

Pargesa Holding

PARGESA HOLDING, incorporated under Swiss law, invests in Europe through three holding companies: GBL in Belgium, PARFINANCE in France and ORIOR in Switzerland. Its investment strategy is based on concentrating its portfolio on a limited number of large interests in which the Group becomes fully involved as professional strategic shareholder.

In 1996 and during the first few months of 1997, PARGESA continued to act as a professional shareholder by developing its operating subsidiaries, which are held by various intermediary holding companies.

Following the sale of its interest in CARNAUDMET-ALBOX at the beginning of 1996, PARFINANCE made a Public Offer to Purchase its own shares in May 1996 for FRF 2.4 billion. As PARGESA did not contribute its securities to the offer, its percentage interest rose significantly, reaching 49.1% at the end of 1996, compared to 32.4% a year earlier. As GBL did not contribute either, its interest in PARFINANCE also rose, from 27% to 41%. Consequently, PARGESA and GBL together now control 90% of the capital of their French subsidiary.

The effect of the Public Offer was to raise to around 70% IMÉTAL's share in PARFINANCE's net estimated assets. PARFINANCE's interest in IMÉTAL remained virtually unchanged at 52.5%.

PARGESA's 49.1% interest in GBL remained stable during the year, although its interest in ORIOR rose from 69.0% to 74.1% through stock market purchases.

In April 1996, AUDIOFINA and Germany's BERTELSMANN reached a 50-50 partnership agreement to

control 97% of CLT's capital. On 13 January 1997, CLT and UFA, BERTELSMANN's audio-visual subsidiary, merged to form a new entity called CLT-UFA, in which AUDIOFINA currently has a 49% interest.

In May 1996, ELECTRAFINA raised its interest in CLMM to 60% by purchasing GBL's 35% interest in said group. ELECTRAFINA also acquired 17.2% of AUDIOFINA. GBL's transitive interest in the latter fell from 23.9% to 22.9%.

In September 1996, ELECTRAFINA and ROYALE BELGE sold their interests in TRACTEBEL to SOCIÉTÉ GÉNÉRALE DE BELGIQUE for BEF 48 billion.

ELECTRAFINA has acquired a shareholding in COMPAGNIE DE SUEZ, which reached 6.1% at the end of 1996 and more than 11% on the 18 April 1997.

ORIOR continued to grow its food business by acquiring the RIEDER Group. Its interest in the RAPELLI Group was raised from 80% to 100%

and the Group's share in the capital of FREDAG AG went from 56.4% to 68% in 1996. The ORIOR Group's strategy in Switzerland was reflected by the taking of a 71.3% interest in the capital of STERN CRÉATIONS, a manufacturer of watch dials and components.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	708	27.9	0	0.0
Estimated value at 31.12.1996	23,373	922.4	0	0.0

Consolidated key figures (CHF million)

	1993	1994	1995	1996
Equity	2,388	2,563	2,498	2,790
Net profit (Group share)	159	162	168	272
Earnings per share (CHF)	105.9	103.6	103.3	165.7
Gross dividend per share (CHF)	68.0	69.0	70.0	71.0
Estimated value per share (CHF)	2,067	1,925	1,934	2,497

Groupe Bruxelles Lambert

GBL, Belgium's second largest holding company, holds direct and indirect interests in a series of leading companies, including PETROFINA, ROYALE BELGE, BANQUE BRUXELLES LAMBERT and BERNHEIM-COMOFI in Belgium, CLT-UFA in Luxembourg and IMÉTAL in France. In addition to the above, which represent some 70% of its estimated value, GBL also holds interests in unlisted firms such as BELGIAN SKY SHOPS, which operates duty free stores in the Brussels-National Airport and GILLAM, which is active in telecommunications.

For the 1996 business year, GBL had a consolidated profit of BEF 16.9 billion (compared to BEF 6.6 billion the previous year) and current income rose by 16.6%.

During 1996, GBL continued to act as professional shareholder by investing in the development of its operating subsidiaries.

In April 1996, AUDIOFINA and Germany's BERTELSMANN reached a 50-50 partnership agreement for the control of 97% of CLT's capital. On 13 January 1997, CLT and UFA merged to form a new unit called CLT-UFA bringing AUDIOFINA's interest in CLT-UFA to 49%. This operation enabled CLT to confirm its position as Europe's leading audio-visual group.

In May 1996, GBL sold to ELECTRAFINA its 35% interest in COMPAGNIE LUXEMBOURGEOISE MULTI MEDIA (CLMM), the controlling shareholder of AUDIOFINA-CLT, for BEF 18.3 billion. Following this transaction ELECTRAFINA held 60% of CLMM.

The public offer to purchase its own shares launched by PARFINANCE in February 1996

enabled GBL to bring its interest in the latter from 27% to 41%, which is part of the Group's strategy to get closer to PARFINANCE's assets, particularly IMÉTAL. GBL and its parent company PARGESA together hold 90% of PARFINANCE.

The interest in PETROFINA is held by an intermediary holding company, ELECTRAFINA, in which GBL further increased its position in June 1996 at the time of the increase in long-term funds of BEF 30 billion. It now holds a 57% interest, including the 8% held by ROYALE BELGE. In September 1996, ELECTRAFINA decided to sell its interest in TRACTEBEL to SOCIÉTÉ GÉNÉRALE DE BELGIQUE. This operation provided it with BEF 41 billion in additional cash.

ELECTRAFINA has acquired a shareholding in COMPAGNIE DE SUEZ, which reached 6.1% at the end of 1996 and more than 11% on the 18 April 1997.

At 31 December 1996, the estimated value of the GBL share was BEF 5,838. On that date, the market price was BEF 4,085, a discount of 30%.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	0	0.0	0	0.0
Estimated value at 31.12.1996	0	0.0	0	0.0

Consolidated key figures (BEF million)

	1993	1994	1995	1996
Equity	71,370	74,184	75,597	88,676
Net profit (Group share)	6,382	6,633	6,602	16,891
Earnings per share (BEF)	281	282	281	722
Gross dividend per share (BEF)	195.3	195.3	195.3	200.0
Estimated value per share (BEF)	5,121	4,705	4,959	5,838

Parfinance

PARFINANCE, whose securities are listed on the Paris Stock Market, is the holding company through which GBL and PARGESA, which hold 41% and 49.1% respectively, invest in France. PARFINANCE's portfolio includes a 52.5% interest in IMÉTAL, an industrial group specialized in industrial minerals, building materials and metals processing, as well as interests in PARIBAS (3.2%) and in the insurer UAP (1.9%).

After the sale at the beginning of 1996 of its 6.9% share in CARNAUDMETALBOX, PARFINANCE made a Public Offer to Purchase its own shares for FRF 2.4 billion. As the GBL and PARGESA groups did not contribute their securities to the offer, their respective interests rose considerably. Moreover, the 52.5% interest in IMÉTAL, virtually unchanged in 1996, now represents 70% of the estimated net asset value of PARFINANCE. Based on the stock market price for listed securities, the net book value for unlisted securities and before taking into account latent taxes, PARFINANCE's estimated net value was FRF 8,603 million at the end of 1996 (i.e. FRF 378 per share), up 38.5%.

The year's consolidated net income was FRF 126 million, compared to FRF 393 million in 1995 and may be broken down as follows:

- the contribution of IMÉTAL, the only interest accounted for by the equity method since 1995, was FRF 299 million, compared to FRF 291 million last year;
- operating income of fully consolidated holding companies was FRF 124 million, compared to FRF 83 million in 1995.

It rose as a result of capital gains on short term investments and the absence of financial expenses on bonds redeemable in shares, which more than offset the lack of dividend from CARNAUDMETALBOX and the fall in interest income due to the purchase of its own shares;

- capital results showed a loss of FRF (297) million in 1996, compared to a profit of FRF 18 million in 1995. These include a FRF 170 million capital gain on the sale of the CARNAUDMETALBOX shares, losses and provisions on the PARIBAS shares -whose value was reduced to the level of the shareholders' equity per share of this company-, and provisions for real estate assets and interests in investment companies.

It will be proposed to the Annual General Meeting that the firm pay a dividend of FRF 7.50 per share, the same as was paid the previous year.

PARFINANCE decided to contribute all of its UAP securities to the public offer of exchange launched by AXA and in 1997 received AXA shares and the same number of guaranteed value certificates. On 21 March 1997, PARFINANCE had a 0.7% interest in the capital of AXA-UAP, the newly formed group's holding company.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	0	0,0	0	0,0
Estimated value at 31.12.1996	0	0,0	0	0,0

Consolidated key figures (FRF million)

	1993	1994	1995	1996
Equity (before allocation)	8,097	8,094	8,262	5,909
Net profit (Group share)	296	387	393	126
Earnings per share (FRF)	9.4	12.3	12.5	4.6
Dividend per share (FRF)	7.5	7.5	7.5	7.5
Estimated value per share (FRF)	289	264	273	378

Electrafina

ELECTRAFINA is PETROFINA's largest shareholder (with a 22.8% interest) and controls -both directly and through its 60% interest in COMPAGNIE LUXEMBOURGEOISE MULTIMEDIA (CLMM)- 69% of AUDIOFINA.

These two interests represent 72% of the estimated value of its consolidated portfolio.

ELECTRAFINA is also pursuing the development of its own oil-related activities through the AMERICAN COMETRA Group (research, development and exploration of oil and gas fields in North America) and MONUMENT OIL & GAS, an independent oil exploration company in Great Britain.

ELECTRAFINA's 1996 business year, which ended with a net profit of BEF 24,269 million, was influenced by the sale in September of its 20.4% interest in TRACTEBEL to SOCIÉTÉ GÉNÉRALE DE BELGIQUE. This operation totalled BEF 41 billion and yielded a consolidated capital gain of BEF 18.9 billion. Current income rose 15% to BEF 6,984 million, mainly due to another increase in PETROFINA's contribution to income.

In 1996, PETROFINA's profits rose 38% to BEF 16 billion. This was mainly attributable to the large increase in the price of petrol and gas for the upstream sector, as well as better refining margins and an increase in downstream trading volumes. However, this favourable development was partially offset by the general weakening of margins in petrochemicals.

MONUMENT's 1996 business year was characterized by the restructuring of its shareholding through an optional cash compensation offer. ELECTRAFINA decided to reinvest the related treasury flow in MONUMENT OIL & GAS securities and acquired additional securities in the market. At 31 December 1996, ELECTRAFINA held a 25.7% direct interest in MONUMENT OIL & GAS.

In February 1997, AMERICAN COMETRA

sold petrol assets for USD 400 million to LOMAK PETROLEUM. This transaction will have a positive impact -estimated at more than BEF 4.5 billion- on ELECTRAFINA's consolidated accounts in 1997.

In June 1996, ELECTRAFINA acquired GBL's 35% interest in COMPAGNIE LUXEMBOURGEOISE MULTI MEDIA (CLMM), as well as 17% of AUDIOFINA. ELECTRAFINA thus brought its interest in CLMM to 60%, with the latter holding 51% of AUDIOFINA's capital.

On 13 January 1997, CLT and UFA, BERTELSMANN's German subsidiary, merged to form a new entity called CLT-UFA. AUDIOFINA now co-controls CLT-UFA with a 49% interest.

ELECTRAFINA has acquired a shareholding in COMPAGNIE DE SUEZ, which reached 6.1% at the end of 1996 and more than 11% on the 18 April 1997.

In June 1996, ELECTRAFINA decided to reinforce its shareholders' equity by BEF 30 billion by creating 7,448,328 new shares and 2,482,776 bonds redeemable in shares.

At 31 December 1996, the estimated value of the ELECTRAFINA share was BEF 4,041. On that date, the market price was BEF 3,016, a discount of 25.4%.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	0	0.0	0	0.0
Estimated value at 31.12.1996	0	0.0	0	0.0

Consolidated key figures (BEF million)

	1993	1994	1995	1996
Equity	68,724	77,745	77,159	121,024
Net profit (Group share)	4,194	5,342	5,294	24,269
Earnings per share (BEF)	165	190	178	724
Gross dividend per share (BEF)	133.3	137.4	140.0	142.0
Estimated value per share (BEF)	4,094	3,698	3,845	4,041

Audiofina

AUDIOFINA was the controlling shareholder of CLT until 13 January 1997. Since that date it controls CLT-UFA, the largest television and radio group in Europe, in partnership with Germany's BERTELSMANN Group. In addition to its interest in CLT-UFA, AUDIOFINA has a 4% interest in the HAVAS Group and treasury amounting to LUF 32 billion.

During 1996, AUDIOFINA's portfolio remained almost unchanged. The LUF 3,306 million profit, up 2% from the previous year, reflects the slight rise in CLT's contribution and AUDIOFINA's good results in its treasury management.

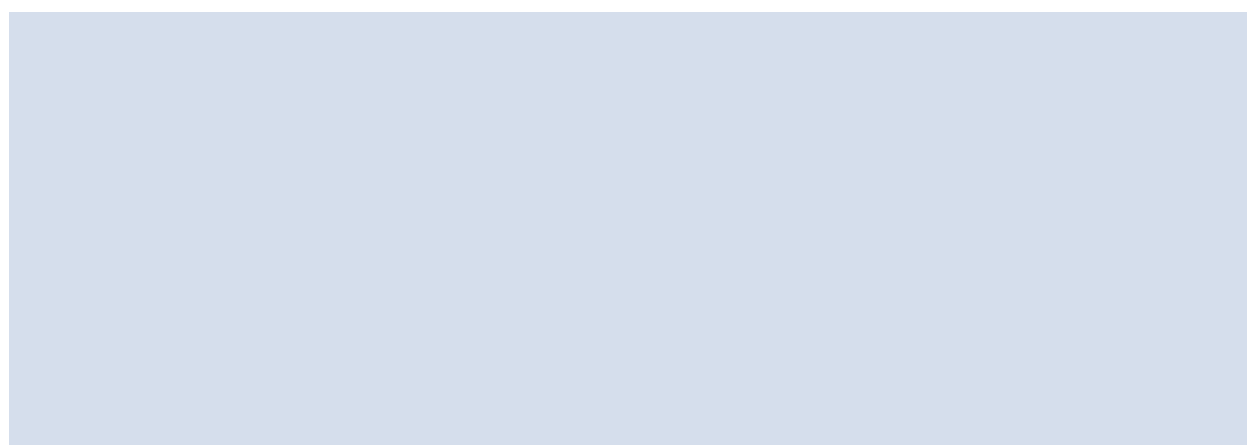
The new CLT-UFA Group, created by the merger between CLT and UFA, the audio-visual subsidiary of BERTELSMANN, is the largest television and radio company in Europe, with a turnover of approximately LUF 110 billion, through its interests in 19 television stations and about 20 radio stations in 10 European countries. The new entity is also a key player in the acquisition of rights and in the production sector.

The purpose of the CLT-UFA alliance is to create a European group capable of playing a significant role in the international audio-visual markets which are characterized by greater competition and by the emergence and the gradual introduction of new digital technologies.

The CLT-UFA partnership, which marks the continuation of AUDIOFINA's strategy of developing and accompanying CLT, will offer the following advantages:

- a consolidation of CLT's existing activities and markets via the stabilisation of RTL-TELEVISION's shareholding and an expansion of the radio activities in Germany;
- new perspectives for existing activities of CLT: the reinforcement of production activity via TREBITSCH and UFA Berlin and the development of the "rights" business;
- an entry into new markets, including PREMIÈRE pay TV;
- the support of a powerful shareholding: BERTELSMANN, a global communications giant, in partnership with AUDIOFINA, which holds LUF 32 billion in cash.

Following reimbursements of 535,568 bonds redeemable in shares (BRS) at the end of 1996, the number of AUDIOFINA shares totalled 61,532,300. The number of BRS remaining in circulation is 5,133,070.



Contribution to:

	<i>Restricted consolidation</i>		<i>Consolidation (transitive)</i>	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1996	0	0.0	0	0.0
Estimated value at 31.12.1996	0	0.0	0	0.0

Consolidated key figures (LUF million)

	1993	1994	1995	1996
Equity (before allocation)	5,548	13,136	22,800	25,715
Net profit (Group share)	1,659	3,826	3,232	3,306
Earnings per share (LUF)	53.9	123.1	53.0	54.2
Gross dividend per share (LUF)	19.0	20.4	21.0	22.0