

The year 1997 was good for COMPAGNIE NATIONALE À PORTEFEUILLE/NATIONALE PORTEFEUILLEMAATSCHAPPIJ. The estimated value rose from BEF 2,740 to BEF 3,383 per share. Taking into account the payment of a dividend of BEF 102 in June 1997, the overall return totalled 27.2%. Over the past ten years (1988-1997) since it became part of the FRÈRE Group, your Company has seen its value rise from BEF 1.7 billion to BEF 87.6 billion. This growth stems for 42% from the net increase in your investment in the Company (BEF 52.9 billion in increases in capital less BEF 17.2 billion distributed as dividends) and 58% (BEF 50.2 billion) from rises in the value of the investments made. Your total return has been 9.2% per annum. From the point of view of stock market performance, these results have been partially obscured by an increasing discount which fluctuated over the course of 1997 between 13.7 and 31.3%. On 31 December 1997, it stood at 27.9%. If we exclude the cash in hand of BEF 13.2 billion, the discount on shareholdings alone totalled 33.0% at the end of 1997.

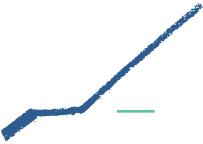
NPM/CNP starts 1998 with a balanced portfolio and good quality assets, a.o. in terms of return and value.

The net asset value of the COMPAGNIE NATIONALE À PORTEFEUILLE/NATIONALE PORTEFEUILLEMAATSCHAPPIJ (BEF 87.6 billion) is currently comprised of five units (apart from tangible assets which represent 0.4%):

- 31.9% PARGESA/GBL/PARFINANCE, controlled jointly by the FRÈRE-BOURGEOIS/NPM-CNP Group and the POWER CORPORATION OF CANADA Group belonging to the DESMARAIS family, currently focused on five main assets: PETROFINA, SUEZ LYONNAISE DES EAUX, IMÉTAL, CLT-UFA and ROYALE BELGE.
- 23.4% A 6.4 % holding in PETROFINA which, together with the 22.7% held by ELECTRAFINA, makes the Group a major shareholder, but not a controlling one, in this company which we believe is undervalued by the market.
- 23.7% Shareholdings in various companies operating on a European scale (COMPAGNIE GÉNÉRALE DES EAUX - sold early 1998 -, SOCIÉTÉ GÉNÉRALE DE BELGIQUE, ELF AQUITAINE, ROYALE BELGE and COBEP).)
- 5.5% Major or controlling shareholdings in medium-sized enterprises (IJSBOERKE-SUZY, BERNHEIM-COMOFI, TRANSCOR, L'ACIDE CARBONIQUE PUR, ÉDITIONS DUPUIS and HÉLIO CHARLEROI).
- 15.1% In liquid assets, partially invested in stock markets.

Our objective is to develop this portfolio, over time and as opportunities arise, by concentrating on three categories of assets:

- The PARGESA Group.
- Controlling shareholdings in industrial, commercial or service companies in a limited number of sectors (agri-food; publishing and communications; etc.).
- Liquid assets (partially invested in stock markets) allowing the Company to seize opportunities when companies are for sale in the market, and to respond to calls from those in which it already has or would like to have interests.



Our objective is to increase very substantially the proportion of net assets invested in controlling interests in medium-sized enterprises (currently 5.5%), and at a future date this category of assets could represent up to 50% of the value of the Company. This ambitious challenge will not however be achieved at the expense of the support which we shall continue to give unstintingly to the PARGESA Group.

Over the past few years NPM/CNP has examined many investment opportunities, either directly or using companies it already controls as intermediaries, with a view to achieving this objective. Its substantial liquid assets permit it to continue down this path, but will not tempt it to abandon the prudence it has always shown in the past.

We have always had a very open attitude to the sectors in which we take an interest, and as investments are made you will gradually see the emergence of our strategy of sectorial concentration, as illustrated in the case of **agri-food**.

Our investments in this sector perfectly illustrate our attitude, based on both strategy and opportunism. At the beginning of 1997, when we acquired the SUZY Group for BEF 277 million, we broke one of our rules concerning the size of the investment. However, although this opportunity may be small from a financial point of view, it provided us with a good basis on which to hone our skills. It was building on precisely this foundation that, during the same year, we acquired IJSBOERKE, which is currently managed by the same team as SUZY.

Moreover, we are also active in a wide range of sectors such as printing, publishing and energy trading. Each time, the challenge for the company concerned is to grow to a size that ensures its long-term competitiveness in its specific environment.

This is illustrated by ÉDITIONS DUPUIS (in which our 50 % holding is valued at only BEF 391 million - although we believe its value to be much greater) which today has 30 % of the French-speaking market for cartoon strip publications. As long as this company remains financially viable, DUPUIS could be considered as being large enough to pursue its internal growth, both in its core activity and in diversification into complementary areas with which it is familiar, such as the production of animated cartoon films. Both we and the management are however monitoring developments in DUPUIS' sphere of activities, which could lead to a strategic decision to bring about external growth.

HÉLIO CHARLEROI will have to expand or further integrate into a major group in a sector where the best European players are ten times bigger than it. This will also make it easier to overcome other strategic challenges which it will have to face, primarily in terms of technological developments.

TRANSCOR, whose rapid recovery is the fruit of ceaseless efforts, will remain a niche trader and must therefore react to changes in the market. This is what drove it to launch itself into the first phase of gas and electricity trading in the United States. In the future we cannot rule out the possibility that TRANSCOR will have to expand size-wise.

Dear Shareholders, as you can see, we pay great attention to the strategic aspects of our controlling interests in medium-sized enterprises. We are of course exercising the same role, perhaps in a less visible and direct manner, as for our holdings in much larger enterprises.

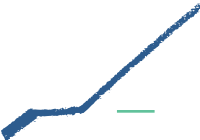
Our **motivation** is and will remain increasing the **value** of your assets and our **objective** is to provide you with a **total return** appropriate to the **risks** taken. Our long-term **strategy** of **concentration**, under which we shall continue to actively invest in Europe, does not rule out the possibility of seizing other opportunities as they arise, which have often been crowned with success (ELF AQUITAINE, COMPAGNIE GÉNÉRALE DES EAUX or SOCIÉTÉ GÉNÉRALE DE BELGIQUE).

Our prudent overall management of your assets, optimising the risk/return ratio, gives priority to low risks for the major part of the portfolio, but accepts higher risks on a limited number of activities within our industrial shareholdings. This should enable us to participate in the success of the European economy.

Transparency, which has been and remains a key word for the COMPAGNIE NATIONALE À PORTEFEUILLE/NATIONALE PORTEFEUILLEMAATSCHAPPIJ, only bears fruit if the efforts of the “sender” of the information are matched by those of the “receiver”. We are at the same time providing summary information and in-depth analysis, with the first of these forms being the aggregate of the second. Some Shareholders are satisfied with summary information whilst others wish to have a deeper understanding of the details.

The number of financial specialists who participate in our information meetings organised in parallel with the publication of our four press releases (half-yearly and annual restricted consolidated accounts and consolidated accounts) is rising, and this pleases us. We make it a point of honour to provide all of our Shareholders with complete and objective information and we are always available to clarify the information provided.

This annual report is the last one which will be denominated in Belgian francs as our country is set to take part in the new European monetary system. In the spring of 1999 we shall be using the euro to present our accounts and management reports for the 1998 financial year. We shall take the opportunity provided by this major change to introduce a number of other more technical changes required by developments in our operating environment.



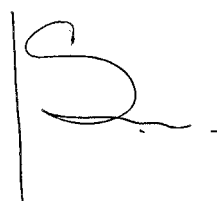
At the end of March 1997, NPM/CNP moved to a new headquarters building in Loverval, in the green belt on the outskirts of Charleroi. The building, designed by the architect Philippe SAMYN, seeks not only to achieve an aesthetic appearance, but also to provide an efficient working environment conducive to team work, exchanges and reflection. It is at the leading edge of computer and communication technology, allowing everyone to work more efficiently and as part of the overall team in perfect harmony whilst remaining open to the outside world.

In its meeting of 2 April 1998, the Board of Directors took note of the resignation of Baron FRÈRE from his position as Director, almost 10 years to the day after NPM/CNP was taken over by his family Group. It was with great regret that the Board took leave of such an emblematic figure. However, the Board knows that it will continue to benefit from Baron FRÈRE's opinions and advice and is grateful to him for having proposed his daughter Ségolène as his successor. The Board warmly thanked Baron FRÈRE for his numerous initiatives that have proved to be so valuable for the Shareholders.

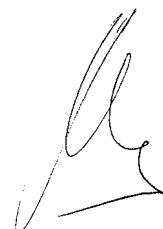
The Board of Directors of the COMPAGNIE NATIONALE À PORTEFEUILLE/NATIONALE PORTEFEUILLEMAATSCHAPPIJ has decided to create an Appointments Committee. As from 13 May, Mr. Gérald FRÈRE, representing our controlling shareholder, will chair the Board of Directors, the Board also believed it to be desirable to appoint him as Chairman of this new Committee.

We consider that the corporate governance of NPM/CNP is and always has been adequate. The structure of its controlling shareholding, made up of a chain of companies, needed clear rules. Indeed, this structure, at many levels, has called upon the capital of partners and minority shareholders. In the mid-eighties the FRÈRE Group therefore drew up a code of conduct at its own initiative. We believe it is regrettable that certain observers use the forums to which they are invited to make very subjective, and often rather ill-informed, negative comments regarding holding companies from the point of view of corporate governance. On the contrary, these groups are one of the main driving forces.

We would like to conclude this message by thanking you for your loyalty and for the trust you have placed in the team that manages your value.



Gilles SAMYN
Managing Director



John DILS
Chairman of the Board of Directors