
ARBED

1.5%



ACTIVITIES

The Coficem/Sagem Group is the leading European manufacturer of advanced technology equipment, such as inertia systems, infra-red optronic system and fax machines.

Sagem is also the European leader in the field of telecommunications terminals and cellular telephone terminals, transmission and subscriber link-up systems, digital television networks (decoders and televisions) and auto electronics.

The Group is also the world's leading manufacturer of super high-tension cables with synthetic insulation.

KEY EVENTS

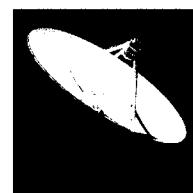
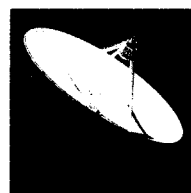
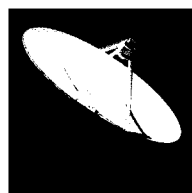
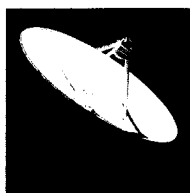
- In January 1997 SAT launched an optical fibre cable with μ -sheath. This revolutionary new cable is three times lighter and much thinner than traditional optical fibre cable.
- In the Defence sector, Sagem obtained a contract from DGA in May 1997 to supply the Local Mission Preparation and Restitution System («SLPRM») for the Rafale aircraft. This means Sagem will be making the nucleus of the Tampa system for the Royal Air Force (United Kingdom) and also more or less the entire mission preparation system for the French Air Forces and Naval Air Service.

- In June 1997 a new organisational structure was put in place and the Sagem Group was divided into 5 divisions comprising 14 operational units.
- A contract was obtained from the Swedish defence ministry to supply 3 sections of UGGLAN tactical drones for the army.
- A new mobile telephone, the B500, developed for the French operator Bouygues Télécom, was launched in August 1997.
- In November 1997 Sagem Do Brasil was set up following the acquisition of the Electronics Division of a Brazilian vehicle component manufacturer. This subsidiary employs around one hundred people.

- The Colombian authorities selected the AFIS SAGEM system (forgery-proof identity cards) for managing its population register.

COMMENTS ON RESULTS

The Group's dynamism and creativity, as illustrated by the many new products its teams put on the market, and the continuing internationalisation of its activities, helped the Sagem Group achieve a 9.4% increase in consolidated net profit in 1997 which stands at FRF 698.1 million (Group share) against FRF 638.3 million in 1996.



KEY FIGURES

FRF million	1997	1996
Turnover (Sagem)	16 757	15 049
Net profit (Sagem)	758	698
Profit per share (FRF) (Sagem)	193	176
Shareholders' equity (Sagem)	5 327	4 798
Stock market capitalisation (Sagem)	9 332	10 851
Direct holding (Coficem)	20%	20%
Personnel (Coficem)	13 916	14 350

ARBED

SINCE ITS ALLIANCE WITH THE SPANISH COMPANY, ACERALIA, ARBED HAS BECOME ONE OF THE LEADING STEELMAKERS, BOTH ON THE EUROPEAN AND THE WORLD MARKET.

TRACTEBEL
GENERALE BANK
FORTIS AG
UNION MINIERE
RECTICEL
COFICEM/SAGEM
ARBED

1.2%



ACTIVITIES

Arbed is an international group comprising eight complementary industrial sectors operating worldwide. Through its strategic alliance with the Spanish company, Aceralia, the group has become one of the leading steelmakers on both the European and the world market. Crude steel output now stands at close to 19 million tonnes per year.

The Arbed group has consolidated its position as one of the most important producers of flat products in Europe and as a major supplier of the automotive industry. On the long products market it is the leading producer of beams and sheet piling. It is an important player on the European

market for stainless steel flat products, one of the world's leading producers of steelcord, and the number-one producer of drawn products in South America. It also produces super-thin copper sheet and provides engineering services. Its sales, marketing and trading network has centres in more than sixty countries.

KEY EVENTS

■ In August the Arbed group was selected by the Spanish authorities as the industrial partner for the steel company Aceralia (formerly CSI) which was in the process of being privatised. Arbed subscribed a capital increase by Aceralia, as a result of which it obtained a 35% interest in the Spanish

company. At the same time Aceralia subscribed a capital increase by Arbed, giving the Spanish steel-maker a 9.5% stake in the Luxembourg group.

- The changeover to the electric arc furnace was completed in August 1997, marking the end of traditional casting activities in Luxembourg. With the new electric arc furnaces and continuous casting lines, all the Luxembourg sites operating in the long products sector now have modern, compact and competitive production facilities.
- Via Sidmar, the flat products sector continued its strategy of developing high added value products; in particular it increased the interest held in Bregal in Bremen (Germany) and started up Galtec in Ghent (Belgium).

COMMENTS ON RESULTS

The Arbed Group's successful external growth strategy, coupled with its on-going internal cost-cutting programme, resulted in a significant improvement in the results for 1997, with the Group posting a net profit of LUF 6.4 billion, compared with a loss of 0.9 billion in 1996. The group's share stands at LUF 5.1 billion, against a loss of 1.2 billion in 1996. Sales revenues increased by 15.7% over 1996 to LUF 268.6 billion, with the trading sector achieving the largest gains (+37% or LUF 14 billion). Gross operating profit stands at LUF 23 billion, an increase of 3.5 billion (18%) compared with 1996. These results were achieved in a steel market where overall business trends were positive,

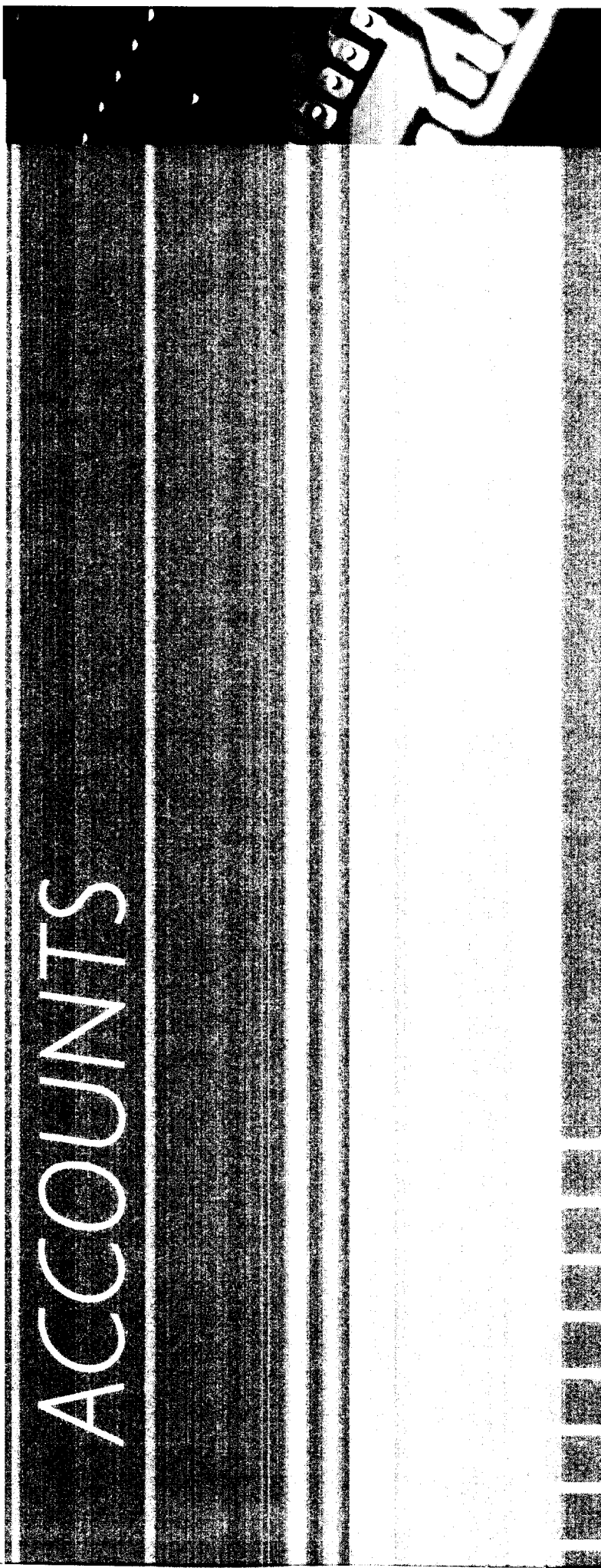
and which was boosted by continuing moves to restructure the European steel industry. In Western Europe the Group forecasts a 2 to 3% increase in steel consumption in real terms in 1998. Business trends in the steel sector are expected to remain positive, certainly in the first half of the year, and the Arbed group intends to take full advantage of this situation.



KEY FIGURES

LUF million	1997	1996
Turnover	268 646	232 226
Net profit (loss)	6 437	(928)
Profit (loss) per share (LUF)	524	(136)
Shareholders' equity	179 243	98 625
Stock market capitalisation	43 467	33 089
Direct holding	9.45%	5.50%
Dividend per share (LUF)	n.a.	40
Personnel	25 359	25 149

CONSOLIDATED ACCOUNTS



Preliminary note

Section 2 of the Notes to the consolidated accounts describes the scope of consolidation and the changes therein which occurred in the course of the financial year. In this context, the different consolidation method adopted for Tractebel (equity method in 1996, full consolidation in 1997) had a major impact on the amounts carried under all the headings in the 1997 accounts compared with the 1996 accounts. A further change, which was also significant but which did not have such a far-reaching impact as Tractebel, entailed adopting the equity method for Union Minière with effect from 1 July 1997. Union Minière's income and charges were consolidated in full for the whole of 1996 but only for the first half of 1997; its profit (loss) for the second half year is carried on a single line: Group share of results of companies included under the equity method.

For comparison purposes the 1997 accounts are shown alongside a double set of accounts for 1996: firstly, as published in the previous year's report, with Tractebel included under the equity method and, secondly, restated with Tractebel fully consolidated.

Frequent reference is made to these changes in the comments.

RESULTS

The Group's **net profit** for 1997 stands at BEF 19,326 million as against BEF 11,220 million in 1996, an increase of BEF 8,106 million or 72%. This increase reflects the higher profits achieved by the Group's operating companies and by the Générale itself.

Group **turnover** as published in the 1996 accounts was BEF 159 billion; the consolidation of Tractebel brings this figure up to BEF 504 billion. In 1997 turnover was BEF 501 billion. This apparent stagnation masks an improvement on the part of all the Group companies. As can be seen from the table on page 43 there was a substantial increase from Tractebel (+11.5% to BEF 384 billion), which was more or less cancelled out by the lower contribution from Union Minière as a result of this company being included under the equity method in the second half of 1997. In actual fact, its own annual sales increased from BEF 123 to 154 billion. Recticel posted a 6.2% growth rate in sales but the impact of this on the Group total was insignificant. On a constant consolidation basis the turnover would have increased by 12.5%.

A comparison of the two sets of accounts for 1996 - as published and restated - reveals the impact of including Tractebel's operating charges. This impact is also reflected in the increase in the **operating profit**, from a symbolic figure of BEF 204 million to BEF 13,582 million. The operating profit climbed by 30% in 1997 to BEF 17,697 million; the greater part of this increase is due to Tractebel, but it should also be pointed out that Recticel's contribution more than doubled.

The full consolidation of Tractebel also had a significant impact on the items carried under financial income and financial charges and consequently on the **financial profit**. In the restated accounts for 1996 this profit stands at BEF 30,871 million, as against only BEF 216 million in the accounts as published.

The figure for 1997 remained stable at BEF 30,371 million. Tractebel accounts for a significant proportion of these items. However, in order to give a more realistic view of the Group's economic position, this layout has been amended with regard to the way in which Tractebel's share in the income of companies

included under the equity method is stated: this share is not stated on a single line but is broken down into income from ordinary activities (operating income and financial income), exceptional income and taxes. In addition Electrabel's share in the income of the Intercommunal gas and electricity distribution companies (included under the equity method) is included in the financial income. This special presentation has been adopted so that the financial income gives a true reflection of the economic situation. In practice, the financial charges of Electrabel, which is fully consolidated, include the cost of financing the Intercommunal companies; these charges cannot be considered separately from the corresponding contra-entry in the accounts, i.e. this company's share in the income of the Intercommunal companies. The Générale has kept the special presentation followed by Tractebel in its own accounts. Its share in the profit of the Intercommunal companies stands at BEF 36,578 million for 1996 and BEF 34,899 million for 1997. Readers can obtain more detailed information on this subject in the annual reports of Tractebel and Electrabel.

As can be seen from the table on page 43, following its full consolidation, Tractebel accounts for the greater part of the Group's **profit on ordinary activities**. The restated figures for 1996 clearly illustrate the extent to which adopting a different consolidation method for Tractebel influenced the accounts. The profit on ordinary activities improved by 8.1% from one financial year to the next, and Tractebel's profit went up by 7.6%. Union Minière's contribution was significantly higher in 1997 than in 1996, despite only the first half year being included in full. This indicates that non-ferrous metals activities were much more profitable than in 1996. Recticel's recovery is reflected in the fact that it has moved back into making a profit. The negative contribution from the "others" was accentuated owing to a deterioration in the results of certain subsidiary holding companies of the Générale; the Générale itself remained the same as the previous year despite an increase in the amount charged for the amortisation of goodwill.

Overall **exceptional charges** and **exceptional income** in 1997 were practically double what they were in 1996. Here too, the amounts carried under

these items in the restated 1996 accounts are significantly higher than the amounts in the published accounts.

The exceptional profit for 1997 stands at BEF 2,467 million, in other words more than three times the restated amount for 1996. An analysis of the component items reveals the extent of capital gains on disposals of fixed assets (BEF 22,704 million) and, on the exceptional charges side, depreciation and amounts written off (BEF 7,586 million), provisions for liabilities and charges (BEF 5,238 million) and other exceptional charges (BEF 7,775 million). The net contribution of the Générale and its subsidiary holding companies to this heading amounts to BEF 8,465 million. The net impact of the key transactions and events which gave rise to income and charges of various types can be summarised as follows:

1. The sale by the Générale of 6,000,000 Union Minière shares, its holding in Accor and 76,539 Fortis AG shares generated capital gains of BEF 12,168, 2,696 and 272 million respectively.
2. The sale by the Tractebel Group of Cofira, Sipex and Coditel Suisse shares generated capital gains of BEF 3,741, 1,909 and 193 million respectively.
3. The merger between Tractebel and Powerfin resulted in a capital increase and a lower percentage shareholding for the Générale, Tractebel's majority shareholder. The Générale's share in the capital and reserves of the merged company was BEF 79 million higher than it had been in Tractebel prior to the merger; this capital

gain was also booked as exceptional income. The issue of Tractebel shares in exchange for the Powerfin shares held by minority shareholders resulted in the Générale's direct interest in Tractebel decreasing from 53.44% to 43.82%. In the event of a sale taking place, the goodwill on the shares sold has to be reversed; in this case the Générale decided to treat this dilution of its shareholding as a sale of consolidated shares, although no actual sale took place; reversing the goodwill corresponds to a charge of BEF 4,157 million (i.e. 18%, obtained by dividing 9.82 by 53.44, of the existing goodwill), as a result of which the annual amount charged for amortisation in future will be BEF 208 million lower. Several movements of Tractebel's own shares had a similar effect and gave rise to BEF 246 million in charges.

4. Since Coficem/Sagem's profit on ordinary activities increased less than expected when this company was first included under the equity method, it was decided to book an exceptional amortisation on the goodwill on these shares of BEF 1,221 million. The remaining balance of the goodwill amounts to BEF 1,600 million.
5. Owing to technical constraints, Coditel Brabant, a subsidiary of Tractebel, wrote off its cable television network (BEF 601 million) in full.
6. Various amounts were allocated for risks and commitments by the Tractebel Group: BEF 2,080 million to cover sovereign risks entailed by investments abroad, BEF 995 million in connection with new communications activities, BEF 554 million

for a trade dispute and BEF 369 million in connection with guarantees given for energy trading in the USA.

7. Tractebel wrote down an amount of BEF 378 million on Eurotunnel shares.
8. When CPTE was restructured, Electrabel booked a capital gain of BEF 646 million and capital losses of BEF 228 million on the sale of fixed assets; the sale of its own holding to local authorities generated a capital gain of BEF 402 million.
9. Full consolidation of Union Minière in the first half year resulted in an amount of BEF 670 million being allocated to provisions in respect of the industrial plan, miscellaneous disputes and the restructuring of Diamant Boart.
10. The Générale booked an amount of BEF 1,000 million in provisions for liabilities and commitments (see comments on non-consolidated accounts).
11. As Tractebel is no longer included under the equity method but is now fully consolidated, it was necessary to align its valuation rules more closely on those of the Générale, particularly as regards the treatment of goodwill arising on consolidation. In this context, an amount of BEF 3,003 million was charged. Also with a view to harmonising the accounting principles applied by companies included under the equity method (Generale Bank and Fortis AG) similar entries were booked under the heading "profit (loss) of companies included under the equity method" (see below).

Company	Turnover			Profit (loss) on ordinary activities			Profit (loss) of companies included under the equity method		
	1997	1996 restated	1996 published	1997	1996 restated	1996 published	1997	1996 restated	1996 published
Tractebel	384 018	344 326		47 386	44 033		1 141	703	4 856
Generale Bank							3 535	4 347	4 347
Fortis AG							2 858	2 335	2 335
Union Minière	78 607	123 265	123 265	2 049	1 569	1 569	835	169	169
Recticel	37 231	35 061	35 061	534	(65)	(65)			
Coficem/Sagem							308	275	275
Other	759	872	872	(1 900)	(1 084)	(1 084)	0	0	1
Total	500 615	503 524	159 198	48 068	44 453	420	8 677	7 830	11 983

The **profit for the year before tax** stands at BEF 50,535 million, an improvement of 11.8%. The effective rate of tax charged remained close to 25.5% of this amount; the difference between the theoretical rate and the effective rate of tax is explained in § 10 B of the Notes.

With regard to the **profit (loss) of companies included under the equity method** the table on page 43 reveals a reduction in the contribution from Tractebel on the basis of the two sets of accounts for 1996. This is due to Electrabel's share in the profit of the Intercommunal companies being included under financial income (see above). The amounts given for Union Minière include, for 1996, its share in companies included under the equity method, and for 1997, Union Minière's share in the companies which it included under the equity method in the first half of 1997, plus the share of the Générale in the profit of the Union Minière Group in the second half of 1997. The amounts given for Generale Bank and Fortis AG were negatively influenced by the book entries made with a view to harmonising valuation rules as mentioned above under point 11 of the section on exceptional income and exceptional charges; these charges were only booked as part of the Générale's consolidation procedure. The impact of these charges on the Générale's share in the profit of Generale Bank was BEF 1,471 million and on its share in the profit of Fortis AG BEF 448 million. This goes to explain the difference readers may notice in the Générale's share in the profit published by these companies and the amount given in this table.

The **consolidated net profit** for the year totals BEF 46,290 million, of which the minority shareholders' part is BEF 26,964 million. This item is lower than in 1996 (BEF 30,350 million), despite the total being higher; this is mainly due to the elimination of former minority shareholders in Powerfin following the merger with Tractebel.

BALANCE SHEET

Total assets as per the restated balance sheet are three times higher than in the balance sheet published in 1996. The restated balance sheet shows significant minority interests which in total exceed the participating interests of the Group. Total capital and reserves as a proportion of total liabilities has decreased; this is counterbalanced by an increase in the relative share of capital and reserves in terms of provisions and debts. On the assets side, companies included under the equity method increased in terms of absolute value but declined in terms of relative value, whereas tangible fixed assets increased.

ASSETS

The changes in **goodwill arising on consolidation** in the course of the 1997 financial year are analysed in § 7 of the Notes.

The restated balance sheet for 1996 shows the consolidation goodwill for Tractebel (BEF 29 of the 31 billion due to the changes in the scope of consolidation).

The **tangible fixed assets** of the Tractebel Group account for 97.5% of the total carried under this heading at the 1997 financial year end, owing to the fact that Union Minière is no longer included. Details of individual changes are given in § 5.2 of the Notes.

In the published balance sheet for 1996, Tractebel was listed under **companies included under the equity method**; in the restated balance sheet Tractebel has been replaced under this heading by the companies which it itself includes under the equity method; the value of these latter companies was BEF 46.8 billion higher than the value of Tractebel. The balance at the end of 1997 was BEF 200.9 billion, an increase of BEF 16.6 billion. The main reasons for this increase are the inclusion of Union Minière under the equity method (BEF 10 billion), capital increases totalling BEF 5.5 billion and a BEF 4.2 billion positive difference between the profit for the year and the dividend income received. The various changes and amounts are analysed in § 5.3 of the Notes.

Tractebel held BEF 58.2 billion of **non-consolidated shares**, which boosted the value of this heading in the restated balance sheet for 1996. In the course of the financial year under review, the total decreased by BEF 17.4 billion owing to the sale of Accor, Cofira, Sipex and miscellaneous holdings totalling BEF 21.9 billion, write-downs amounting to BEF 0.7 billion and the elimination of the Union Minière portfolio (BEF 4.0 billion). The main acquisitions were H-Power Project and Intergas by Tractebel.

Stocks and contracts in progress currently amount to a significant figure, the greater part being accounted for by Tractebel; the decrease in these items from one financial year end to the next is due to Union Minière being included under the equity method, which was partly offset by the increase in stocks at Tractebel. The same applies for **amounts receivable within one year**.

Tractebel's **current investments** stood at BEF 14.5 billion at the end of 1996 and increased by BEF 0.8 billion in 1997. The Générale and its subsidiary holding companies used the surplus cash balance existing at the end of the previous financial year together with the substantial proceeds from sales (see notes above on consolidated exceptional profit and non-consolidated profit and the changes in the Générale's portfolio on page 71) to repay at the beginning of 1997 the financial debts contracted to purchase a 24.6% interest in Tractebel in September 1996. As a result current investments decreased in the course of the financial year from BEF 40.5 to 22.8 billion.

The Tractebel Group accounted for the greater part of the **cash at bank and in hand** as at 31 December (BEF 18.9 out of 19.6 billion).

LIABILITIES

A detailed description of the changes in **Group capital and reserves** is given in § 6 of the Notes. The profit for the year enabled the Group to transfer an amount to reserves which was BEF 10.9 billion higher than the amount of the dividends paid out to shareholders. Two thirds of the minority shareholders featuring in the published balance sheet for 1996 were shareholders of Union Minière and Sibeka, which were eliminated at the end of 1997. The restated balance sheet for 1996 shows BEF 205.3 billion of minority shareholders for Tractebel and, mainly, its subsidiaries Powerfin and Electrabel; this amount remained stable in 1997. However, it should be noted that Powerfin's minority shareholders have shifted towards Tractebel following the merger between the two companies.

Union Minière's Industrial Plan entailed setting aside substantial **provisions** for pension benefits (BEF 4.5 billion); the removal of this company from the scope of full consolidation was offset by an additional allocation to provisions of the same type and amount by Tractebel. The greater part of the provisions for other liabilities and charges (totalling BEF 101.4 billion at the end of 1997) was set aside for the electricity sector in Belgium.

Financial debts are the most important component of **amounts payable after one year** (BEF 126.9 out of BEF 143.9 billion). The BEF 59.2 billion decrease in financial debts in 1997 includes a BEF 38 billion reduction in the Générale's debts (repayment of debts, see current investments above), a BEF 9.3 billion reduction at Tractebel (decrease in Electrabel's debts partly offset by the inclusion of new subsidiaries with debts) and a BEF 8.3 billion reduction for Union Minière being removed from the scope of full consolidation.

Overall **amounts payable within one year** remained stable: the removal of Union Minière and the wiping out of the Générale's debts were counter-balanced by the increase in the financial debts and the advance payments on orders of the Tractebel Group (BEF 26.8 billion more).

ASSETS

(MILLIONS OF BEF)

	1997	1996 <i>restated</i>	1996 <i>published</i>
FIXED ASSETS	660 307	667 914	234 434
Intangible fixed assets	3 051	3 779	1 636
Concessions, patents, licenses	227	376	296
Goodwill (purchased)	1 074	1 460	711
Software	219	713	580
Other intangible fixed assets	1 489	1 183	2
Advance payments	42	47	47
Goodwill	50 140	63 185	35 054
Tangible fixed assets	327 289	326 444	29 975
Land and buildings	31 025	32 719	9 795
Plant, machinery and equipment	246 212	245 986	15 029
Furniture and vehicles	9 091	9 375	1 568
Leasing and other similar rights	780	962	509
Other tangible fixed assets	10 648	6 434	452
Assets under construction and advance payments	29 533	30 968	2 622
Financial fixed assets	279 827	274 506	167 769
Investments included under equity method	200 932	184 333	137 573
Non-consolidated investments	67 177	84 620	26 401
Amounts receivable	11 718	5 553	3 795
CURRENT ASSETS	253 811	304 728	90 437
Amounts receivable after one year	8 424	9 387	911
Trade debtors	3 505	3 562	117
Other amounts receivable	4 919	5 825	794
Stocks and contracts in progress	89 602	107 967	30 244
Stocks	49 974	74 619	29 519
Contracts in progress	39 628	33 348	725
Amounts receivable within one year	111 606	122 989	27 046
Trade debtors	63 101	67 216	22 520
Other amounts receivable	48 505	55 773	4 526
Current investments	16 823	40 451	25 935
Other investments	16 823	40 391	25 875
Own shares	0	60	60
Cash at bank and in hand	19 503	14 991	4 286
Deferred charges and accrued income	7 853	8 943	2 015
TOTAL ASSETS	914 118	972 642	324 871

LIABILITIES AND SHAREHOLDERS' EQUITY

(MILLIONS OF BEF)

	1997	1996 restated	1996 published
CAPITAL AND RESERVES	395 417	402 158	196 887
Group capital and reserves	178 079	166 335	166 335
Capital	58 928	58 928	58 928
Share premium account	42 167	42 167	42 167
Reserves	76 596	65 742	65 742
Negative goodwill	2 028	2 028	2 028
Cumulative translation adjustment	(1 640)	(2 530)	(2 530)
Minority interests	217 338	235 823	30 552
PROVISIONS AND DEFERRED TAXES	125 780	118 347	16 004
Provisions for liabilities and charges	124 385	116 471	15 413
Pensions and similar obligations	6 463	7 250	6 162
Taxation	16	53	32
Major repairs and maintenance	16 479	16 438	616
Other liabilities and charges	101 427	92 730	8 603
Deferred taxes	1 395	1 876	591
CREDITORS	392 921	452 137	111 980
Amounts payable after one year	143 855	199 304	56 219
Financial debts	126 930	186 137	55 189
Trade debts	18	78	48
Advance payments on orders	1 313	400	0
Other amounts payable	15 594	12 689	982
Amounts payable within one year	231 883	235 270	52 081
Current portion of amounts payable after one year	22 295	17 764	6 564
Financial debts	31 065	36 560	13 743
Trade debts	47 157	51 554	14 041
Advances received on contracts	46 320	39 578	1 025
Taxes, remuneration and social security	27 136	31 294	6 314
Other amounts payable	57 910	58 520	10 394
Accrued charges and deferred income	17 183	17 563	3 680
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	914 118	972 642	324 871

	1997	1996 restated	1996 published
Operating income	514 406	513 499	162 868
Turnover	500 615	503 523	159 198
Increase (decrease) in stocks of finished goods, work and contracts in progress	3 244	(93)	1 537
Own work capitalised	4 314	2 624	568
Other operating income	6 233	7 445	1 565
Operating charges	496 709	499 917	162 664
Raw materials, consumables and goods for resale	216 776	229 777	107 572
Purchases	223 243	227 428	104 706
(Increase) decrease in stocks	(6 467)	2 349	2 866
Services and other goods	86 929	87 015	17 524
Remuneration, social security costs and pensions	126 529	122 060	29 575
Depreciation and amounts written off:			
- intangible fixed assets	888	495	231
- tangible fixed assets	38 779	40 168	4 669
- goodwill	3 835	3 752	1 413
Increase (decrease) in amounts written off			
stocks, contracts in progress and trade debtors	941	(307)	51
Increase (decrease) in provisions for liabilities and charges	13 818	9 103	(303)
Other operating charges	8 214	7 854	1 932
Operating profit	17 697	13 582	204
Financial income	51 632	51 559	5 468
Income from financial fixed assets	41 053	42 670	1 518
Income from current assets	5 280	5 191	1 978
Other financial income	5 299	3 698	1 972
Financial charges	21 261	20 688	5 252
Interest and other debt charges	15 883	15 241	2 229
Amounts written off current assets	37	795	655
Other financial charges	5 341	4 652	2 368
Financial profit (loss)	30 371	30 871	216
Profit (loss) on ordinary activities	48 068	44 453	420

(MILLIONS OF BEF)

	1997	1996 restated	1996 published
Exceptional income	24 420	13 409	1 996
Adjustments to depreciation and other amounts written off intangible and tangible fixed assets	20	11	0
Adjustments to amounts written off financial fixed assets	262	596	119
Adjustments to provisions for exceptional liabilities and charges	679	651	508
Capital gains on disposals of fixed assets	22 704	11 369	699
Other exceptional income	755	782	670
Exceptional charges	21 953	12 665	2 093
Exceptional depreciation and amounts written off intangible and tangible fixed assets	7 585	964	197
Amounts written off financial fixed assets	749	2 208	79
Provisions for exceptional liabilities and charges	5 238	(249)	179
Loss on disposals of fixed assets	606	713	308
Other exceptional charges	7 775	9 029	1 330
Exceptional profit (loss)	2 467	744	(97)
Profit for the year before tax	50 535	45 197	323
Income taxes	(12 921)	(11 456)	(358)
Profit for the year of consolidated companies	37 614	33 741	(35)
Group share of results of companies included under the equity method	8 676	7 829	11 983
Profit (excluding the Intercommunal companies)*	8 683	7 885	12 039
Loss	(7)	(56)	(56)
Consolidated profit	46 290	41 570	11 948
Minority interests	26 964	30 350	728
Group share	19 326	11 220	11 220

* See Comments on financial results

CONSOLIDATED APPROPRIATION ACCOUNT

Appropriation of Group share	19 326	11 220	11 220
Transfers from (to) reserves	(10 854)	(3 030)	(3 030)
(Remuneration of company shareholders)	(8 472)	(8 190)	(8 190)
Appropriation of minority share	26 964	30 350	728
Transfers from (to) minority share	(5 475)	(8 953)	(303)
(Remuneration of minority shareholders)	(21 489)	(21 397)	(425)

(MILLIONS OF BEF)

1997 1996 1995

Operating activities

Net consolidated profit, Group share	19 326	11 220	9 205
Net consolidated profit, minority share	26 312	729	277
Net profit of companies included under the equity method	(4 865)	(6 124)	(5 287)
Depreciation of tangible and intangible fixed assets	38 600	5 037	6 038
Amortisation of goodwill	3 686	1 472	1 120
Amounts released pertaining to financial items comprising working capital	2	(83)	(115)
Amounts written off financial fixed assets and other amounts receivable after one year	491	(39)	161
Other exceptional charges (income) with no impact on the cash balance	12 077	(332)	128
Amounts charged (written back or applied) to provisions for liabilities and charges	18 307	(561)	4 287
(Gain) Loss on disposals of fixed assets	(22 055)	(401)	(5 136)
Cash flow	91 881	10 918	10 678

Change in working capital	(7 360)	5 696	(8 671)
Impact of changes in scope of consolidation and translation differences on working capital	7 421	(213)	61
Net cash provided by (used in) operating activities	91 942	16 401	2 068

Investing activities

Acquisition of tangible fixed assets	(40 894)	(6 568)	(5 162)
Acquisition of intangible fixed assets	(1 223)	(350)	(476)
Acquisition of new companies	(1 186)	(235)	(4 568)
Acquisition of additional shares in Group companies	(7 267)	(55 970)	(983)
Purchase of shares in non-consolidated companies	(9 063)	(1 061)	(845)
Transfer from current investments to participating interests	(431)		
New loans granted, including purchase of debentures	(8 537)	(3 480)	(882)
Total acquisitions	(68 601)	(67 664)	(12 916)
Sale of tangible fixed assets	1 244	262	1 675
Sale of intangible fixed assets	52	47	0
Sale of Group companies	0	43	4 834
Sale of shares in consolidated companies	21 870	0	1 036
Sale of shares in non-consolidated companies	21 252	11 373	447
Transfer of subsidiaries' shares to current investments	0	3 574	0
Repayment of loans and disposal of debentures	2 875	957	4 909
Total sales	47 293	16 256	12 901
Net cash provided by (used in) investing activities	(21 308)	(51 408)	(15)

Financing activities

Amounts received from shareholders following a capital increase	8 144	0	25
Amounts paid to shareholders following a capital repayment	0	0	(5)
Capital subsidies	18	(25)	35
New loans	22 526	45 155	8 532
Repayment of loans	(75 531)	(2 773)	(7 437)
Dividends paid by the parent company to its shareholders	(8 197)	(8 162)	(8 070)
Dividends paid by consolidated subsidiaries to minority shareholders	(21 510)	(451)	(977)
Net cash provided by (used in) financing activities	(74 550)	33 744	(7 897)

Change in cash and cash equivalents less short-term debts to financial institutions	(3 916)	(1 263)	(5 844)
Cash and cash equivalents at beginning of financial year	14 467	15 730	21 574
Cash and cash equivalents at end of financial year	10 551	14 467	15 730
Change in the net position of cash at bank and in hand	(3 916)	(1 263)	(5 844)

This table has been compiled in accordance with SFAS 95; cash flows from operating activities have been obtained by the indirect method.

As the Générale no longer controls Union Minière, it was not able to obtain detailed information on cash flows from the company at the end of the financial year. For the purpose of compiling the table opposite, it was assumed that Union Minière was included under the equity method with effect from 1 January instead of 1 July 1997.

Overall, the net cash balance decreased by BEF 3.9 billion in the course of the financial year. Cash flow and the net cash provided by operating activities both stood at BEF 91.9 billion, of which investing activities absorbed BEF 21.3 billion, leaving an interim balance of BEF 70.6 billion. Financing activities exceeded this balance mainly as a result of significant debt repayments.

Operating activities

The net retained profit of companies included under the equity method (BEF 4.9 billion) is the result of setting off the share of the consolidated subsidiaries in the profit generated by these linked companies in 1997 (BEF 43.0 billion) against the dividends they received in 1997 (BEF 38.1 billion). The amounts pertaining to the Intercommunal utility companies included under the equity method by Electabel, which stand at BEF 33.9 and 33.5 billion respectively, comprise the greater part of the former amounts. The Tractebel Group accounts for most of the allocations for depreciation on tangible and intangible fixed assets (BEF 37.1 out of a total of BEF 38.6 billion). The BEF 3.7 billion carried as depreciation on goodwill is divided between the Tractebel Group, the Générale and Recticel (BEF 1.9, 1.6 and 0.2 billion respectively). The other exceptional charges and income (BEF 12.1 billion) include capital gains and losses, the impact of harmonising accounting principles (see comments on the consolidated exceptional profit) and reversals and exceptional depreciation of goodwill. The changes in provisions (BEF 18.3 billion) were mainly booked by the Tractebel Group (BEF 17.4 billion); the items in question were provisions for the electricity sector and for pensions and sovereign risks.

The change in working capital requirements absorbed BEF 7.4 billion of the cash provided by operating activities; this change was practically offset by the impact of the changes in the scope of consolidation and exchange rates on working capital requirements. Both of these items were significantly influenced by the inclusion of Tractebel and the exclusion of Union Minière.

With regard to **investments**, acquisitions totalled BEF 68.6 billion and sales totalled BEF 47.3 billion; as a result the net cash decreased by BEF 21.3 billion. Investments in tangible and intangible fixed assets were booked by the Tractebel Group and Recticel Group (BEF 40.3 and 1.8 billion respectively); power stations account for BEF 28 billion of the Tractebel total. Additional participating interests acquired in consolidated companies mainly comprise purchases of Tractebel shares and the subscription of new Fortis AG shares by the Générale (BEF 1.1 and 3.5 billion) and, in the case of Tractebel, purchases of Electabel and Dunamenti shares (BEF 1.4 and 1.0 billion). Tractebel also accounts for the greater part of the purchases of non-consolidated shares (BEF 9.1 billion), which include among others H-Power, Intergas, Jindal Power, Bruxelles Energie and Prime Transcommunication. Sales of consolidated participating interests (BEF 21.9 billion) mainly comprise the 6 million Union Minière shares and sales of non-consolidated interests (BEF 21.3 billion): Accor, Cofira and Sipex.

Financing activities include a BEF 8.1 billion capital increase by CPTÉ (Tractebel Group) subscribed by SPE (minority shareholder). New loans (BEF 21.0 billion) were mainly contracted by CPTÉ and American Tractebel. Repayments of loans totalling BEF 75.5 billion, were effected by the Générale (BEF 38 billion of the syndicated bank loan) and by the Tractebel Group (BEF 33.6 billion), where Distrigas and CPTÉ paid off a significant portion of their debts. In 1997 minority shareholders received BEF 21.5 billion in dividends from the numerous companies they have invested in alongside the Group subsidiaries. The companies in question are Tractebel and Electabel, and to a lesser extent Finoutremer and Genfina.

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 for 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 Générale

Name, registered office and country	Percentage interest in	
	1997	1996
Société Générale de Belgique, Brussels - B	100.00	100.00
CEDEE, Brussels - B	100.00	100.00
Centre de Coordination "Générale", Brussels - B	100.00	100.00
CIG-Intersys Group, Brussels - B	68.37	68.47
Finoutremer, Brussels - B	56.41	55.16
Agricom, Brussels - B	53.56	52.38
Chanic, Brussels - B	31.55	20.86
Recticel, Brussels - B	69.88	69.95
Recticel Comfortschaum, Bexbach - D	69.88	69.95
Recticel, Kesteren - NL	69.88	69.95
Schlarrafia, Bochum - D	69.88	69.95
Recticel UK, Afreton - GB	69.88	69.95
Recticel Foam Corp., Laporte - USA	69.88	69.95
Recticel Holdnoord, Kesteren - NL	69.88	69.95
Centre de Coordination Recticel, Brussels - B	69.88	69.95
Recticel JCI Formschaum, Espelkamp - D	69.88	69.95
RUS Inc., Wilmington - USA	69.88	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

§ 2.1 List of the main companies and their subsidiaries fully consolidated by the Générale (cont.)

Name, registered office and country	Percentage interest in	
	1997	1996
Tractebel, Brussels - B	48.93	-
American Tractebel, New York - USA	48.93	-
Coditel, Brussels - B	38.88	-
Datatrak, Brussels - B	38.65	-
Distrigaz, Brussels - B	20.37	-
Dunamenti, Szazhalombatta - H	36.08	-
Electrabel, Brussels - B	19.52	-
Groupe Fabricom, Brussels - B	48.93	-
CPTE, Brussels - B	17.69	-
Rineau, Nantes - F	47.42	-
Union Minière, Brussels - B	-	50.16
Union Minière France, Bagnolet - F	-	50.16
Union Minière SF, Brussels - B	-	50.08
Sogem, Brussels - B	-	50.00
Union Minière Mexico, Mexico City - MEX	-	26.80
Metalrame, Avellino - I	-	50.16
KMZM, Machelen - B	-	49.50
Asturienne Penamet, Pantin - F	-	50.16
Sibeka, Brussels - B	-	27.33
Syndiaco, Tortola - BVI	-	27.33
Syndianed, Vianen - NL	-	27.33
Diamant Boart ICC, Brussels - B	-	27.14
Diamant Boart SA, Brussels - B	-	27.33
Sibinter, Luxembourg - L	-	27.33
UFI, Liège - B	99.98	99.98

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

Generale Bank, Brussels - B	29.72	29.93
Banque Parisienne de Crédit, Paris - F	29.72	29.93
Banque Belgo-Zairoise, Brussels - B	16.86	16.54
Générale de Banque Belge pour l'Etranger, Brussels - B	29.72	29.93
Banque Générale du Luxembourg, Luxembourg - L	13.31	13.38
Eurolease, Brussels - B	29.72	29.93
Compagnie de Gestion et de Banque Gonet, Genève - CH	29.72	29.93
Generale Bank & Co, Cologne - D	29.72	29.93
Generale Bank Nederland, Rotterdam - NL	29.72	29.93
Fimagest, Paris - F	24.39	24.39

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

Name, registered office and country	Percentage interest in	
	1997	1996
Fortis AG, Brussels - B	19.31	19.29
AG 1824, Brussels - B	9.65	9.64
Amev/YSB 1990, Utrecht - NL	9.65	9.64
CGER/ASLK Banque, Brussels - B	7.24	4.81
CGER/ASLK Assurances, Brussels - B	7.24	4.81
CI, Brussels - B	7.19	4.73
Caifor, Barcelona - E	4.83	4.82
AG 1990 NL, Utrecht - NL	19.31	19.29
Coficem, Paris - F	20.00	20.00
Sagem, Paris - F	8.24	8.15
Sat, Paris - F	6.49	6.14
Tractebel, Brussels - B	-	59.20
CIB, Brussels - B	14.97	18.11
Rineau, Nantes - F	-	57.38
Groupe Fabricom, Brussels - B	-	59.20
CPTE, Brussels - B	-	15.60
Coditel, Brussels - B	-	47.04
American Tractebel, New York - USA	-	36.21
Powerfin, Brussels - B	-	36.21
Distrigaz, Brussels - B	-	24.65
Electrabel, Brussels - B	-	17.38
Union Minière, Brussels - B	25.22	-
Union Minière France, Bagnolet - F	25.22	-
Union Minière SF, Brussels - B	25.01	-
Sogem, Brussels - B	25.14	-
Union Minière Mexico, Mexico City - MEX	13.47	-
Metalrame, Avellino - I	25.22	-
KMZM, Machelen - B	25.22	-
Asturienne Penamet, Pantin - F	25.21	-
Sibeka, Brussels - B	19.83	-

§ 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 1997, the full scope of consolidation of the Générale Group comprised : 291 fully consolidated companies, 35 proportionally consolidated companies and 1.361 companies included under the equity method. For the previous year, these figures were 202, 8 and 845 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 Communications 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, (in liquidation), 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 unconsolidated subsidiaries and companies not included under the equity method at subsidiary and sub-subsidiary level comprises 541 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 Communications Department of the Générale.

§ 2.5 Movements during the year

A. At the Générale:

Changes in the consolidation method:

At the end of September 1996 the Générale acquired a de jure controlling interest in Tractebel but for technical reasons it was not possible to include Tractebel on a full consolidation basis for the year ending 31 December 1996. The full consolidation method was applied to Tractebel with effect from 1 January 1997.

As stated in the Group's management report, in the Générale's own management report and in the notes to the non-consolidated accounts, in the middle of 1997 the Générale sold 6 million Union Minière shares, bringing its interest down to 25.22%. Following this sale, the Générale considers that it no longer holds a controlling interest in Union Minière. The membership of the Board of Directors has changed and directors representing the Générale no longer hold the majority of the seats. Union Minière has been classed as a company linked by a participating interest since 1 July 1997 and has been transferred from the heading "affiliated companies". Since this date it has been included in the accounts of the Générale under the equity method.

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

- Tractebel:
 - 37 inclusions, of which: Rosen, Dunamenti, Enersur, Electropacifico, Colbun, Tractebel Andes, United Waste, Lancashire Waste Services, Alvey Europe;
 - 13 exclusions, of which: Powerfin, CPTÉ, Coditel Suisse, Gaillet, Outillage Armor and CGTR.
- Recticel:
 - included: Greiner Schaumstoff, Greiner Schaumstofftechnik.
- Union Minière:
 - included: VM Zinc Denmark, VM Zinc Polska.
- Generale Bank:
 - included: Alpha Int. Investments, FP Consult and GPG.
 - excluded: the African subsidiaries of the Belgolaise.
- Fortis AG:
 - included: nearly 700 companies, including around one hundred belonging to the MeesPierson group;
 - excluded: around fifty companies.

§ 3 LIST OF THE MAIN NON-CONSOLIDATED COMPANIES IN WHICH THE GENERALE

HOLDS MORE THAN 10%

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

For Tractebel:
Petrofina and Stadtwerke Bremen

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 and valuation methods 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.

After the balance sheets and income statement 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 positive goodwill.

Conversion of assets and liabilities denominated in foreign currency

Assets and liabilities denominated in foreign currency are translated at the 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 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, a 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.

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 the economic activity.

At Electrabel stocks of fossil fuels are valued at the end of the month on the basis of a single average price according to a formula recommended by the Gas and Electricity Regulatory Committee.

At Synatom inward movements of stocks of nuclear fuels are valued at cost and outward movements are valued on the basis of the average cost of the stock per category of material, in accordance with rules approved by the Gas and Electricity Regulatory Committee.

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 "profit generated as work progresses".

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, which are calculated on the basis of the actuarial debt, except in the case of the electricity sector in Belgium where, under the prevailing regulations and agreements, pension charges are covered by the 'appropriation of the income' of the sector.

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. After offsetting these individual items, only the net balance of deferred tax liabilities and the net balance of tax refunds (where payment is certain) are carried in the balance sheet.

§ 5 5.1 Statement of intangible fixed assets

	Concessions, patents, trade licenses	Purchased goodwill	Software	Others intangible fixed assets	Advance payments	Total
A. Acquisition value						
• At the beginning of the financial year	435	1 214	837	10	47	2 543
• Movements						
- Changes in consolidation scope	(64)	1 402	(397)	2 399	0	3 340
- Acquisitions	67	274	138	676	42	1 197
- Own work capitalised	16	0	8	0	0	24
- Sales	(1)	(3)	(1)	(1)	(48)	(54)
- Retirals	(21)	(71)	(84)	(159)	0	(335)
- Transfers	(42)	2	47	0	0	7
- Translation differences	6	4	0	124	1	135
- Subtotal of movements	(39)	1 608	(289)	3 039	(5)	4 314
• At the end of the financial year	396	2 822	548	3 049	42	6 857

B. Depreciation and amounts written off

• At the beginning of the financial year	139	503	257	8		907
• Movements						
- Changes in consolidation scope	32	1 138	36	1 229		2 435
- Charge for year	39	176	98	437		750
- Amounts written back	0	0	1	0		1
- Sales	(1)	0	(1)	0		(2)
- Retirals	(21)	(71)	(84)	(159)		(335)
- Transfers	(20)	2	22	0		4
- Translation differences	1	0	0	45		46
- Subtotal of movements	30	1 245	72	1 552		2 899
• At the end of the financial year	169	1 748	329	1 560		3 806

C. Net book value

• At the beginning of the financial year	296	711	580	2	47	1 636
• At the end of the financial year	227	1 074	219	1 489	42	3 051

5.2 Statement of tangible fixed assets

	Land & 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	20 710	53 885	5 704	784	2 582	2 622	86 287
• Movements							
- Changes in consolidation scope	22 191	581 909	32 473	696	7 087	43 707	688 063
- Acquisitions	1 450	5 782	1 933	101	2 137	25 376	36 779
- Own work capitalised	39	336	1	0	2	3 775	4 153
- Contribution	2	0	0	0	(2)	0	0
- Sales	(765)	(1 831)	(941)	(11)	(53)	(17)	(3 618)
- Retirals	(194)	(413)	(1 179)	(13)	(76)	0	(1 875)
- Transfers	1 622	45 067	1 461	(85)	2 122	(45 908)	4 279
- Translation differences	237	4 799	81	10	901	(22)	6 006
- Subtotal of movements	24 582	635 649	33 829	698	12 118	26 911	733 787
• At the end of the financial year	45 292	689 534	39 533	1 482	14 700	29 533	820 074

B. Depreciation and amounts written off

• At the beginning of the financial year	10 915	38 856	4 136	275	2 130		56 312
• Movements							
- Changes in consolidation scope	2 413	368 599	25 203	586	906		397 707
- Charge for year	1 454	32 322	3 076	199	818		37 869
- Amounts written back	(9)	(10)	0	0	0		(19)
- Contribution	1	0	0	0	(1)		0
- Sales	(247)	(1 045)	(766)	(6)	(46)		(2 110)
- Retirals	(194)	(413)	(1 179)	(13)	(76)		(1 875)
- Transfers	(114)	4 656	(81)	(344)	94		4 211
- Translation differences	48	357	53	5	227		690
- Subtotal of movements	3 352	404 466	26 306	427	1 922		436 473
• At the end of the financial year	14 267	443 322	30 442	702	4 052		492 785

C. Net book value

• At the beginning of the financial year	9 795	15 029	1 568	509	452	2 622	29 975
• At the end of the financial year	31 025	246 212	9 091	780	10 648	29 533	327 289

5.3 Statement of financial fixed assets

A. Holdings included under the equity method

• Value at the beginning of the financial year	137 573
• Movements	
- Changes in consolidation scope	53 034
- Gains (losses) of interest	(2)
- Capital increases	5 544
- Capital repayment	(16)
- Dividends paid	(38 211)
- Profit (loss) for the financial year	42 436
- Acquisitions	111
- Disposals	(800)
- Other movements	116
- Translation differences	1 147
- Subtotal of movements	63 359
• Value at the end of the financial year	200 932

B. Unconsolidated shareholdings

	Acquisition value	Provisions
• Value at the beginning of the financial year	34 684	8 283
• Movements		
- Changes in consolidation scope	44 192	1 185
- Acquisitions	9 063	0
- Sales	(14 689)	(1 700)
- Provisions	0	688
- Amounts written back	0	(227)
- Translation differences	1 890	85
- Transfers and other movements	(1 007)	(1 358)
- Subtotal of movements	39 449	(1 327)
• At the end of the financial year	74 133	6 956
	Net book value	Market value
• At the beginning of the financial year	26 401	28 777
• At the end of the financial year	67 177	109 076

C. Amounts receivable

	Acquisition value	Provisions
• Value at the beginning of the financial year	4 846	1 051
• Movements		
- Changes in consolidation scope	370	(111)
- Additions and acquisitions	8 117	0
- Provisions and amounts written back	0	29
- Repayments and disposals	(451)	(65)
- Translation differences	244	25
- Cancellation	0	0
- Transfers and other movements	(481)	(2)
- Subtotal of movements	7 799	(124)
• At the end of the financial year	12 645	927
	Net book value	
• At the beginning of the financial year		3 795
• At the end of the financial year		11 718

§ 6 CHANGES IN SHAREHOLDER'S EQUITY

	Number of shares	Capital	Share premium account	Reserves	Negative goodwill	Translation differences	Total
• At 31 December 1996	70 601 069	58 928	42 167	65 742	2 028	(2 530)	166 335
• Movements							
- Translation differences						890	890
- Profit generated in 1997				19 326			19 326
- 1997 Dividends declared				(8 472)			(8 472)
• At 31 December 1997	70 601 069	58 928	42 167	76 596	2 028	(1 640)	178 079

N.B. When AG Group and AMEV formed an association in 1990 and set up the Fortis Group, Fortis adopted its own accounting procedures, which differ in several respects from those of the Générale. For example, Fortis deducts goodwill arising on acquisitions from capital and reserves, whereas the Générale carries such goodwill as assets and amortises it; at the end of each financial year Fortis revalues tangible and financial fixed assets, but the Générale does not. Under the Royal Decree of 6 March 1990, it is not compulsory to standardise the procedure for valuing the assets and liabilities of a company included under the equity method. However, if this is not done, this must be stated in the Notes.

In order to provide readers with an explanation of the differences between the figures for capital and reserves as published by Fortis AG and those used for consolidation purposes by the Générale, we give below the changes in these figures and an analysis of this difference in the course of 1997.

In 1990 the original net difference resulting from the above-mentioned association was BEF 13,679 million. Since then the Générale has booked changes to the capital and reserves it uses by including income and subtracting dividends. It should be noted that the Générale had allowed for the impact of the application by Fortis AG of article 17 of the 3rd European directive on life assurance (see the Générale's 1996 annual report, page 58).

	31/12/96	Changes in 1997	31/12/97
Capital and reserves of Fortis AG as published	102 913	42 570	145 483
Capital and reserves of Fortis AG as used by the Générale	100 131	28 917	129 048
Overall difference	2 782	13 653	16 435
Analysis:			
Original difference in 1990	13 679		13 679
Translation differences	(2 025)	2 670	645
Goodwill deducted from capital and reserves	(22 220)	(6 812)	(29 032)
Revaluation of assets	12 607	17 953	30 560
Other changes	741	(158)	583
Générale's share of overall difference (19.3%)	537	2 635	3 172

§ 7 STATEMENT OF GOODWILL ARISING ON CONSOLIDATION

Net book value	Goodwill	Negative goodwill
• At the beginning of the financial year	35 054	2 028
• Movements		
- Changes in consolidation scope	30 981	0
- Depreciation charge	(10 684)	0
- Interest gains and losses	(4 315)	0
- Acquisitions	2 201	0
- Disposals	(341)	0
- Translation differences	235	0
- Transfer to a different heading	(2 945)	0
- Other movements	(46)	0
- Subtotal of movements	15 086	0
• At the end of the financial year	50 140	2 028

§ 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	6 162	32	616	8 603	591	16 004
• Movements						
- Changes in consolidation scope	(3 766)	(15)	15 554	77 690	991	90 454
- Charges	4 260	1	4 552	22 267	377	31 457
- Amounts applied	(387)	0	(4 244)	(7 232)	(55)	(11 918)
- Amounts released	(8)	0	0	(709)	(511)	(1 228)
- Amounts transferred	206	(2)	0	707	0	911
- Translation differences	(4)	0	1	101	2	100
- Subtotal of movements	301	(16)	15 863	92 824	804	109 776
• At the end of the financial year	6 463	16	16 479	101 427	1 395	125 780

§ 9 STATEMENT OF DEBTS PAYABLE AFTER ONE YEAR

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	53	250	199	217	1 825	0	33	2 577
Unsubordinated debentures	13	13 069	868	1 000	12 604	0	0	27 554
Leasing and similar agreements	120	88	76	74	203	52	0	613
Loans from credit institutions	8 204	7 345	9 323	9 509	42 805	124	0	77 310
Other loans	22	981	124	1 246	16 503	0	0	18 876
Subtotal of financial debts	8 412	21 733	10 590	12 046	73 940	176	33	126 930
Trade debts	16	1	0	0	1	0	0	18
Advance payments on orders	1 037	225	41	0	10	0	0	1 313
Other debts*	498	538	263	234	13 905	0	13	15 451
Total	9 963	22 497	10 894	12 280	87 856	176	46	143 712

* Excluding capital subsidies of BEF 143 million.

§ 10 A. Average number of staff

1. Analysis by grade and geographical area

	Consolidated companies				Total
	Manual	Clerical	Managers	Executives	
Belgium	7 535	20 088	2 542	1 911	32 076
France	2 838	1 879	880	72	5 669
Rest of Europe	8 085	2 400	315	144	10 944
America	867	569	95	77	1 608
Asia	69	40	7	13	129
Total	19 394	24 976	3 839	2 217	50 426

2. Companies included under the equity method: 81,217 persons.

B. Reconciliation of theoretical and effective tax charge

Theoretical tax charge:	50,535 × 0.4017 =	20 300
Dividends from non-consolidated companies (income already taxed)		(489)
Transfers of capital gains to tax-free reserves		(6 229)
Use of deferred tax debits of previous financial years and recoverable tax losses		(1 158)
Effect of the financial year's losses		695
Foreign tax rate differences		(6)
Items taxed on other bases		(8 268)
Non-deductible depreciation		5 968
Deductions for investments		(21)
Miscellaneous deductions and adjustments		2 129
Effective tax charge as per the income statement		12 921

§ 11 RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

	1997	1996
Guarantees given by third parties on behalf of the Group	212	7 262
Guarantees given by the Group on behalf of third parties	90 087	5 809
Guarantees given by the Group on own property and on its own behalf	287	296
Guarantees received	6 290	570
Property and stocks held by third parties in their own name but at the Group's risk	3	4
Commitments to acquire/sell fixed assets*	113 560	101 938
Forward contracts:		
- Goods	8 724	18 076
- Currencies	15 028	39 004
- Options	0	9 516
- Swaps	71 433	34 407
- Other	0	641
Total	95 185	101 644
Third parties' goods and property held by the Group	0	5 304
Miscellaneous rights and commitments	0	2 434

* 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 - unit price divided by 5 since the Tractebel share split on 29 May 1997) 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, and a case brought by former PRB executives. In connection with this latter case, the Brussels Industrial Court has rejected the plaintiffs' appeal, thus confirming the initial ruling given. This case is now closed. An in-depth study on pollution at the Balen site has been accepted by the OVAM (Environment Authorities). Recticel is in the process of drawing up a rehabilitation project, which, if approved, could result in work starting in 1998. There were no changes in 1997 as regards the legal position of the dispute with the Belgian State concerning the demilitarisation of the Balen site. However, the demilitarisation work being carried out by a specialist company on behalf of the Belgian State and PRB has been completed. The company, Balim, now enjoys full rights of ownership on this 350 hectare site.

Plasteurop, Recticel's French sub-subsidiary, is faced with several claims regarding its polyurethane/polyester panels produced between 1990 and 1992. Legal proceedings have been instituted against the insurers, who are disputing their cover, and various assessments are currently being carried out. Although it is not possible at the present time to put a definite figure on the amount of damages claimed, Recticel believes that the damages which will eventually be awarded to the owners of the buildings in question should be covered in full by the insurers in the event of Plasteurop being found liable.

A dispute has been outstanding since 1997 between the Belgian National Pension Office (ONP) and the contractor and several of his sub-contractors, including Chamebel, regarding defects which have appeared in a curtain wall at the ONP headquarters in the Tour du Midi in Brussels. Chamebel was declared bankrupt in 1992, after numerous restructuring operations and changes of shareholders; as a result various companies, including Recticel, which was involved in the said operations now find themselves faced with this dispute.

Several companies belonging to the Union Minière group are faced with the problem of historical pollution at their sites. Union Minière has concluded

a 10-year framework agreement with the Flemish Regional Authorities on the rehabilitation of the sites located in Flanders. Union Minière France is still conducting negotiations with the DRIRE about the Calais and Aubry sites.

In its dispute with the Belgian National Social Security Office (ONSS) Electrabel has accepted a proposed transaction, the greater part of which is covered by existing provisions. The adjustments which might be required in respect of the contributions for the first half of 1995 would not involve a very significant amount if the solution adopted were similar to the above-mentioned transaction. After the ONSS file was closed, the tax authorities resumed their enquiries and sent demands for additional tax payments, most of which are contested by Electrabel. The nuclear risk justifies the allocation of the very substantial provisions carried in the balance sheet: these provisions have been set aside to cover the dismantling of power stations and the storage of waste. In 1997 Electrabel concluded an agreement with ONDRAF with a view to transferring the ownership of the radioactive waste to this organisation.

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. The 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 57.

§ 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

- Total fees and pensions paid to the Directors: BEF 135.1 million
- Number of registered Société Générale de Belgique shares held by the Directors: 412
- No Directors were involved in any of the extraordinary transactions effected by Société Générale de Belgique
- No loans were granted to, or guarantees issued in favour of, the Directors
- There are no plans to grant stock options to the Directors.

§ 14 ANALYSIS OF TURNOVER PER COUNTRY

In %	1997	1996
Belgium	74	45
France	7	15
Other countries of the E.U.	11	29
Other European countries	3	1
America	4	6
Asia	1	4
	100	100

§ 15 OTHER EXCEPTIONAL INCOME AND CHARGES

The other exceptional charges, totalling BEF 7,775 million, mainly comprise:

- the reversal of the goodwill on Tractebel booked as a charge by the Générale to allow for the dilution resulting from the Tractebel-Powerfin merger and transactions on Tractebel's own shares (BEF 4,403 million)
- part of the amount entailed by aligning Tractebel's valuation rules on those of the Générale (BEF 1,292 million)
- miscellaneous adjustments in the first half year pertaining to Union Minière's industrial plan (BEF 730 million).

The other exceptional income (BEF 501 million) comprises the capital gains booked by the Générale on the exchange bid made by Union Minière for Sibeka, on the Tractebel-Powerfin merger and on the Generale Bank capital increase.

**REPORT OF THE JOINT STATUTORY AUDITORS ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 1997 PRESENTED TO THE ANNUAL GENERAL MEETING OF SOCIETE GENERALE DE BELGIE S.A.**

(Free translation)

In accordance with legal and regulatory requirements, we have the honour to report on the conduct of the audit which was confided to us.

We have examined the consolidated accounts prepared under the responsibility of the Board of Directors, for the year ended 31 December 1997 which show total assets of BEF 914,118 million and a profit for the year then ended of BEF 19,326 million, group share. These accounts include several significant Belgian or foreign subsidiaries whose accounts have been examined by other auditors. For the purpose of our examination of the consolidated accounts we have obtained their opinions on the contribution of the subsidiaries in question to the consolidated accounts.

Unqualified opinion on the consolidated accounts

Our examination was made in accordance with the standards of the Belgian Institute of Auditors. These professional standards require that our examination be organised and conducted in such a way as to enable us to obtain reasonable assurance that the consolidated accounts are free from material misstatements taking account of the legal and regulatory requirements applicable to consolidated accounts in Belgium.

In accordance with the said standards, we have taken account of the administrative and accounting organisation of the group, as well as its internal control systems. We have obtained all the explanations and information necessary for our examination. We have examined the documentation supporting the amounts presented in the consolidated accounts on a test basis. We have considered the appropriateness of the accounting and consolidation policies and of significant accounting estimates made by the group, as well as the presentation of the consolidated accounts

taken as a whole. These procedures provide, in our opinion, a reasonable basis on which to express our opinion.

In our opinion, the consolidated accounts for the year ended 31 December 1997 give a true and fair view of the net worth, the financial position and the consolidated results of the group in accordance with the legal and regulatory requirements which govern them and the information given in the notes to the accounts is adequate.

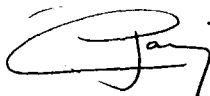
Additional attestations and information

- The Directors' Report contains the information required by law and is consistent with the consolidated accounts.

- We refer the reader to the company's comments on the accounts and to paragraph 2 of the notes to the accounts which explain the change in the consolidation method of Tractebel and the inclusion of 1996 pro forma accounts wherein Tractebel is fully consolidated. In these circumstances, the qualification we made in our report on the consolidated accounts for the year ended 31 December 1996 is no longer required in our report on the consolidated accounts of the year ended 31 December 1997.

27 March 1998.

The joint statutory auditors



DELOITTE & TOUCHE
Reviseurs d'Entreprises, SC C
Represented by Claude POURBAIX



PRICE WATERHOUSE
Reviseurs d'Entreprises, SC C
Represented by Robert PEIRCE

NON-CONSOLIDATED





The important transactions carried out during the financial year under review are closely linked to the acquisition in September 1996 of a majority interest (61.39%) in Tractebel following the purchase of the 24.6% shareholding in Tractebel from Electrafina and Royale Belge; this purchase was financed by means of bank loans.

Following the merger between Tractebel and its subsidiary Powerfin, which diluted the Générale's holding in Tractebel, the Générale acquired an additional 0.44% of Tractebel shares on the stock market in order to retain its *de jure* controlling interest.

The Générale carried out various important asset sales in order to reduce the bank debts contracted to finance the above-mentioned acquisition. It sold its entire holding in Accor for BEF 13.6 billion, which generated a profit of BEF 2.7 billion. This was followed by the sale of 6 million Union Minière shares for BEF 19.5 billion, resulting in a net capital gain of BEF 11.9 billion, and the sale of the 880,000 Arbed shares which had been transferred to current investments at the end of 1996. It also transferred BEF 3.6 billion of various participating interests to its subsidiary holding companies.

With a shareholding of 50.16% in Union Minière the Générale held a *de jure* controlling interest until the middle of 1997. The sale of 6 million Union Minière shares, coupled with the issue of new UM shares following the exchange of part of the Sibeka shares still held by the public, resulted in the Générale's holding being reduced to 25.22%. Consequently the Générale no longer controls the management of this group, it merely exerts a significant influence within the group.

In view of the healthy market performance of Arbed shares, subscribers of the bonds issued in June 1996 by GIF Luxembourg, decided to exchange all the bonds before 15 December 1997, the expiry date, for 550,000 Arbed shares. The remaining 330,000 shares carried under current investments were sold on the market. Arbed concluded a strategic alliance with the Spanish steelmaker, Aceralia, as part of the privatisation arrangements, making Aceralia its industrial partner. As a result, LGA, which was set up in 1993 for the purpose of finding an industrial partner for Arbed, was no longer justified. It was therefore liquidated and each of the shareholders recovered their basic input, i.e. 440,000 Arbed shares. These transactions generated nearly BEF 3.6 billion in liquid assets and a profit of BEF 101 million. As at 31 December 1997 the Générale held a 9.45% interest in Arbed and 10.38% of the voting rights.

The Générale subscribed an amount of BEF 3.5 billion to the capital increase of Fortis AG.

To mark its 175th anniversary the Générale organised and sponsored several events, which are described in more detail on pages 20 and 21.

Following the guidelines adopted last year, it continued its programme of adapting its software and administrative procedures in order to be able to use the euro for day-to-day management and accounting purposes as soon as the single European currency comes into force.

	1997	1996	1995	1994	1993
Results (millions of BEF)					
Net profit on ordinary activities	7 820	5 016	5 819	4 565	4 534
(of which dividends from investments)	(7 951)	(6 985)	(6 754)	(5 399)	(6 290)
Net exceptional profit	14 820	1 286	1 098	2 499	18 391
Net profit	22 640	6 302	6 917	7 064	22 925
Balance sheet (millions of BEF)					
Financial fixed assets of which:	166 911	180 557	152 721	148 359	132 476
Consolidated investments	97 560	39 041	54 650	53 538	49 517
Investments included under the equity method	61 819	122 274	66 034	60 700	54 385
Other investments	6 862	18 514	30 547	32 583	27 008
Book value of investments	166 241	179 829	151 230	146 821	130 911
Estimated value of investments (1)	320 600	282 104	219 141	196 634	195 002
Capital and reserves	146 670	132 574	134 531	135 872	136 958
Amounts payable after one year	541	38 541	578	615	653
Working capital	(18 745)	(9 384)	(16 972)	(10 434)	6 526
Number of shares issued and market capitalisation					
Shares outstanding as at 31 December	70 601 069	70 601 069	70 601 069	70 601 069	64 182 790
Shares calculated on full dividend entitlement basis	70 601 069	70 601 069	70 601 069	70 601 069	61 680 838
Market capitalisation at year end 31.12 (millions of BEF) (2)	239 338	175 797	173 679	152 498	169 443
Figures per ordinary share, adjusted (BEF)					
Net profit	321	89	98	100	336
Gross dividend	120	116	116	114	104
Net dividend	90	87	87	85	77
Capital and reserves	2 081	1 882	1 906	1 925	1 940
Market price: high	3 865	2 590	2 475	2 636	2 477
low	2 435	2 220	1 805	2 025	1 714
31.12	3 390	2 490	2 460	2 160	2 400
Ratios					
Return on equity: $\left(\frac{\text{Net profit}}{\text{Capital and reserves (3)}} \right)$	17.1%	4.7%	5.1%	5.2%	18.9%
Debt ratio (gearing): $\left(\frac{\text{Amounts payable after one year}}{\text{Capital and reserves}} \right)$	0.4%	29.0%	0.4%	0.5%	0.5%
Yield: $\left(\frac{\text{Gross dividend}}{\text{Year-end market price}} \right)$	3.5%	4.7%	4.7%	5.3%	4.3%
Market return: $\left(\frac{\text{Price variation} + \text{Gross dividend}}{\text{Year-end market price}} \right)$	30.0%	6.0%	20.0%	(6.3%)	46.3%

(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.

DIVIDEND DISTRIBUTION

If the Annual General Meeting approves the proposed appropriation of profit, a gross dividend of BEF 120, i.e. BEF 90 net, compared with BEF 116 and 87 respectively in 1996, will be paid to the holders of the 70,601,069 ordinary shares against coupon No. 41 with effect from 27 May 1998. Shareholders who present coupon No. 41 from ordinary shares together with coupon No. 41 from the VVPR strip will receive a net dividend of BEF 102 owing to the reduced rate of withholding tax (15% instead of 25%).

FINANCIAL POSITION AND RESULTS FOR THE YEAR

The **profit for the year** stands at BEF 22,640 million in 1997, against BEF 6,302 million for the previous year. As can be seen from the analysis below, both the profit on ordinary activities and the exceptional profit registered an improvement.

Profit	1997	1996	change
Profit on ordinary activities	7 820	5 016	+2 804
Exceptional profit	14 820	1 286	+13 534
Net profit	22 640	6 302	+16 338

The increase in the profit on ordinary activities in 1997 contrasts sharply with the decrease registered in 1996, as can be seen from the comparative table on page 69. The **profit on ordinary activities** for the last two financial years was heavily influenced, positively in 1997 and negatively in 1996, by several non-recurrent transactions.

Dividends are the most significant component of ordinary income and charges. Dividend income from financial fixed assets increased from BEF 6,985 to 7,950 million. The overall BEF 965 million increase is mainly due to the improvement in dividend income from Tractebel (BEF 1,824 million), Generale Bank (BEF 290 million) and Fortis AG (BEF 183 million), which was partly counteracted by the lower dividends received from other shareholdings. In the case of Tractebel, the dividend per share increased by 4%, but it is essentially the purchase of an additional 24.6% interest in Tractebel in September 1996 which boosted the dividend income from this investment from BEF 1,878 to 3,702 million. The increase in the amount received from Generale Bank is due to the 439,402 new shares subscribed in October 1996 rather than the increase in the dividend paid per share, the opposite applies in the case of Fortis AG.

Owing to the sale of the interest held in Accor in February 1997 and the Elf shareholding in October and December 1996, the Générale did not receive a dividend; in 1996 it had received BEF 377 and 241 million respectively from these two investments. The "Générale" Coordination Centre paid a dividend of BEF 107 million in 1997, i.e. BEF 491 million less than in 1996, and Tanks did not repeat the BEF 175 million dividend payment made in 1996. Arbed declared a dividend per share of LUF 36 against LUF 63 in 1996; this reduction, coupled with the transfer of 880,000 shares from financial fixed assets in 1996 to current investments, resulted in a BEF 69 million decrease in the income from this investment.

Overall, other **financial income** improved by BEF 1,783 million, moving from a negative balance of BEF 1,062 million to a positive balance of BEF 721 million. The negative balance of interest received and interest paid increased by BEF 103 million to BEF 841 million: although the net debt position at the end of 1997 was much lower than at the end of the previous financial year, the net interest charges on the debts in question were much higher in the first half of 1997 than in the last quarter of 1996 (see comments on the balance sheet items and debts below). The most significant items included under other income and charges were the restatement of amounts written off (BEF 287 million) and capital gains realised on current assets (BEF 1,178 million). These two items include BEF 264 and 870 million respectively on the sale of 880,000 Arbed shares in 1997; in 1996 the value of these shares had been written down by BEF 577 million after they were transferred to current investments. Although these transactions are non-recurrent, they nonetheless had an impact on the ordinary profit for the two financial years owing to the headings under which these assets were carried in the accounts. The accounts show a BEF 50 million negative balance of exchange gains and losses for 1997, compared with the BEF 100 million positive balance for 1996.

Disregarding the non-recurrent expenses incurred in respect of the company's 175th anniversary and to prepare for the introduction of the euro, **overheads** remained stable overall.

The **exceptional profit** is several times higher than that of the past three years (see table on page 69) and is close to that realised in 1993, the year the CBR shares were sold.

By far the most important component item of the **exceptional income** is the **gains on disposals of financial fixed assets** (BEF 17,688 million); these include the capital gains realised on the sale of 6 million Union Minière shares (BEF 14,732 million), on the sale of nearly 3 million Accor shares (BEF 1,899 million) and 76,539 Fortis AG shares (BEF 358 million). The intra-Group sales of 5,160,191 Recticel shares to CEDEE and 388,752 GIF Luxembourg shares to Sogenbel generated capital gains of BEF 625 and 358 million respectively. **Restatements of amounts written off** were booked on the above-mentioned sales of Accor and Recticel shares (BEF 796 and 128 million) as well as on the occasion of the year-end valuation of the interests held in CEDEE, Sogenbel and GIF Curaçao (BEF 482, 112 and 80 million respectively). The BEF 805 million **loss on disposals of financial fixed assets** is due to the liquidation of LGA, and **amounts** of BEF 2,500 and 206 million were **written off** the holdings in Union Minière and Union Seas. After a long stagnant period, various complex risks, which could have a significant impact but which are difficult to quantify, were once again included in 1997; although none of these risks could be considered imminent, they are, nonetheless, no longer of negligible importance; the Board therefore deemed it prudent to **charge** a total of BEF 1 billion for **provisions**.

BALANCE SHEET

The active debt reduction policy implemented in the course of the year resulted in **total assets** decreasing by BEF 21 billion; it should be remembered that in 1996 total assets increased by BEF 35 billion following the additional interest acquired in Tractebel. The most significant change in the main balance sheet headings this year is the BEF 36 billion reduction in debts.

Participating interests carried under financial fixed assets decreased by BEF 13,588 million, from BEF 179,829 to 166,241 million, as a result of the following changes: acquisitions amounting to BEF 8,066 million, disposals, expressed in terms of their cost, of BEF 21,724 million, transfers and

other changes totalling BEF 1,062 million; a total of BEF 2,706 million was charged to cover amounts written off and BEF 3,838 million was booked by way of restatements and releases. After acquiring from CEDEE 60,632 Union Minière ordinary shares and 842,724 Union Minière VVPR shares, the Générale sold 6,000,000 Union Minière ordinary shares to a consortium of banks, which would subsequently place them with institutional investors. After selling nearly 2.9 million Accor shares to SBC Warburg in February, the Générale sold the remainder of its holding in Accor, 100,000 shares, on the stock market; it disposed of 76,539 Fortis AG shares in the same way. These sales to third parties generated a total of BEF 33.6 billion, which was used to reduce the bank loans contracted to finance the acquisition of a 24.6% interest in Tractebel in September 1996. The Générale sold a 25% interest in Recticel to CEDEE in September. In December it acquired 900 of the 1,000 Sogenbel shares held by GIF Luxembourg and sold to Sogenbel practically all the GIF Luxembourg shares which it held itself; it then subscribed the full amount of Sogenbel's BEF 200 million capital increase. Union Seas repaid part of its capital (BEF 320 million). These transactions effected by the Générale with its subsidiary holding companies improved its cash position by BEF 3.6 billion. Following the Tractebel/Powerfin merger, Tractebel shares were divided by 5; in order to limit the dilution of its shareholding resulting from this merger, the Générale purchased 238,330 Tractebel shares and 81,000 Powerfin shares on the stock market and acquired 19,999 Tractebel shares from Sogenbel for a total amount of BEF 1,175 million. Following the final liquidation of LGA, the Générale's contribution of 440,000 Arbed shares made when LGA was founded in 1993 were returned to the Générale's portfolio; this liquidation generated a loss of BEF 805 million. On the occasion of Fortis AG's capital increase in February 1997, the Générale subscribed 612,974 shares; in December it subscribed a further 162,864 shares by means of taking up warrants. Various amounts were written off at the end of the year on certain blocks of Union Minière shares (BEF 2,500 million), on the interest held in Union Seas (BEF 206 million); restatements of amounts written off totalling BEF 674 million were booked on various subsidiary holding companies. As the Générale no longer held the majority of the rights in Union Minière, this company was transferred from the financial fixed assets heading 'affiliated companies' to 'companies linked by participating interests'.

The main changes in the portfolio were as follows:

Inward movements

Subscription :

775,838	Fortis AG ordinary shares
300	IT Partners A shares
199	Hypo-G shares

Purchase:

258,329	Tractebel shares
81,000	Powerfin shares
18,480	Sogenbel shares
60,632	Union Minière ordinary shares
842,724	Union Minière VVPR shares

Distribution following liquidation:

440,000	Arbed shares
---------	--------------

Share split and exchange:

28,984,568	new Tractebel shares
------------	----------------------

Transfer from current investments:

42,650	Union Minière ordinary shares
15,933	Finoutremer shares

Outward movements

Sale:

6,862,589	Recticel shares
6,000,000	Union Minière ordinary shares
2,988,582	Accor shares
76,539	Fortis AG ordinary shares
389,000	GIF Luxembourg shares
181	Sybetra preference shares

Exchange:

81,000	Powerfin shares
--------	-----------------

At the end of the previous financial year **current investments** had increased to an exceptional extent owing to 880,000 Arbed shares, which were scheduled for disposal, being transferred to this heading and to a temporary cash surplus resulting from the management of bank loans contracted to acquire the 24.6% interest in Tractebel in September 1996. At the end of 1997 current investments had fallen from BEF 8.3 to 0.5 billion, comparable to the pre-1996 level.

As already indicated in the previous year's annual report, the 25,700 **own shares** acquired in 1996 for an amount of BEF 20 million were sold on the stock market, at a capital gain of BEF 11 million. From a total of BEF 2,879 million at 31 December 1996 **shares** fell back to BEF 177 million, mainly due to

the disposal of the above-mentioned Arbed shares, with 550,000 shares being exchanged for the bonds issued by GIF Luxembourg, which matured on 15 December 1997, and the remainder, 330,000 shares, being gradually sold on the stock market; these sales generated a profit of BEF 1,134 million. The healthy performance of the stock market in 1997 encouraged the managers of this portfolio to realise more positions in 1997 than in previous years and so reduced the volume of the portfolio.

Term deposits amounted to BEF 5,415 million at the end of 1996; this exceptional, temporary balance of surplus cash was used to reduce financial debts payable within one year on the first repayment date in 1997.

Shareholder's equity increased by nearly 11% to BEF 146.7 billion, after BEF 14,081 million was transferred to reserves. Of this amount, BEF 1,111 million, i.e. the gains on the above-mentioned intra-Group sales, which are considered unavailable as long as the assets sold remain the property of the Group, were allocated to the unavailable reserve. At the end of 1996 there was an unavailable reserve of BEF 60 million, which corresponded to the cost price of the 25,700 own shares; following the sale of these shares in February 1997, the reserve for own shares was cancelled.

Provisions for liabilities and charges stood at BEF 1,559 million, i.e. BEF 837 million more than at the end of the previous year, reflecting the BEF 1,148 million charged (see comments above on income for the year), the BEF 225 million applied and the BEF 86 million released.

The asset sales described in detail above made it possible to repay BEF 38 billion of **amounts payable after one year** which were owed to credit institutions as a result of the syndicated loans taken out to acquire the 24.6% interest in Tractebel in September 1996, as well as BEF 6 billion as part of the same fixed-term bank loans carried under **amounts payable within one year**. A sub-item "other amounts payable" increased by more than BEF 8 billion owing to a larger loan being contracted with the "Générale" Coordination Centre.

ASSETS

(THOUSANDS OF BEF)

	1997	1996
FIXED ASSETS	166 976 501	180 620 673
Tangible assets	65 274	63 987
Furniture and vehicles	65 274	63 987
Financial assets	166 911 227	180 556 686
Affiliated companies	98 589 767	114 830 275
Shares	98 069 434	114 294 936
Amounts receivable	520 333	535 339
Other companies linked by participating interests	65 396 459	60 081 469
Shares	65 396 459	60 081 469
Other financial assets	2 925 001	5 644 942
Shares	2 774 854	5 452 194
Amounts receivable and cash guarantees	150 147	192 748
CURRENT ASSETS	2 464 424	9 919 073
Amounts receivable after one year	807 262	700 517
Other amounts receivable	807 262	700 517
Amounts receivable within one year	1 004 935	752 903
Trade debtors	143 454	48 842
Other amounts receivable	861 481	704 061
Current investments	516 905	8 354 321
Own shares	0	60 156
Other investments and deposits	516 905	8 294 165
Cash at bank and in hand	74 029	74 213
Deferred charges and accrued income	61 293	37 119
TOTAL ASSETS	169 440 925	190 539 746

LIABILITIES

(THOUSANDS OF BEF)

	1997	1996
CAPITAL AND RESERVES	146 670 394	132 573 680
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	44 953 581	30 873 008
Legal reserves	5 892 852	5 892 852
Capital reserves	1 110 729	60 156
1. For own shares	0	60 156
2. Others	1 110 729	0
Untaxed reserves	4 870 000	4 870 000
Available reserves	33 080 000	20 050 000
Profit carried forward	38 729	22 588
PROVISIONS FOR LIABILITIES AND DEFERRED TAXATION	1 559 329	722 464
Provisions for liabilities and charges	1 559 329	722 464
Other liabilities and charges	1 559 329	722 464
CREDITORS	21 211 202	57 243 602
Amounts payable after one year	541 137	38 541 137
Financial debts	400 000	38 400 000
Unsubordinated debentures	400 000	400 000
Other loans	0	38 000 000
Other amounts payable	141 137	141 137
Amounts payable within one year	20 421 489	18 115 547
Current portion of amounts payable after one year	0	36 711
Financial debts	3 152	6 000 018
Credit institutions	3 152	6 000 018
Trade debts	148 256	143 775
Suppliers	148 256	143 775
Taxes, remuneration and social security	203 471	169 035
Taxes	111 291	82 074
Remuneration and social security	92 180	86 961
Other amounts payable	20 066 610	11 766 008
Accrued charges and deferred income	248 576	586 918
TOTAL LIABILITIES	169 440 925	190 539 746

CHARGES

(THOUSANDS OF BEF)

	1997	1996
Interest and similar charges	1 190 543	1 028 577
Other financial charges	443 874	190 247
Services and other goods	556 448	408 423
Remuneration, social security costs and pensions	355 676	302 845
Other operating charges	77 386	97 393
Depreciation and amounts written off formation expenses, intangible and tangible fixed assets	21 782	22 009
Amounts written off	2 721 453	1 260 694
financial fixed assets	2 705 899	571 027
current assets	15 554	689 667
Provisions for liabilities and charges	923 365	163 693
Loss on disposal	809 283	371 922
of tangible and intangible fixed assets	143	113
of financial fixed assets	805 337	349 284
of current assets	3 803	22 525
Exceptional charges	92 429	97 154
Taxes	40 489	20 000
Profit for the year	22 640 132	6 302 199
TOTAL CHARGES	29 872 860	10 265 156
Profit for the year available for appropriation	22 640 132	6 302 199

APPROPRIATION ACCOUNTS

(THOUSANDS OF BEF)

Transfer to reserves	14 080 573	0
To the legal reserve	0	0
To other reserves	14 080 573	0
Result to be carried forward	38 729	22 588
Profit to be carried forward	38 729	22 588
Distribution of profit	8 543 418	8 259 034
Dividends	8 472 128	8 189 724
Directors' entitlements	47 992	46 012
Other appropriations : Patronage Fund	23 298	23 298

INCOME

(THOUSANDS OF BEF)

	1997	1996
Income from financial fixed assets	7 989 062	7 058 748
Dividends	7 950 874	6 985 376
Interest	38 188	73 372
Income from current assets	331 395	207 283
Other financial income	502 081	397 159
Income from services rendered	123 387	101 030
Other operating income	60 538	62 193
Reinstatement of amounts written off	1 899 151	529 568
financial fixed assets	1 611 735	473 692
current assets	287 416	55 876
Release of provisions for liabilities and charges	86 500	727 404
Gains on disposal	18 868 397	1 114 406
of tangible and intangible fixed assets	2 943	451
of financial fixed assets	17 687 591	941 262
of current assets	1 177 863	172 693
Exceptional income	1 408	67 365
Adjustment of income taxes and release of tax provisions	10 941	0
TOTAL INCOME	29 872 860	10 265 156
Transfer from untaxed reserves	0	0

APPROPRIATION ACCOUNTS

(THOUSANDS OF BEF)

Profit to be appropriated	22 662 720	6 341 779
Profit for the year available for appropriation	22 640 132	6 302 199
Profit brought forward	22 588	39 580
Transfer from capital and reserves	0	1 939 843
Transfer from available reserves	0	1 939 843

III. STATEMENT OF TANGIBLE FIXED ASSETS

(THOUSANDS OF BEF)

	Furniture and vehicles
a. Acquisition cost	
As at the end of the previous financial year	134 436
Movements during the year:	
Acquisitions including own work capitalised	24 423
Sales and disposals	(25 623)
At year end	133 236
c. Depreciation and amounts written off	
At the end of the previous financial year	70 449
Movements during the year:	
Charge for the year	21 782
Cancelled following sales and disposals	(24 269)
At year end	67 962
d. Net book value at the year end (a) - (c)	65 274

IV. STATEMENT OF FINANCIAL FIXED ASSETS

(THOUSANDS OF BEF)

	Affiliated companies	Companies Linked by a participating interest	Others
1. Shares			
a. Acquisition cost			
At the end of the previous financial year	124 157 083	61 668 159	5 900 401
Movements during the year:			
Acquisitions	4 356 600	5 644 552	300 497
Sales and disposals	(9 511 639)	(12 531 917)	(2 752 837)
Transfers to a different heading	(13 220 633)	13 220 633	0
At year end	105 781 411	68 001 427	3 448 061
c. Amounts written off			
At the end of the previous financial year	9 862 147	1 511 690	448 207
Movements during the year:			
Charge for the year	205 898	2 500 001	0
Excess written back	(801 022)	(795 711)	0
Cancelled following sales and disposals	(1 555 046)	(686 012)	0
At year end	7 711 977	2 529 968	448 207
d. Uncalled amounts			
At the end of the previous year	0	75 000	0
Movements during the year	0	0	225 000
At year end	0	75 000	225 000
Net book value at year end (a) - (c) - (d)	98 069 434	65 396 459	2 774 854
2. Amounts receivable			
Net book value at the end of the previous year	535 339	0	192 748
Movements during the year:			
Additions	0	0	15 877
Reimbursements	(15 693)	0	(73 571)
Amounts written back	0	0	15 002
Translation differences	687	0	91
Net book value at year end	520 333	0	150 147
Accumulated amounts written off at year end	310 000	0	0

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 (x 1,000)	Net result
		Number	%	%				
Belgatel (in liq.), Brussels VAT 430-510-348	ord.	2 140 000	100.00		31.12.96	BEF	65 430	1 931
"CEDEE" Compagnie Européenne pour le Développement Electrique et Electronique, Brussels VAT 427-337-062	ord.	312 656	99.99	0.01	15.12.97	BEF	2 562 129	1 082 656
Centre de Coordination "Générale", Brussels VAT 427-646-274	ord.	1 699 977	100.00		31.12.97	BEF	8 184 164	191 604
CIG-Intersys Group, Brussels VAT 434-292-952	ord.	605 000	55.00		31.12.97	BEF	27 541	393
De Coene (in liq.), Courtrai VAT 405-327-861	ord.	81 250	22.39	77.26	31.12.97	BEF	(652 056)	(63)
"Finoutremer" Compagnie Financière Européenne et d'Outre-Mer, Brussels VAT 403-227-218	ord.	721 126	56.41		31.12.97	BEF	4 974 400	504 646
Genfina, Brussels VAT 435-084-986	ord.	3 660	60.00	40.00	30.06.97	BEF	6 283 583	540 749
"GIF", Curaçao, Neth. Antilles	ord.	4 013	100.00		31.12.97	NLG	130 052	4 704
"GIF", Luxembourg	ord.	1 000	0.25	99.75	31.12.97	BEF	809 586	8 032
"GIF", Rotterdam, Netherlands	ord.	10 000	100.00		31.12.97	NLG	769	2 762
Recticel, Brussels VAT 405-666-668	ord. priv. VVPR	5 832 546 6 455 389 40 569		24.99	31.12.97	BEF	7 150 854	305 385
Société Espace Léopold, Brussels VAT 435-890-977	"A" share	3 320	16.60	33.40	31.12.96	BEF	282 809	49 510
Société d'investissement du Bassin Liégeois, Liège VAT 450-953-889	ord. founder's shares	41 599 0 41 599	100.00 50.00		31.12.96	BEF	419 556	(1 582)
Société Générale de Belgique, Japan C° Ltd (in liq.), Tokyo, Japan	ord.	500	100.00		31.12.97	JPY	15 048	(23 537)
Sogenbel, Brussels VAT 436-443-877	ord.	49 980	99.98	0.02	30.06.97	BEF	230 987	(956)
"TCI" Tanks Consolidated Investments Nassau, Bahamas	Cat. B	255 000 000	100.00		31.12.97	BEF	250 200	(21 360)
Tractebel, Brussels VAT 403-239-886	ord.	36 455 289	43.15	7.56	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		31.12.97	BEF	(239 766)	(6 815)
Union Seas Inc., Baltimore, USA	ord.	18 395	100.00		31.12.97	USD	479	(2 693)

V. INVESTMENTS AND SHAREHOLDINGS IN OTHER COMPANIES (continued)

Name and Registered Office	Class of share	Shares held		Through subsidiaries %	Financial information as per the latest available annual accounts			
		Directly			Financial year end	Currency	Capital and reserves (x 1,000)	Net result
		Number	%					
B. Holdings in other companies linked by participating interests								
ARBED, Luxembourg	ord.	926 297	9.45		31.12.97	LUF	56 962 000	2 712 000
"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	31.12.97	BEF	563 776	39 945
Coficem, Paris, France	ord.	787 324	20.00		31.12.96	FRF	629 679	29 469
Fortis AG, Brussels VAT 403-249-586	ord.	8 099 820	19.31		31.12.97	BEF	125 886 334	3 771 116
Generale Bank, Brussels VAT 403-199-702	ord.	4 833 410	29.24	0.34	31.12.97	BEF	103 213 571	10 553 036
"SPE" Sociedade Portuguesa de Empreendimentos, Lisbon, Portugal	ord. PTE 1000	85 907	1.72	0.87	31.12.96	PTE	52 863	695 658
Union Minière, Brussels VAT 401-574-852	ord. VVPR	4 652 366 1 806 204	25.22		31.12.97	BEF	34 821 599	3 547 373

C. Other significant shareholdings

Amorim Investimentos E Participacoes Lourosa, Portugal	ord. PTE 1000	3 865 788	7.93		31.12.96	PTE	71 877 678	21 202 375
Brussels Airport Terminal Cy, Brussels VAT 433-137-365	ord.	52 501	6.56		31.12.96	BEF	4 006 745	843 737
Fibelpar, Charleroi VAT 414-752-204	ord. VVPR	6 780 430 441 654						
	priv.	5 493	5.51	11.81	30.06.97	BEF	29 501 275	3 641 545
Flanders Expo, Ghent VAT 427-328-649	ord.	100	1.32	3.95	31.12.96	BEF	882 510	57 471
IT Partners	ord.	300	10.62					
Nivelinvest, Court-Saint-Etienne VAT 430-636-943	ord. "B"	3 000	10.00	6.67	30.06.97	BEF	109 112	43 661
Sambrinvest, Charleroi VAT 427-908-867	ord. "B"	1 500	7.50	7.50	30.06.97	BEF	314 833	27 352
Siparex Participations, Fribourg, Switzerland	ord. "A"	5 990	1.86		31.03.97	CHF	6 639	194

VI. CURRENT INVESTMENTS, OTHER CURRENT INVESTMENTS AND DEPOSITS

(THOUSANDS OF BEF)

	Current year	Previous year
Shares	176 905	2 878 701
Book value grossed up by amount uncalled	178 505	2 880 301
Uncalled amount	(1 600)	(1 600)
Term deposits with credit institutions with a residual term or notice period:	340 000	5 415 464
• one month or less	340 000	5 415 464

VII. DEFERRED CHARGES AND ACCRUED INCOME

(THOUSANDS OF BEF)

	Current year
Deferred charges	2 451
Accrued income	58 842

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		52 810 116
Bearer shares		17 790 953

	Amount of capital held (THOUSANDS OF BEF)	Corresponding number of shares
C. Own shares held by:		
• the company itself	0	0
• 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	46 247
Provisions for various risks	1 513 082

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			
Financial debts			
2. Unsubordinated debentures	0	400 000	0
Other amounts payable	0	0	141 137
Total	0	400 000	141 137

Current year

C. Taxes, remuneration and social security

1. Taxes

b) Taxes not yet due	51 291
c) Estimated taxes due	60 000

2. Remuneration and social security

b) Other amounts due in respect of remuneration and social security	92 180
---	--------

XI. ACCRUED CHARGES AND DEFERRED INCOME

(THOUSANDS OF BEF)

Current year

Accrued charges	32 310
Accrued interest	51 271
Income to be carried forward	164 995

XII. OPERATING RESULTS

(THOUSANDS OF BEF, EXCEPT C.1. AND G.2. a & b)

	Current year	Previous year
C.1. Employees included on the staff register		
a) Total number at year end	86	88
b) Average number of staff in full time equivalent	85.1	84.7
c) Effective number of hours worked	129 450	139 232
C.2. Personnel charges		
a) Wages, salaries and direct benefits	240 567	190 138
b) Employer's social security contributions	76 503	74 609
c) Employer's premiums for non-statutory insurance	26 823	26 615
d) Other personnel charges	6 802	5 557
e) Pensions	4 981	5 926
E. Provisions for liabilities and charges		
Charged	81 000	220 000
Applied and released	(86 616)	0
F. Other operating charges		
Duties and other taxes relating to operating activities	77 386	97 393
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	0.1	0.1
b. Effective number of hours worked	262	67
c. Cost to the company	206	46

XIII. FINANCIAL RESULTS

(THOUSANDS OF BEF)

	Current year	Previous year
A. Other financial income		
Exchange gains	20 601	58 015
Translation differences on foreign currencies	89	109 339
Interest and premiums on financial instruments	418 200	146 770
Commissions and miscellaneous proceeds	63 192	83 035
C. Amounts written off current assets		
Charge for the year	15 554	689 666
Amounts released	(287 416)	(55 875)
D. Other financial charges		
Financial provisions		
• Charged	9 124	54 551
• Applied and released	(46 730)	(16 945)
Exchange gains	64 610	62 512
Foreign exchange conversion differences	6 387	4 998
Interest and premiums on financial instruments	320 031	53 586
Commissions and other charges	52 845	69 452

XV. INCOME TAXES

(THOUSANDS OF BEF)

	Current year
A.1. Income taxes for the current year	40 489
a) Taxes and withholding taxes due or paid	270 343
b) Excess income tax prepayments and withholding taxes included in assets	(269 854)
c) Estimated additional tax (booked to liability heading 450/3)	40 000
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	7 034 000
Amounts written off and capital losses on non-tax deductible shares	3 515 000
Capital gains and reinstatement of amounts written off on tax-free shares	20 298 000
Taxable provisions and miscellaneous non-tax deductible expenditures	927 000

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)	7 379	24 819
2. by the company	35 501	44 923
B. Amounts deducted from third parties for:		
1. Withholding tax on salaries	141 300	125 796
2. Withholding tax on investment income	832 132	919 599

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	1 079 551

Significant commitments to purchase fixed assets

Various put options granted

97 260 403

The warrants in question are Tractebel put warrants (see comments in §11 of the Notes to the consolidated accounts)

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.

As at 31 December 1997, swaps contracts amounted to :

9 427 875

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.

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	98 589 767	114 830 275	65 396 459	60 081 469
shareholdings	98 069 434	114 294 936	65 396 459	60 081 469
other amounts receivable	520 333	535 339	0	0
2. Amounts receivable	68 210	49 203	178 383	226 783
after one year	0	0	5 425	5 425
within one year	68 210	49 203	172 958	221 358
3. Current investments	0	75 781		
shares	0	75 781		
4. Amounts payable	11 531 573	3 321 350	36 193	55 944
after one year	136 843	136 843	0	0
within one year	11 394 730	3 184 507	36 193	55 944
5. Real or personal guarantees given or irrevocably promised by the company as security for subsidiary companies' debts and commitments	9 474	3 211 781		
7. Financial results				
Income				
from financial fixed assets	4 296 518	3 118 974		
from current assets	121 096	9 848		
other financial income	64 900	8 906		
Charges				
interest and other debt charges	463 691	555 579		
other financial charges	534	1 015		
8. Disposal of fixed assets				
gains realised	1 110 729	0		

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	91 757

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 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 valued 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

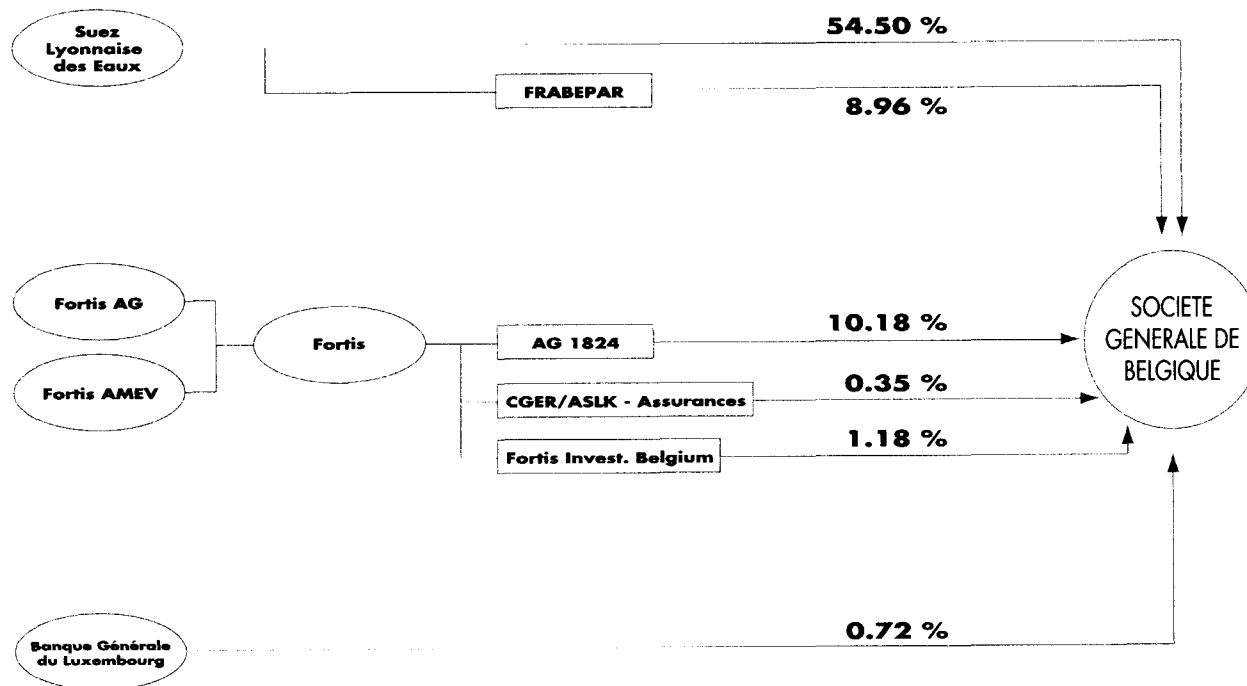
The annual fees paid to the Auditors amount to BEF 8 500 000 divided equally between the two Auditors.

During the 1997 financial year Société Générale de Belgique gave various special assignments to its Auditors.

The fees paid for these special assignments amount to:

BEF 205 380 for Price Waterhouse, SC C
Company Auditors.

XXII. SIGNIFICANT SHAREHOLDINGS IN SOCIETE GENERALE DE BELGIQUE AS AT 31 DECEMBER 1997



				Date of last statement received art. 4 § 2 Law of 2/3/1989	Number of shares	% (*)
Name of direct shareholders :						
Groupe SUEZ LYONNAISE DES EAUX:					44 202 052	62.61%
Compagnie de Suez SA, merged with Lyonnaise des Eaux in June 1997	1, rue d'Astorg	F-75008 PARIS	12.07.96	37 876 242	53.65%	
FRABEPAR SA	rue Blanche, 27	B-1060 BRUSSELS	12.07.96	6 325 704	8.96%	
SEGT SA	4, place des Saussaies	F-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. Jacquain, 53	B-1000 BRUSSELS	08.04.91	7 560 180	11.77%	
• SODINVEST SA	rue du Pont-Neuf, 17	B-1000 BRUSSELS	08.04.91	5	p.m.	
• G. SIMONS & Cie NV	Suikerrui 5 - Bus I	B-2000 ANTWERP	08.04.91	825	p.m.	
• AMEV Levensverzekering NV	Archimedeslaan 10	NL-3500 HB UTRECHT	08.04.91	9 200	0.01%	
• AMEV Levensverzekeringen NV	rue de la Loi, 13	B-1000 BRUSSELS	08.04.91	5 600	0.01%	
Luxembourg Syndicate :					1 800 000	2.80%
• ARBED SA	19, avenue de la Liberté	L-2930 LUXEMBOURG	08.04.91	652 500	1.02%	
• Banque Générale du Luxembourg SA	14, rue Aldringen	L-1906 LUXEMBOURG	08.04.91	465 000	0.72%	
• SIDARFIN NV	Kouter, 188	B-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 1997 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 1997 (see page 85) 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 Suez Lyonnaise des Eaux, 72 Avenue de la Liberté, F-92753 Nanterre Cedex (France).

A copy of this company's consolidated accounts may be obtained from its registered office.

**REPORT OF THE JOINT STATUTORY AUDITORS ON THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997
PRESENTED TO THE ANNUAL GENERAL MEETING OF SOCIETE GENERALE DE BELGIQUE S.A.**

(Free translation)

In accordance with legal and regulatory requirements, we have the honour to report on the conduct of the audit which was confided to us.

We have examined the annual accounts prepared under the responsibility of the Board of Directors, for the year ended 31 December 1997 which show total assets of BEF 169,441 million and a profit for the year then ended of BEF 22,640 million. We have also satisfied ourselves as to those additional specific matters required by law.

Unqualified opinion on the annual accounts

Our examination was made in accordance with the standards of the Belgian Institute of Auditors. These professional standards require that our examination be organised and conducted in such a way as to enable us to obtain reasonable assurance that the annual accounts are free from material misstatement taking account of the legal and regulatory requirements applicable to annual accounts in Belgium.

In accordance with the said standards, we have taken account of the administrative and accounting organisation of the company, as well as its internal control systems. The officers of the company have provided clear replies to our requests for explanation and information. We have examined the documentation supporting the amounts presented in the annual accounts on a test basis. We have considered the appropriateness of the accounting policies and of significant accounting estimates made by the company, as well as the presentation of the annual accounts taken as a whole. These procedures provide, in our opinion, a reasonable basis on which to express our opinion.

In our opinion, taking account of the legal and regulatory requirements which govern them, the

annual accounts for the year ended 31 December 1997 give a true and fair view of the net worth, the financial position and the results of the company and the information given in the notes to the accounts is adequate.

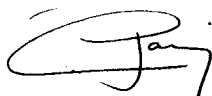
Additional attestations

We complete our report with the following attestations, which are not of nature to modify the scope of our opinion on the annual accounts :

- The Director's Report contains the information required by law and is consistent with the annual accounts.
- Without prejudice to formal points of minor importance, the accounts are maintained and the annual accounts are prepared in accordance with legal and regulatory requirements applicable in Belgium.
- We are not aware of any transaction concluded or decision taken in violation of the company's articles of association or commercial company law.
- The appropriation of results which is proposed to you is in accordance with the requirements of the law and the articles of association.

27 March 1998.

The joint statutory auditors



DELOITTE & TOUCHE
Reviseurs d'Entreprises, SC C
Represented by Claude POURBAIX



PRICE WATERHOUSE
Reviseurs d'Entreprises, SC C
Represented by Robert PEIRCE

I. STATEMENT OF PERSONS EMPLOYED

	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	78.6	10.0	85.1	84.7
Effective number of hours worked	120 211	9 239	129 450	139 232
Personnel charges (thousands of BEF)	318 561	37 115	355 676	302 845
				Total or total as full time equivalent
		Full time	Part time	
2. At the end of the financial year				
a. Number of employees included on the staff register		76	10	82.3
b. By type of contract of employment				
Unlimited contract		71	10	77.3
Limited contract		5	0	5.0
c. By sex				
Men		46	4	47.8
Women		30	6	34.5
d. By professional category				
Managerial staff		30	4	31.8
Clerical staff		38	6	42.5
Manual staff		5	0	5.0
Others		3	0	3.0
			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			0.1	0.0
Effective number of hours worked			262	0
Cost to the company (thousands of BEF)			206	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	1	0	1.0
Limited contract	6	0	6.0
c. By sex and level of education			
Men : University	3	0	3.0
Women : Higher (non-university)	1	0	1.0
University	3	0	3.0
	Full time	Part time	Total as full time equivalent
B. Outward			
a. Number of employees whose contract of employment ended during the financial year and was recorded as such in the staff register	9	0	9.0
b. By type of contract of employment			
Unlimited contract	5	0	5.0
Limited contract	4	0	4.0
c. By sex and level of education			
Men : Higher (non-university)	0	0	0.0
University	5	0	5.0
Women : Secondary	2	0	2.0
Higher (non-university)	1	0	1.0
University	1	0	1.0
d. By type of termination			
Pension	2	0	2.0
Other reason	7	0	7.0
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

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	5	5.0	30
1.6 Maribel	5	5.0	72
2. Other measures			
2.1 Job experience contracts	1	1.0	
2.3 Youth training schemes	2	2.0	
Number of workers affected by one or more measures to promote employment :			
- total for financial year	10	10.0	
- total for previous year	14	14.0	

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

	Number of employees concerned		(THOUSANDS OF BEF)
	Number of employees concerned	Number of hours of training provided	Cost to the company
Total employee training schemes organised at the employer's cost			
Men	52	2 030	9 473
Women	33	1 550	4 583

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

INFORMATION FOR SHAREHOLDERS

1998-1999 FINANCIAL CALENDAR

Publication of the results for the 1997 financial year
24 March 1998

Annual General Meeting
20 May 1998

Dividend payment
27 May 1998

Publication of interim results
29 September 1998

Publication of the results for the 1998 financial year
March 1999

Annual General Meeting
19 May 1999

INFORMATION FOR SHAREHOLDERS

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

Telephone : (32-2) 507.02.77 & (32-2) 507.03.74

Facsimile : (32-2) 513.43.27

E-mail : G.Dellicour@generale.be
K.Naessens@generale.be

Additional information is available on the Générale's
Internet site:

[http : //www.generale.be](http://www.generale.be)

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
1822, pursuant to Royal Decree No. 118 of
28 August 1822.

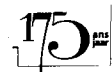
DURATION

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 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. ...

Whenever a capital increase for cash is effected, existing shareholders will be given preferential rights to subscribe the new shares pro rata to the interest they hold in the company (...) the board of directors is expressly authorised, in the interest of the company, to restrict or cancel the shareholders' preferential rights whenever a capital increase is effected within the framework of the authorised

capital, including the rights enjoyed by one or more specific persons, members of the company's staff or its subsidiaries' staff or otherwise.
(Article 3 of the Memorandum and Articles of Association - free translation)

MAIN CHARACTERISTICS OF THE SHARES

The company's capital is represented by 70,601,069 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 1 January to 31 December. 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, Luxembourg, Paris and Frankfurt Stock Exchanges and also on the Swiss Exchange.

CORPORATE GOVERNANCE

The information given in this section completes the information given elsewhere in this report.

1. Membership of the Board of Directors

Rules governing the appointment of directors and the renewal of their period of office

Pursuant to the articles of association directors are appointed for a period of 3 years by the annual general meeting of shareholders. They may be re-elected.

If a director's post falls vacant, owing to the death or resignation of the director or for any other reason,

the other members of the Board of Directors may appoint a temporary director to replace him/her until the next annual general meeting, which will make a definitive appointment.

Age limit for the Board of Directors

The Board has set an upper age limit of 65 years for its members. Directors retire on 31 December of the year they reach the age of 65. However, the Board may waive these rules.

2. Board of Directors working procedures

Number of meetings of the Board of Directors per year

The articles of association stipulate that the Board shall meet at least 4 times per year. In 1997 it held 8 meetings.

Most significant issues discussed by the Board of Directors

The Board's duties include setting the main strategic guidelines and defining the general policy of the company. It approves the consolidated and non-consolidated accounts and the wording of reports to be submitted to the shareholders. It convenes shareholders' meetings and sets the agenda for such meetings. It approves investments and disposals in excess of BEF 1 billion. At each meeting it deliberates on the Group's business development.

In 1997, the Board's deliberations covered the capital increase of Fortis AG, the sale of the shareholding in Accor, the change in the debt burden, the amendment to Tractebel's articles of association and the sale of 6 million Union Minière shares. It also received reports on the organisation, activities and projects of certain Group companies.

Specific rules governing the decision-making powers of the Board of Directors

The articles of association stipulate that the quorum shall comprise at least half of the members of the Board, either present or represented. Each member may authorise, in writing, a co-member to represent him/her at a Board meeting and to vote on his/her behalf. However, such proxies may only represent one member of the Board. Decisions are taken by a majority vote.

In exceptional cases allowed by law, the Board's decisions may be taken on the basis of the unanimous consent of all the directors given in writing.

Supervision of day-to-day management

The Board has mandated the Executive Committee to supervise the day-to-day management entrusted to the Chief Executive Officer and the due implementation of any delegation of special powers.

The Chief Executive Officer reports regularly to the Board on business developments and provides the Board with explanations of preliminary work to be carried out prior to the Board taking decisions.

Monitoring of business developments in subsidiaries and investments

The Board is provided with regular reports on the business developments and projects of its main subsidiaries and investments and in this way can monitor how their activities are progressing.

Société Générale de Belgique is also represented on their management bodies, providing it with further means of monitoring business developments.

Rules and procedures governing the determination of total emoluments and fees paid to directors

Article 16 of the articles of association stipulates that directors shall receive an emolument, the amount of which is determined by the Annual General Meeting. These emoluments are deducted from the basic fees provided for in article 8 of the articles of association, the amount of which is divided among the members of the Board in accordance with an internal ruling.

For 1997 the Board voluntarily decided to continue to abide by the statutory wage freeze, despite this no longer being applicable to the Board, and consequently will propose to the annual general meeting that the increase in directors' fees be limited to 3%.

Emoluments paid to directors for special duties or special missions are deliberated by the Remuneration Committee.

3. Committees set up by the Board of Directors

Pursuant to article 13 of the articles of association, the Board of Directors has set up an Executive Committee consisting of a maximum of 10 members. The members of this Executive Committee include the Chairman and Chief Executive Officer, who are members by right, and 8 other members, who are appointed by the Board from among its members, unless stipulated otherwise. This Committee finalises the proposals to be submitted to the Board, gives an opinion on important decisions regarding the implementation of the policy decided by the Board and on the manner in which it is represented on the management bodies of the main subsidiaries and investments and supervises the day-to-day management and the due implementation of special delegations of power. A quorum comprises at least half of its members, either presented or represented. On average the Executive Committee meets once a month.

In April 1995 Société Générale de Belgique established an audit committee, comprising three independent directors, whose mission is 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, and 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 Audit Committee meets at least three times a year, two of these meetings being devoted to the annual and interim accounts. It reports to the Board of Directors and the Executive Committee on the outcome of the work and examinations it has carried out and, where applicable, makes recommendations to the Board.

A Remuneration Committee has also been set up. It consist of 4 members and met twice in 1997.

A 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 shareholders, meets several times a year to evaluate the Générale's methods of communicating with the general public. Additional information on this Committee can be found on page 19 of this report.

4. Day-to-day management

Pursuant to article 13 of the articles of association, the Board has entrusted the day-to-day management of the company to a Chief Executive Officer, who also represents the company for management purposes and who is responsible for implementing the decisions taken by the Board.

The Chief Executive Officer is assisted by the Management Committee, the members of which, together with their remuneration, are decided by the Chief Executive Officer and the Chairman of the Board of Directors.

The Management Committee meets once a week, unless stipulated otherwise.

A Group Committee, consisting of members of the Management Committee and the Chief Executive Officers of the main subsidiaries and investments, has also been put in place. It deals with matters of common interest to the various companies represented.

The Group Committee met 11 times in 1997.

5. Income appropriation policy

The company accounts contain detailed comments on the appropriation of income.

Income is appropriated in accordance with article 8 of the articles of association, which stipulates that:

"The net profit shall be appropriated in the following manner:

1. To the reserve fund, 5%; this allocation shall cease to be required when the reserve fund stands at one tenth of the capital;
2. An initial dividend equal to 7% of the nominal capital;
3. To the patronage fund, BEF 0.33 maximum per share.

In addition;

4. To the Board of Directors, 2% to be distributed among the members in accordance with an internal ruling. The annual general meeting may decide to amend this account within the above-mentioned limit by means of a simple majority vote.
5. To the shares, the surplus by way of a dividend.

However, further to a proposal by the Board of Directors, the annual general meeting may decide to allocate all or part of the profit either for the purpose of increasing the reserve fund or for creating or increasing a special provision fund, or to carry it forward." (free translation)

6. Relationship with main shareholders

Société Générale de Belgique is aware that an agreement was concluded on 7 July 1995 between its shareholders Suez (which is now Suez Lyonnaise des Eaux) and Fortis AG.

The purpose of this agreement is to establish the principle that these two shareholders between them hold at least 50% of the existing shares plus one, and to put in place a pre-emptive procedure in the event of one or other of these shareholders disposing of shares whereby there was a risk that the above-mentioned minimum threshold would no longer

be respected. Fortis AG is also covered by a simultaneous exit clause in the event of the interest held by Suez falling below a certain level.

This agreement will expire on 25 April 1999, unless it is renewed.

To the knowledge of Société Générale de Belgique, there are no committees of shareholders or of directors.

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	+3 190 241 232
		42 706 375	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	+7 512
		64 059 589	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	+793 768
		64 060 540	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	+102 038 000
		64 182 790	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 31/12/1997		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.

Head Office**SOCIETE GENERALE DE BELGIQUE**
GENERALE MAATSCHAPPIJ VAN BELGIE

Rue Royale, 30, B-1000 Brussels, Belgium
 Tel. (32-2) 507.02.11, Fax (32-2) 512.18.95
 Internet site: <http://www.generale.be>

Representative Offices**Japan/Southeast Asia**

Société Générale de Belgique
 Representative Office
 Imperial Tower 9A-2, 1-1-1
 Uchisaiwai-cho, Chiyoda-ku, Tokyo 100, Japan
 Tel. (81-3) 3593.07.65, Fax (81-3) 3593.07.66
 E-mail : sgbj@ma.kcom.ne.jp

People's Republic of China

Société Générale de Belgique
 Beijing Representative Office
 Zijin Guest House
 3-21 Chongwenmen Xidajie
 Beijing 100005, People's Republic of China
 Tel. (86-10) 65.12.71.57, Fax (86-10) 65.12.71.58
 E-mail: lgbj@jucol.cn.net

Hong Kong

Société Générale de Belgique
 c/o Tractebel Pacific Ltd
 Unit F, 10th Floor, United Centre
 95, Queensway, Hong Kong
 Tel. (852) 2 860.42.00, Fax (852) 2 528.09.36

Democratic Republic of the Congo

Société Générale de Belgique
 Generale Maatschappij van België
 P.O. Box 249, Kinshasa I
 Satellite tel. : (873) 685.052475
 Fax : c/o Chanimetal : (1-212) 376.92.91

Shareholdings**ARBED**

19 avenue de la Liberté, L-2930 Luxembourg
 Tel. (352) 479.21, Fax (352) 479.226.75
 Internet site: <http://www.arbed.lu>

COFICEM/SAGEM

6 avenue d'Iena, F-75783 Paris Cedex 16, France
 Tel. (33-1) 40.70.63.63, Fax (33-1) 47.20.39.46
 Internet site: <http://www.sagem.com/>

FINOUTREMER

Rue Royale 30, B-1000 Brussels, Belgium
 Tel. (32-2) 510.02.64, Fax (32-2) 510.02.69

FORTIS AG

Boulevard E. Jacqmain 53, B-1000 Brussels, Belgium
 Tel. (32-2) 220.81.11, Fax (32-2) 220.81.50
 Internet site: <http://www.fortis.com/>

GENERALE BANK

Montagne du Parc 3, B-1000 Brussels, Belgium
 Tel. (32-2) 516.21.11, Fax (32-2) 516.42.22
 Internet site: <http://www.gbank.be/>

RECTICEL

Avenue des Pléiades 15, B-1200 Brussels, Belgium
 Tel. (32-2) 775.18.11, Fax (32-2) 775.19.90
 Internet site: <http://www.recticel.com/>

TRACTEBEL

Place du Trône 1, B-1000 Brussels, Belgium
 Tel. (32-2) 510.71.11, Fax (32-2) 510.73.88
 Internet site: <http://www.tractebel.be/>

UNION MINIERE

Rue du Marais 31, B-1000 Brussels, Belgium
 Tel. (32-2) 227.71.11, Fax (32-2) 227.79.00
 Internet site: <http://www.um.be/>

SOCIETE GENERALE DE BELGIQUE S.A.
GENERALE MAATSCHAPPIJ VAN BELGIE N.V.

Rue Royale 30

B-1000 Brussels

Belgium

Telephone: (32-2) 507-02-11

Fax: (32-2) 512-18-95

Brussels Trade Register 17.487

V.A.T. BE 403.203.264

.

Shareholders and investors can obtain further information

from the Corporate Communications Department:

Telephone: (32-2) 507-02-77 and (32-2) 507.03.74

Fax: (32-2) 513-43-27

Information on the Générale and its group
can be found on the Internet at the following address:

<http://www.generale.be>

Ce rapport est également disponible en français
Dit jaarverslag is eveneens verkrijgbaar in het Nederlands

.

We wish to thank the Communications Departments
of the Group companies for their assistance.

.

Design : Pascale Szonyi, Image Plus, Brussels, Belgium

Realisation : Image Plus, Brussels, Belgium

Printer : Imprimerie Snoeck-Ducaju & Zoon, Ghent, Belgium

Photos : Image Bank

English translation : Christopher Boardman, Genval, Belgium

Coordination : Corporate Communications Department, Société Générale de Belgique



SUEZ LYONNAISE DES EAUX