



On 1 April 1997, COMPAGNIE NATIONALE À PORTEFEUILLE/NATIONALE PORTEFEUILLE-MAATSCHAPPIJ moved its offices to Loverval, in the green outskirts of Charleroi. The Board of Directors has decided to transfer the registered office of NPM/CNP to this new location.

The first day of April marked nine years to the day that NPM/CNP joined the FRÈRE Group. We believe that this is a good time to remind you of the Group's general structure, its main operating rules and to report on the achievement of its value generation goals:

THE GROUP'S OVERALL STRUCTURE

- The structure of control
- The place of PARGESA/GBL/PARFINANCE

THE DISTRIBUTION OF INVESTMENTS

- Direct interests
- Interests held by the PARGESA/GBL/PARFINANCE Group
- Investments by existing shareholdings

OPERATING PRINCIPLES AND PROCEDURES

- The Board of Directors
- The Executive Committee
- The Audit Committee
- The Auditors
- Personnel
- Overhead
- NPM/CNP's role as shareholder

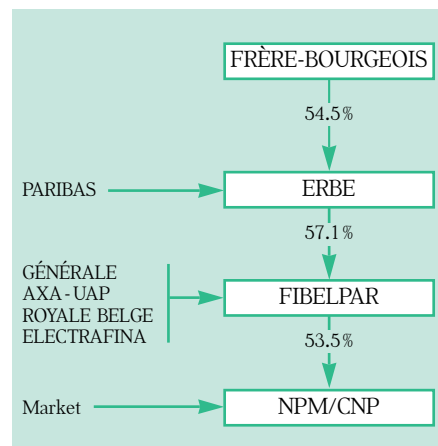
GENERATING VALUE

- Performance objectives and measurements
- Creating value
 - *As shareholder*
 - *Inside the shareholdings*
- The achievements
 - *The Total Shareholders' Return*
 - *The discount*
 - *The dividend*

THE GROUP'S OVERALL STRUCTURE

THE STRUCTURE OF CONTROL

NPM/CNP is the listed entity of the Group known as the "Charleroi Group". This Group, controlled by Mr. Albert FRÈRE, is composed of four sub-groups: FRÈRE-BOURGEOIS, ERBE, FIBELPAR and NPM/CNP, each of which has its own controlled financial subsidiaries.



The percentages indicated above are the consolidation percentages in effect at 31.12.1996.

- FRÈRE-BOURGEOIS is the parent company whose capital is fully held by the FRÈRE family.
- ERBE is the link between the family and the PARIBAS Group, its partner since several decades.
- ERBE holds the majority of the capital of FIBELPAR beside a few large institutional shareholders: the Group of SOCIETE GENERALE DE BELGIQUE, AXA/UAP, ROYALE BELGE and ELECTRAFINA.
- NPM/CNP constitutes the partnership with the Market.

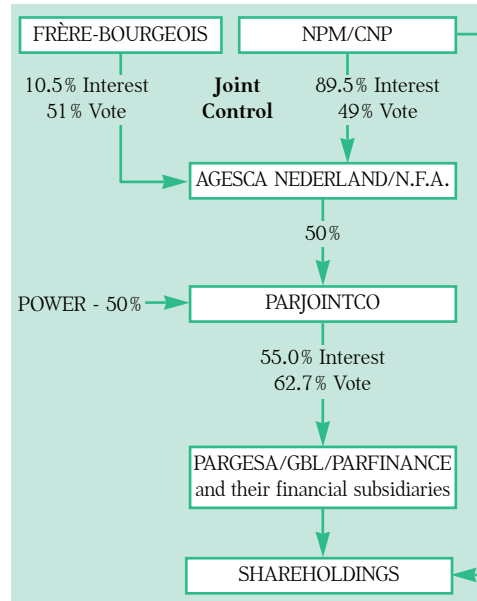
The Group exists thanks to its partners. Its base, its creative force and initiative is family- and patrimony-based.

The various levels of this chain of control held shareholdings before NPM/CNP was taken over. The goal was to gradually simplify the Group's organization by placing most of these interests under NPM/CNP.

Besides its non-financial assets, FRÈRE-BOURGEOIS only kept its traditional interest in PARGESA, which it decided to manage in partnership with NPM/CNP in the AGESCA NEDERLAND Group; AGESCA's structure reflects the distribution of holdings and voting power which prevailed at the outset at the PARGESA level between FRÈRE-BOURGEOIS and NPM/CNP. PARGESA is of course part of the alliance with the POWER Group.

NPM/CNP currently holds nearly all (approximately 97%, based on estimated values) of the investments of the "Charleroi Group"; interests still held directly by ERBE and FIBELPAR (the vineyards CHÂTEAU RIEUSSEC and L'EVANGILE, the wine distribution and bottling with PALAIS DU VIN / LE CLOS DU RENARD and the tax free shops BELGIAN SKY SHOPS) did not seem to present a good fit with the programme presented to NPM/CNP's Shareholders or are currently the subject of uncertainty as regards their valuation.

THE PLACE OF
PARGESA/GBL/
PARFINANCE



In addition to its direct holdings, the NPM/CNP Group holds investments indirectly through a chain of holdings controlled by PARJOINTCO: PARGESA/GBL/PARFINANCE and their Group's companies. In 1990, the Group combined under PARJOINTCO its shareholding in PARGESA with that of POWER CORPORATION DU CANADA, which is also a family-controlled company (controlled by Paul DESMARAIS Sr. and members of his family). This alliance concerns PARGESA, its subsidiaries and its strategic interests, including its joint holdings with NPM/CNP (PETROFINA, ROYALE BELGE, DUPUIS, TRANSCOR and BERNHEIM-COMOFI) and FIBELPAR (BELGIAN SKY SHOPS).

PARGESA/GBL/PARFINANCE and their controlled financial subsidiaries are managed by autonomous but close teams, which makes their members and members of the Charleroi Group colleagues in the full sense of the term.

Accordingly, the NPM/CNP Group may be analysed on two levels:

- the **direct** approach, which highlights the assets held by the NPM/CNP sub-group, with PARGESA being considered as a single investment,
- the **transitive** approach, which combines the assets held directly by NPM/CNP with those which are indirectly held through PARGESA and its controlled holding companies.

This two-part approach is available to Shareholders on both the breakdown of estimated value (see page 21 to 27) and the Profit and Loss Statement (see pages 28 and 29).

THE DISTRIBUTION OF INVESTMENTS

The NPM/CNP Group invests :

- directly at NPM/CNP's level or in an integrated financial subsidiary,
- with or through PARGESA/GBL/PARFINANCE and their financial subsidiaries,
- through its existing shareholdings.

DIRECT INTERESTS

Most of NPM/CNP's recent investments are of this type and considerable efforts are made to find new ones.

INTERESTS HELD BY THE PARGESA/GBL/PARFINANCE GROUP

Interests held jointly with this Group are a legacy of the past and are currently limited to those held with GBL.

Interests which are only held by the PARGESA/GBL/PARFINANCE Group are of course considered by NPM/CNP as creators of value, but the managers of the holding companies which hold it are responsible for monitoring them. NPM/CNP and the POWER Group jointly exercise their role as professional shareholders of PARGESA.

INVESTMENTS BY EXISTING SHAREHOLDINGS

Many acquisitions which are proposed to us as investments have a natural place in companies in which we already hold an interest, particularly in the case of the same sector or a sector which is close to that in which this company is active. The same applies to start-ups, high-technology investments or investments which are geographically too remote or for the monitoring of which NPM/CNP does not have sufficient resources or competence.

NPM/CNP is diversified in terms of sectors, but focuses its efforts :

- geographically close to its bases,
- functionally on its activity as professional shareholder.

It expects the companies in which it has a shareholding to be concentrated in a given sector while showing broader territorial ambition.

OPERATING PRINCIPLES AND PROCEDURES

The Group is based on a family controlled shareholder, which is supported by financial partners, of which the market at the NPM/CNP level and at that of its major shareholdings.

The only way for such a structure to last over time is by respecting Shareholders. The Group has therefore made this one of its fundamental beliefs, with the following corollaries:

- transparency and availability of complete and high-quality financial information
- appropriate operating procedures, described below.

THE BOARD OF DIRECTORS

The Board of Directors settles the Company's long-term strategic, investment, divestment and financing decisions. It provides the Shareholders with financial and accounting information and appoints members of the Executive and Audit Committees.

Its composition is balanced ; at the date that this document was published, it was composed of two representatives of the controlling shareholder, eight representatives of other shareholders (direct and indirect), five independent directors and two managers.

THE EXECUTIVE COMMITTEE

The Executive Committee, headed by the Managing Director, analyses, prepares and proposes to the Board of Directors the Company's long-term strategic, investment, divestiture, and financing decisions.

The Executive Committee is currently composed of a representative of the controlling shareholder, five representatives of other shareholders (direct and indirect), an independent director and two managers.

THE AUDIT COMMITTEE

This Committee assists the Board of Directors with internal control, accounting decisions and external information; it meets prior to each meeting of the Board of Directors, whose purpose is to take a decision on one of these areas.

This Committee is currently composed of two directors representing non-controlling shareholders and an independent director.

THE AUDITORS

The auditors of NPM/CNP have three missions:

- certify the annual accounts and consolidated accounts as set out in the law,
- provide assistance in assessing certain accounting decisions,
- validate any transaction conditions between sub-groups or affiliated companies.

In this framework, DELOITTE & TOUCHE, one of the Company's statutory auditors, is common, upstream, with the FIBELPAR, ERBE and FRÈRE-BOURGEOIS groups, and, downstream, with, among others, the GBL Group. This facilitates the respect of the legislation on the conflicts of interest.

PERSONNEL

All the companies of the Charleroi Group are managed by the same team; each member of the team performs the same functions regardless of the sub-group in which he operates. The team is small and is composed of a dozen professionals, all of whom participate in the value creation process directly (monitoring and research of investments or cash management) or indirectly (support functions such as management control, accounting, law and taxation).

This small team is stable. In order to avoid lethargy, it was decided to encourage osmosis between the team and the shareholdings. The Finance Director of one of the shareholdings became the Finance Director of CENTRE DE COORDINATION DE CHARLEROI and one of the members of the team became Director of Strategy and Finance at the SUZY Group. This is one of the results of our zero-base effort announced to you in the 1995 Annual Report.

OVERHEAD

Pragmatism and simplicity led the Charleroi Group to distribute overhead among the various sub-groups through:

- a co-ordination centre for support activities,
- a company which re-invoices its services,
- a cost pooling association.

The first two companies bill their services on the basis of actual services provided; expenses of the cost association are distributed on the basis of a key which currently allocates just over 60% of charges to the NPM/CNP sub-group (see page 108).

NPM/CNP'S ROLE AS SHAREHOLDER

NPM/CNP's representatives on the Boards of Directors of the companies in which a shareholding is held act as professional shareholders in order to enhance the value of these companies over the long-term. They work on behalf of the shareholders of these companies, and therefore on your behalf as well.

This philosophy is simple, but there are occasional obstacles or problems. Our interest in ARTEMIS exemplifies this. Despite all of the efforts by NPM/CNP's team and its representatives on the company's Board of Directors, they have not come to an agreement with the other members on a new strategy to be implemented or on an alternative plan, whose purpose was to better safeguard, in their view, investment value for all shareholders. As such, and no more so than others, they do not claim to be always right and rather than endanger the company as a result of ongoing disagreements, they did not solicit the renewal of their mandates as directors at the last Annual General Meeting. As shareholder, NPM/CNP will of course continue to be attentive to the value of its investment.

GENERATING VALUE

PERFORMANCE OBJECTIVES AND MEASUREMENTS

Periodically (once a week from end of May 1997), NPM/CNP publishes an estimated value which is calculated on the basis of conservative principles (see page 21). This value is based on objective criteria but is below the real value of the assets. For example, as was noticed at the time of the sale of SCI & ASSOCIÉS, published estimated value for this shareholding was 15% below the selling price.

In addition to the issue related to the publication of an estimated value per share, NPM/CNP's major concern is that of any shareholder: assessing the real value of its assets, particularly for acquisitions and sales. These latter valuations must be based on cash flow simulation models. These flows are discounted using the cost of capital, which includes a risk premium and a risk-free yield.



Market volatility modifies the instantaneous level of the cost of capital. However, NPM/CNP adopts a long-term perspective and enjoys a more stable value, by adding a premium, which reflects the investment's risk profile, to a risk-free rate that reflects its long-term interest rate forecasts on a long period. Its true value added is the result of a close monitoring and a sound knowledge of its investments which reduce uncertainty. As a result, its cost of capital is less volatile than the instant return expected by the market, which enables it to resist the temptation to overpay during periods of euphoria.

Ex-ante, the cost of capital is the minimum internal rate of return required for an investment. Ex-post, the cost of capital is compared to the actual total return. This concept therefore constitutes the ultimate aggregate for prospective financial efforts and for the analysis of performance.

We therefore decided to include in our annual report (see pages 22 to 25) the Total Shareholders' Return (TSR) over a long period and over the year ended, both overall and for each of NPM/CNP's assets.

CREATING VALUE

As shareholder

NPM/CNP is convinced - since it experiences this everyday - that an asset has several values, among others, based on who holds it and the latter's view of the asset's potential and prospects. NPM/CNP accepts that a shareholding may have a higher value for a third party, which may cause it to sell the asset to the latter. The managers of the companies in which NPM/CNP has an interest, themselves value managers, are aware of this. Estimating the value of NPM/CNP's assets is a continuous work, which makes it possible to take advantage of any selling opportunities, while knowing that the purchase is the first opportunity to make a profit.

NPM/CNP uses two methods to benefit from market volatility:

- by acquiring or selling securities at favourable terms in relation to what it believes to be the real value,
- by issuing derivative products on interests held in a long-term perspective in order to reduce carrying costs.

Inside the shareholdings

NPM/CNP's representatives on the Boards of the companies in which it holds an interest monitor the application of the same rigorous principles with regard to value management, mainly in terms of investments and divestments by these companies. As a result, shareholdings and shareholders are in perfect agreement.

What is good for one is also good for the others.

THE ACHIEVEMENTS

The Total Shareholders' Return

Given the diversified composition of NPM/CNP's portfolio and the blue-chip quality of its assets, the market represents a reasonable yardstick of comparison of Total Shareholders' Return. The objective of the management team is to beat the market over the long-term. NPM/CNP offers its Shareholders access to certain unlisted interests which offer more attractive returns and to the fruit of the management team's work, particularly in the determination of investment and divestment timing.

The table below shows the return obtained by NPM/CNP on its investments over the long-term (from the date on which NPM/CNP became part of the FRERE Group in 1988 until 31 December 1996) and over the year just ended.


	value created by NPM/CNP					
	since april 1988			1996 financial year		
	TSR ⁽¹⁾ %	mio BEF	mio BEF	TSR ⁽¹⁾ %	mio BEF	mio BEF
ESTIMATED VALUE (beginning of period)			1 668			60 833
FLOWS WITH THE SHAREHOLDERS			38 247			(2 552)
CAPITAL INCREASES		52 880			-	
DIVIDENDS		(14 633)			(2 552)	
TOTAL VALUE CREATED			30 295			11 930
PARGESA	11.4	13 436		25.5	4 895	
SOCIÉTÉ GÉNÉRALE DE BELGIQUE	10.0	2 052		5.9	247	
PETROFINA	1.4	1 842		15.2	2 074	
ROYALE BELGE	6.9	1 473		14.6	370	
SCI & ASSOCIÉS (sold in 1996)	15.8	1 344		22.5	962	
COMPAGNIE GÉNÉRALE DES EAUX	8.0	948		36.8	1 205	
ELF AQUITAINE	11.0	923		37.8	1 063	
TRANSCOR	23.5	809		18.2	109	
ELECTRAFINA (sold in 1994)	13.0	765		-	-	
GBL (sold in 1991)	6.7	703		-	-	
COBEPA	6.5	669		13.5	174	
BERNHEIM-COMOFI	7.2	525		(2.5)	(29)	
ACP	11.1	463		-	-	
HEMMA (sold in 1994)	37.4	219		-	-	
AGM (sold in 1991)	10.3	192		-	-	
EDITIONS DUPUIS	21.7	126		10.5	37	
ESFH	2.3	103		40.5	292	
EMG HOLDING (sold in 1990)	36.8	84		-	-	
HÉLIO CHARLEROI	26.4	72		24.6	33	
ARTEMIS	(14.6)	(371)		(51.9)	(249)	
OTHER SHAREHOLDINGS	n.a.	389		n.a.	82	
TANGIBLE FIXED ASSETS	n.a.	0		n.a.	0	
LONG-TERM ASSETS	6.6	26 764		20.3	11 265	
TREASURY (NET)	8.6	5 767		11.4	815	
OTHER INCOME/(EXPENSES) ⁽²⁾		(2 236)			(150)	
ESTIMATED VALUE (end of period) ⁽³⁾	7.0		70 211	19.6		70 211
YEARLY RETURN (dividends reinvested)	8.6			20.0		

(1) TSR: the Total Shareholders' Return is a yearly cumulative internal rate of return.

(2) Includes the costs of capital increases and public issues for BEF 719 million

(3) The TSR of 7,0 % comes down to 6,9% when fully diluted; the TSR of 19,6% comes down to 18,7% when fully diluted.

As you can see, the Total Shareholders' Return obtained on the long term is 7.0%. An index approach similar to that used to determine the Spot Return Index of the Brussels Stock Market (assuming that dividend flows are reinvested) yields a composed annual rate of internal value creation of 8.6%, compared to 9.0% for the Stock Exchange over the same period.



Given their cost of acquisition and the fact that their shares have underperformed the Stock Market, PETROFINA and ARTEMIS generated individual returns which weighed down the total on the long period; the other investments performed well. As we said above, **the conservative method used to calculate estimated value affects the Total Shareholders' Return** displayed in the table on page 13. By way of an example, despite results which were far better than those of 1995, the TSR on the interest in ACP was zero in 1996, which was the result of posting ACP at its cost of acquisition, which was over shareholders' equity, and the lack of a dividend payment. In this specific case, the creation of value on ACP will only be reflected if a dividend is paid, if shareholders' equity exceeds the acquisition cost or if a capital gain is realized on the disposal of this asset.

The discount

Unfortunately, NPM/CNP's shareholders do not have direct access to this internal performance, as the stock price did not fully reflect this performance. NPM/CNP's discount rose during the period from 8% in April 1988 to 27% at the end of 1996.

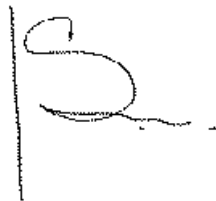
The many efforts made to resolve this problem have not been as successful as expected. The question of the discount was discussed in detail in the 1991 Annual Report, which explained, among other things, that a stable long-term shareholder could reasonably expect to sell out with a discount identical to that at the time that he became a shareholder, thereby resolving the delicate problem which he faces. NPM/CNP, agreeing with the concerns of the market and outside observers in terms of continuous information on the estimated value of its own shares this year decided to go one step further. As of the end of May 1997, the estimated value and discount of NPM/CNP shares will be made public on a weekly basis in the main Belgian financial press media and on NPM/CNP's Internet site (<http://www.cnp.be>).

Aware of the true value of its shares, NPM/CNP took advantage of the high discount level in 1996 to purchase its own shares, believing it to be an investment opportunity. However, this acquisition should not be seen as an attempt to counter the market in order to reduce the discount, but rather, as taking advantage of an incorrect assessment by the market of the Company's share value, and, of course, is limited to the extent authorized by the Annual General Meeting.

The dividend

A significant portion of the value created by NPM/CNP is distributed to its Shareholders in the form of dividends.

NPM/CNP's policy is to be a 'flow-through' between its Shareholders and its assets, and therefore to directly distribute to them the dividends collected from its subsidiaries, which means distributing over the long-term its restricted consolidated net result. The Company's dividend is high (5% based on the stock price at the end of 1996) and has risen 31% in adjusted data per share since 1988. This distribution objective must be understood by the managers of the companies in which NPM/CNP has a shareholding, as well as by our Shareholders. The former must include this constraint when managing their cash-flows. Our dividend offers the latter a low (or even zero or negative during periods of low interest rates) carrying cost, which enables them to be indifferent at times when the discount is high and to view their investment in NPM/CNP as a long-term, blue-chip investment.



Gilles SAMYN,
Managing Director



John DILS,
Chairman of the Board of Directors