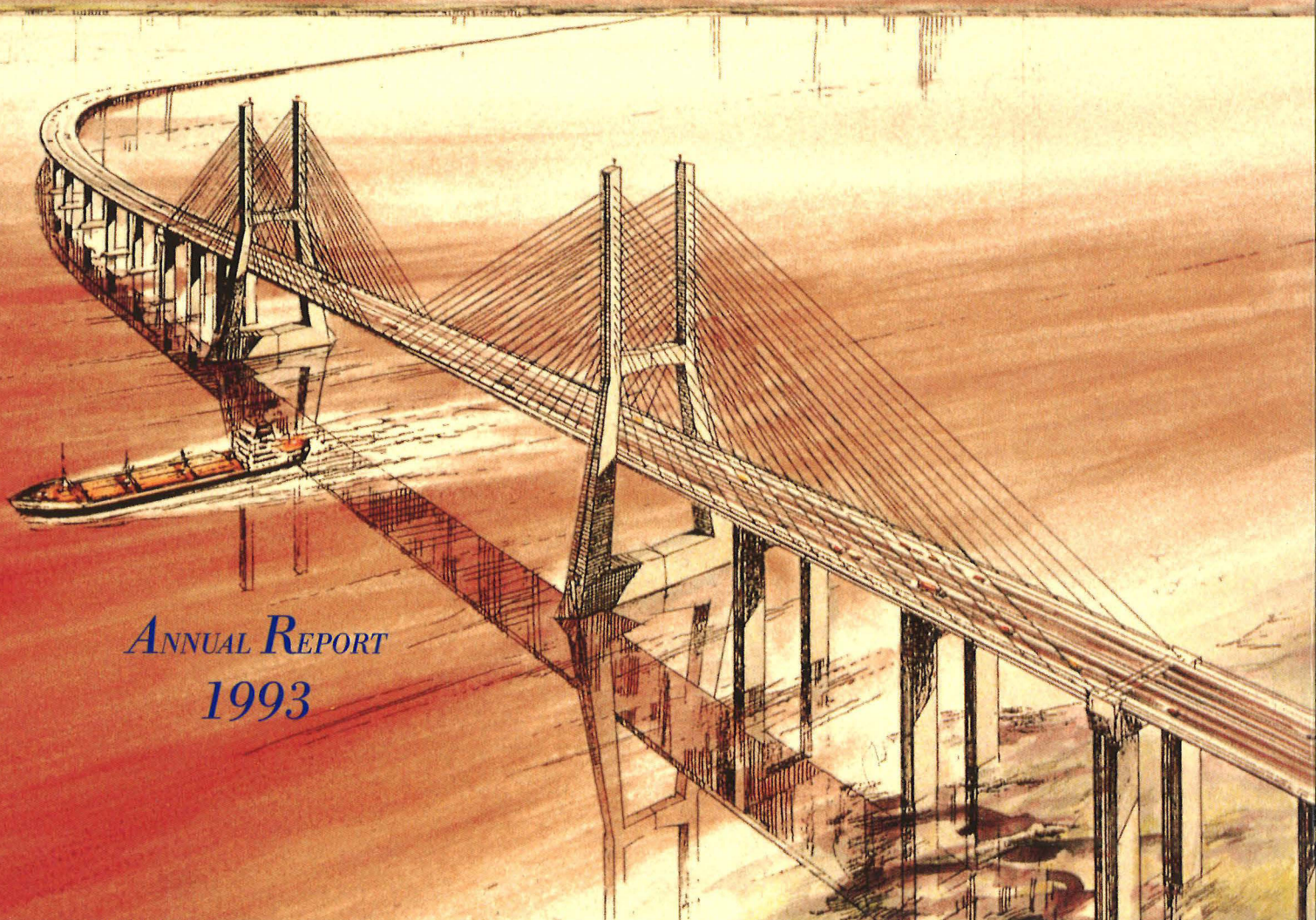


SOCIÉTÉ GÉNÉRALE D'ENTREPRISES

ANNUAL REPORT
1993



CHAIRMAN'S REPORT

The economic situation has improved somewhat compared to last year but the recession continues, despite hints of recovery which have still to be confirmed.

For the building and public works industry, the year 1993 was one of significant decline in business activity which had been sustained somewhat until then by previous orders. Pent-up demand remains real and strong but the necessity to reduce public deficits has required reduced spending; at the same time, a systematic chill has developed among private savers, who seem hypnotized by the contrast between the strength of the currency and the employment situation. For the building and public works industry, the crisis of economic adjustment is not over and the volume of new business is still limited. This is the case even in the residential sector, where housing starts, following a dip in April and May, appear to have moved back up to their level at the end of 1993, a level which represented fairly solid growth. Overall, optimism for the short term can only be guarded.

In this context, the recession resistance of the various companies of SGE Group has been organized well and is having the desired effects, notably because most of the necessary restructuring was already under way or accomplished and because the Group's exposure in property was small. For most of the large-scale projects, furthermore, tightened management had already been put in place. In the current slump, thus, SGE is far from being badly off.

1993 OVERVIEW

Consolidated turnover slipped 2.6% to FRF 43.27 billion. At comparable scope of consolidation and constant exchange rates, however, the decrease was greater, at slightly over 6%. The scope of consolidation in 1993 increased to include MLTU (FRF 340 million), Valérian (FRF 310 million on a full-year basis), Freyssinet International's Far Eastern subsidiaries (FRF 150 million), Moter which was first consolidated for a full year, and Berlin property operations. The volume of business abroad held steady at FRF 18.42 billion (42.6% of total sales, compared to 41.6% the year before), with a rather brisk increase in Germany.

Net income was in line with forecasts at FRF 305.7 million (compared to FRF 405.4 million in 1992 and FRF 470.5 million in 1991). Pretax current income rose fairly significantly, reflecting an improvement in interest and dividend earnings, but extraordinary income was down sharply relative to the 1992 figure, which included large gains on sales of securities. Restructuring costs, at

over FRF 250 million, remained at a high level. Earnings of companies consolidated by the equity method accounted for FRF 160 million; most of that consisted of SGE's share of Cofiroute, whose steady earnings growth helps considerably to sustain its own.

On the balance sheet, shareholders' equity, before the capital increase, now amounts to FRF 3 billion. Net provisions, after applying FRF 300 million of previously allocated provisions to cover termination losses on several major projects, remain at a high level, FRF 5.25 billion.

The event of the year on the balance sheet, however, was the very significant decrease in debt, which diminished by FRF 800 million to just FRF 687 million at year-end 1993, despite the effect of consolidating the Berlin property operations in 1993. On this score, then, there was a very great improvement reflecting the reduction of some FRF 500 million in capital spending for the year, which was limited to FRF 1.46 billion. The debt situation appears to have stayed roughly the same during the first months of 1994.

Freyssinet International

1993 was also the fiftieth anniversary of Freyssinet International, which with its dedication and spirit of innovation is well on its way into a new and carefully considered phase of development. Mention of Freyssinet gives me an occasion here to evoke the memory of one of France's greatest engineers, a man of whom, in this era devoted to confrontation, invective and the "cult of big numbers", we are very proud to be the faithful successors.

1994 OUTLOOK

Mild decrease in economic activity

How are we doing so far in 1994?

We foresee a further very mild decrease in economic activity. At FRF 43 billion, turnover will be slightly lower (0.6%) on a reported basis, but down a little more sharply on a comparable-structure basis. There are in fact three new elements, all of them German, in the consolidated Group this year: Klee, a building company in Mannheim with FRF 600 million in annual turnover, in which our equity interest has just been raised from 38% to 63%; Controlmatic (FRF 300 million over 7 months), a company specializing in installation of electrical instrumentation and control equipment, primarily for industrial

customers, and one which, as a former Westinghouse subsidiary, has an attractive franchise in Germany; and finally, a small company in Stuttgart (FRF 60 million francs in turnover) acquired by Freyssinet International which specializes in roadway supports and joints.

International turnover should exceed FRF 19 billion, representing a little more than 44% of the total or a gain of two and one-half percentage points in two years.

There are a few small declines in business to report in the first few months of this year. These concern:

- Sogea, with a further slight decline in building construction activity in the Paris region;
- Campenon Bernard SGE (large scale projects), with the completion of the TML and Storebaelt projects and a slower than expected flow of new contracts;
- Norwest Holst, for whom the building construction market in Great-Britain remains very depressed.

We note as well:

- a small decline in Industrial and Technical Equipment Works due to reduced activity in both commercial property and industrial capital spending;
- flat activity in roadbuilding, which got off to a poor start this year because of severe weather conditions. A mild upturn is expected beginning in mid-year.

Furthermore, business is being sustained to some extent by Générale des Eaux Group capital spending, with the future headquarters of Société Générale in La Défense, the Cité Internationale in Lyons, the Nantes waste treatment facilities, etc.

The best and most promising turn of events is the widespread increase in order backlogs since the start of the year (order intake up 17% over four months; as of April 30 the order book represents eight and one-half months of activity, compared to less than eight months a year ago).

* *
*

Some items of satisfaction, notably:

- Settlement of contract disputes, which seem to be just about resolved, regarding the Channel Tunnel and the Storebaelt.

- Award of the contract to build a bridge over the Tagus estuary in partnership with Trafalgar House and several Portuguese companies. A huge project exceeding FRF 6 billion, this structure is scheduled to go into service in the spring of 1998.
- Possibility of success in the bidding for another highway bypass concession, this time in France.
- The continued good position of Cofiroute, although proposed legislation to tax toll receipts is a concern.

Some items of concern

- None of the major contract disputes outside Europe (Kuwait, Karachi) has been settled nor is about to be.
- The state of building construction in England and Germany. In England, the bad news still involves Norwest Holst. In Germany, the economic difficulties of the eastern Länder where we operate are real and quite severe.

Profits likely to be stable

Notwithstanding all this (the difficulties are always in the near term, while the good news is always for the future), this year promises to be similar to the previous one in terms of earnings, cash flow, and debt. The FRF 300 million level is admittedly not satisfactory for our earnings; a normal objective in a more normal economy would be at least FRF 500 million, but we are currently experiencing the worst recession since the war.

Prudence and lucidity

I will not dwell here on the reasons for our confidence, which are broad, nor on our hopes for the future, which are great. (I spoke of these at length in my message of a year ago, as well as in my message of 7 March 1994 before the capital increase.) "Prudence and lucidity, but no catastrophism" remain our watchwords, along with "moderation of resources, but not of ambitions".

Furthermore, I would like to say that the foremost reason for optimism is that for several months now, SGE has seemed to me to exist more organically, to have become a truly collective entity whose members really know that they are part of a single organization and are motivated to serve it with the utmost in teamwork and dedication.

Guy DEJOUANY
June 17, 1994

SOCIÉTÉ GÉNÉRALE D'ENTREPRISES

1993 ANNUAL REPORT

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SOCIÉTÉ GÉNÉRALE D'ENTREPRISES - SGE

Société Anonyme (public limited under French Law)

with share capital of FRF 2,435,163,895

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Vice Chairman

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Antoine ZACHARIAS

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Bernard MONTAGNE, André AMIC
et Associés

Members of Deloitte Ross Tohmatsu

SALUSTRO REYDEL

*S*ociété Générale d'Entreprises is a holding company at the head of a group of more than 425 subsidiaries and affiliated companies, operating in all areas of the construction and public works industry: general construction, roadwork, and industrial and technical equipment works.

With a consolidated turnover of 43 billion francs in 1993 and 63,000 employees, Société Générale d'Entreprises is one of the very largest European groups in this sector. Some 90% of its business is generated in Europe, with 57% coming from France, 20% from Germany, and 8% from Great-Britain.

In addition to its main lines of business, the SGE Group has developed complementary activities such as services to local public authorities, environmental engineering, industrial maintenance, and technical building management.

SGE is also active, directly and through subsidiaries, in concessions operations, such as highways, parking lots, water distribution and treatment.

In 1993, SGE continued its efforts to promote cohesiveness and group image. The new head office at Rueil 2000, where the senior management of Tunzini and Wanner recently also relocated, is now hosting the head offices of all the major French SGE subsidiaries. All the companies of the SGE Group in France, Great-Britain and Germany, have just harmonized their logos, all of which include the new SGE colours, red and blue.

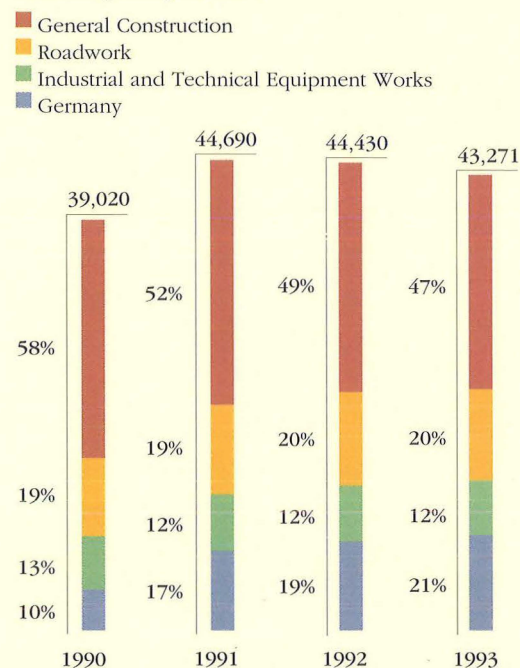
KEY FIGURES

A breakdown of turnover by sector highlights two important trends: the increase in activity in Germany which now represents 20% of the Group's net sales, and the slowdown in general construction owing above all to the drop in building and public works activities in France. The overall resilience of SGE is proof of the benefits of having a well-balanced variety of activities.

International activities grew, contributing 43% of total turnover in 1993. European business remains the mainstay of international activities, contributing over 90% of total sales. Outside Europe, SGE is represented, either on a permanent basis or through large projects, in nearly 80 countries or territories, with particularly strong representation in Africa, the French overseas departments and territories, and South East Asia.

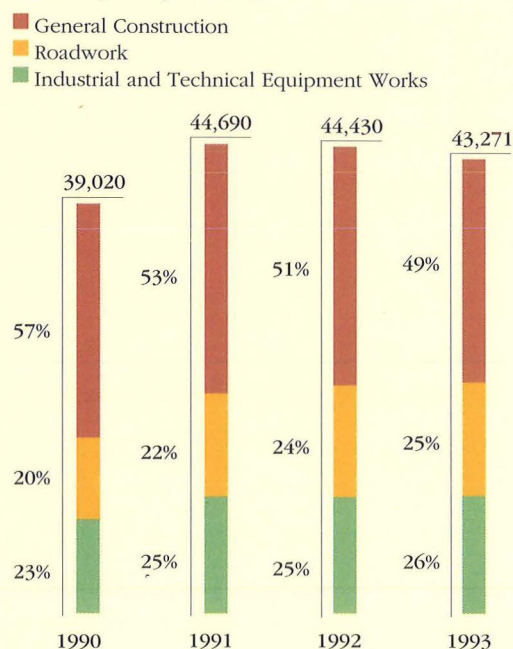
Turnover by line of business

(in millions of French francs and %)



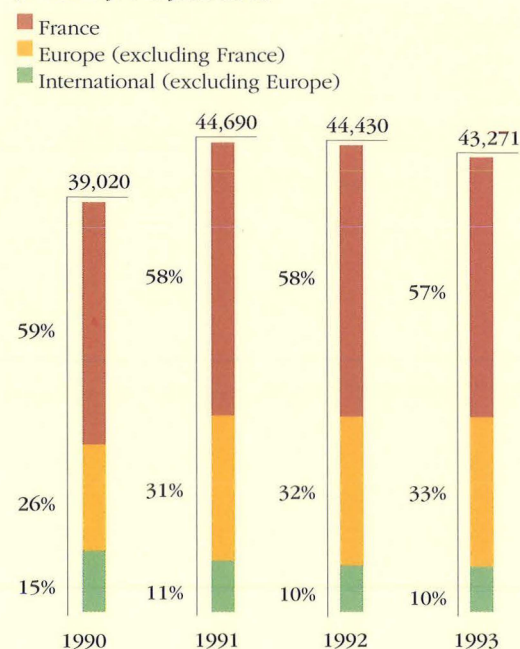
Turnover by sector

(in millions of French francs and %)



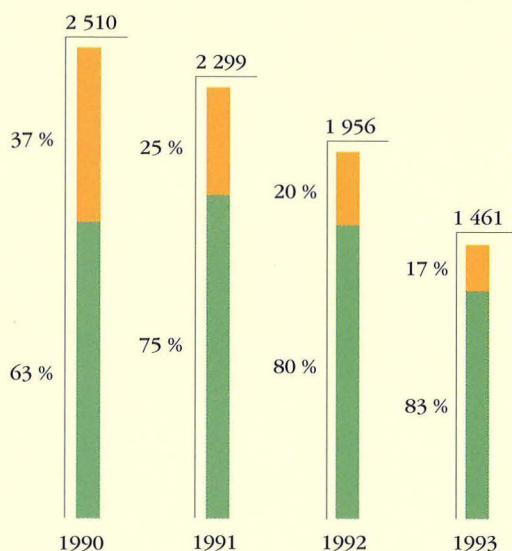
Turnover by geographic zone

(in millions of French francs and %)



Capital expenditures*(in millions of French francs and %)*

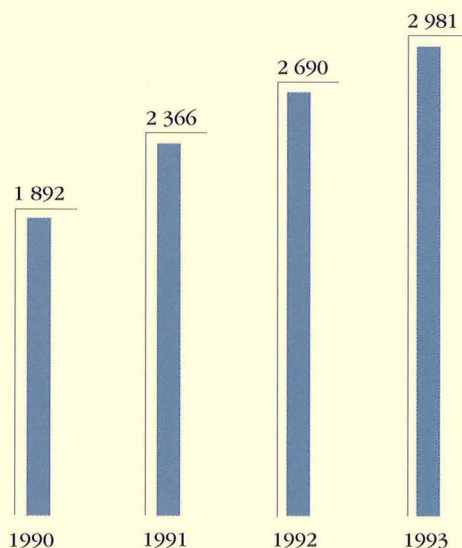
- Financial Investments
- Property, Plant & Equipment



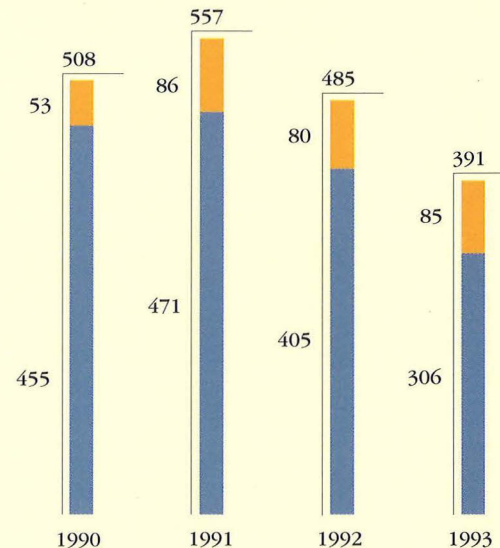
After the major expansion undertaken during the 1989-1991 period, particularly in Great-Britain and Germany, investments have continued to decline in 1993. However, this decrease has not been to the detriment of new activities, undertaken most notably by Sogea in the service sector.

The strengthening of consolidated Group equity has continued through the incorporation of the net profit of the period and the payment of a substantial part of last year's dividends in the form of capital shares.

Group net profit has levelled off in the unfavourable environment that prevails in most of the sectors and geographic areas in which SGE is active. The Group remains quite profitable, however, despite the increase in the amortization of goodwill.

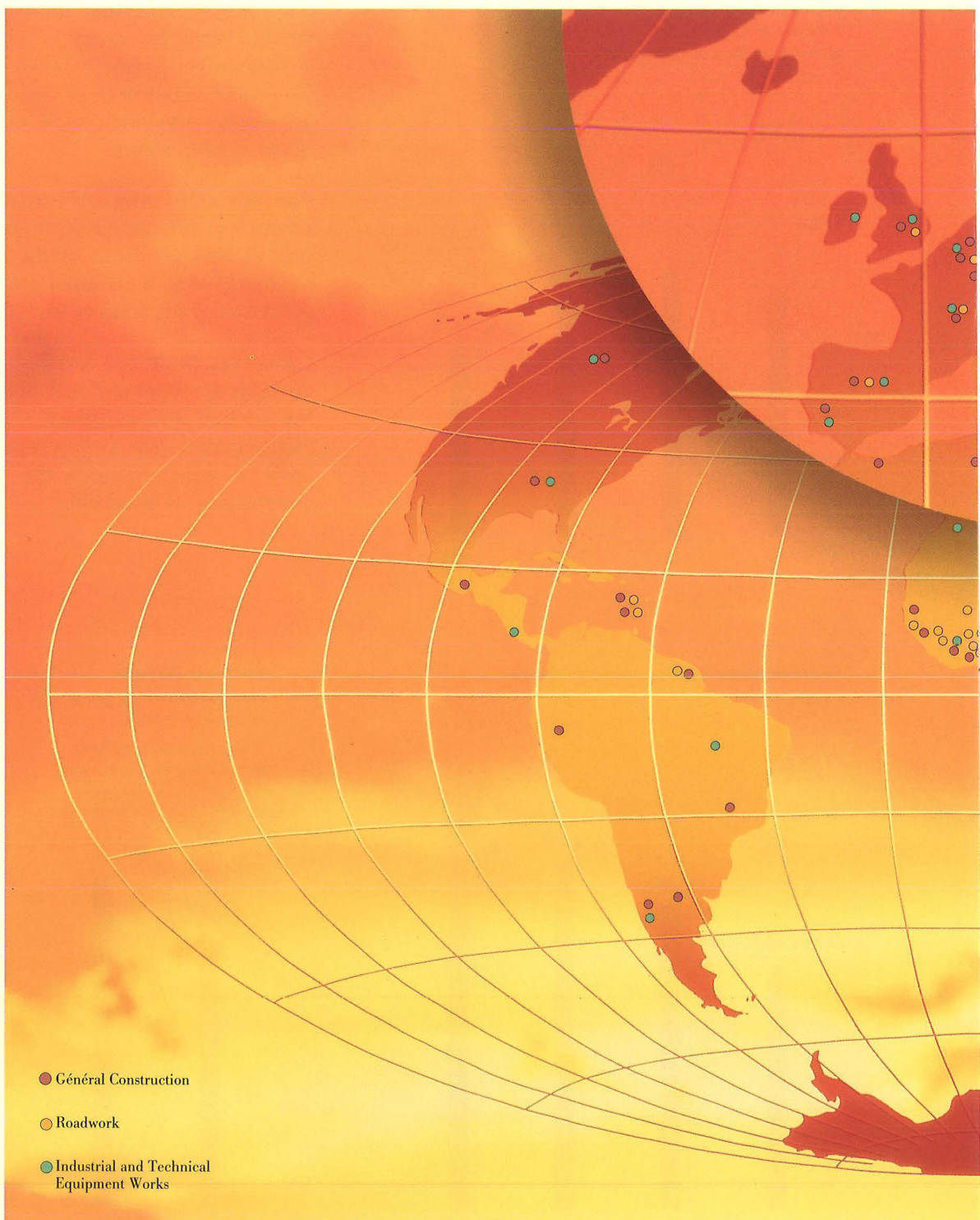
Shareholders' equity (Group share)*(in millions of French francs)***Earnings before amortization of goodwill***(in millions of French francs)*

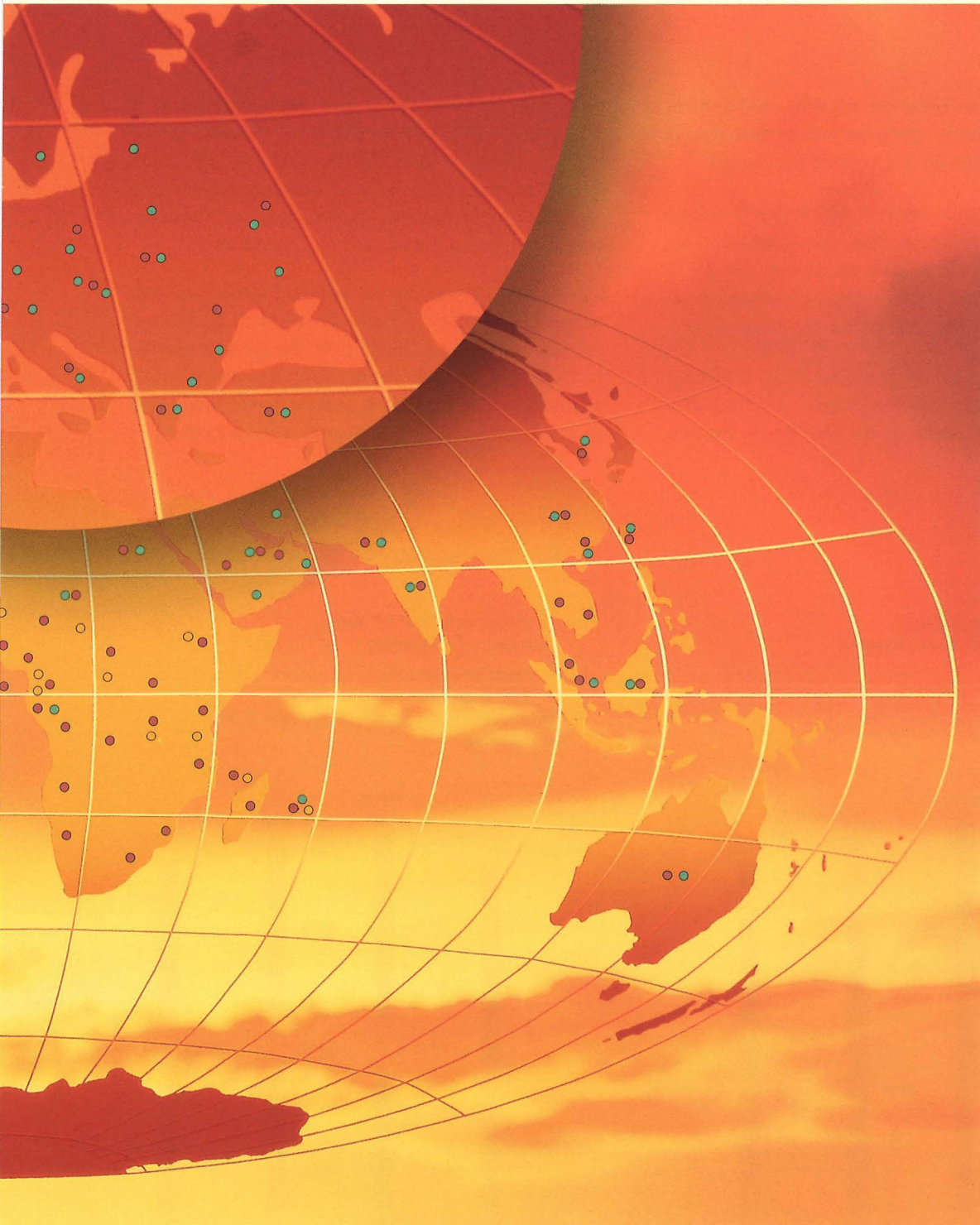
- Goodwill Amortization
- Net Profit (Group Share)



GEOGRAPHIC SCOPE

ALGERIA
ANGOLA
ARGENTINA
AUSTRALIA
AUSTRIA
BAHRAIN
BELGIUM
BENIN
BIELORUSSIA
BRAZIL
BULGARIA
BURKINA FASSO
BURUNDI
CAMEROON
CANADA
CENTRAL AFRICAN REPUBLIC
CHAD
CHILE
CHINA
CONGO
COSTA RICA
CZECH REPUBLIC
DENMARK
DUBAI
EGYPT
ESTONIA
ETHIOPIA
FRANCE
FRENCH GUYANA
GABON
GAMBIA
GERMANY
GHANA
GREECE
GUINEA
HONG-KONG
HUNGARY
INDIA
INDONESIA
IRAN
IRELAND





ITALY
IVORY COAST
KENYA
KOREA
LESOTHO
LUXEMBURG
MADAGASCAR
MALAYSIA
MALI
MAURITANIA
MEXICO
MONACO
MOROCCO
MOZAMBIQUE
NAMIBIA
NETHERLANDS
NIGER
NIGERIA
PAKISTAN
PERU
POLAND
PORTUGAL
RUMANIA
RUSSIA
SAINT THOMAS AND PRINCIPLE
SAUDI ARABIA
SINGAPORE
SLOVAKIA
SPAIN
SWEDEN
SWITZERLAND
TAIWAN
TANZANIA
THAILAND
TOGO
TUNISIA
TURKEY
UGANDA
UKRAINE
UNITED ARAB EMIRATES
UNITED KINGDOM
U. S. A.
VENEZUELA
VIETNAM
ZAÏRE

HUMAN RESOURCES

SGE has a workforce of 63,000, with 51% working in France, 30% in other European countries, and 19% in the rest of the world.

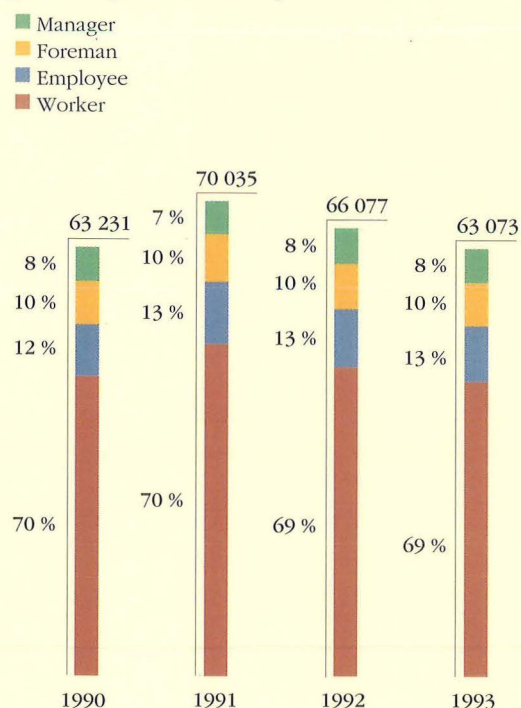
Despite an economic climate which has required significant restructuring, SGE has continued to actively recruit young staff members. In 1993 the company hired more than a thousand new personnel under the age of 30.

This recruitment effort is backed by a strong professional training program. During the year all training activities for the Ile-de-France

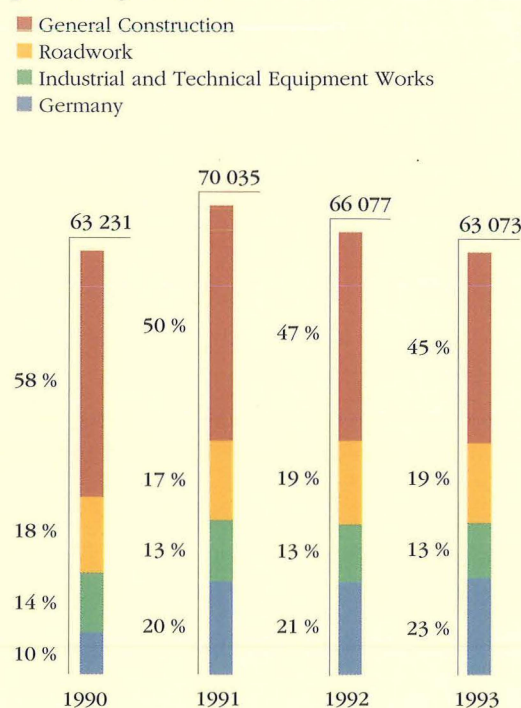
area were consolidated and strengthened in a program called Force 2000, managed by Sogea. Cochery Bourdin Chaussé and Viafrance have, on their part, joined together to form a training institution for technicians and specialists in Gevrey-Chambertin (Côte-d'Or).

Furthermore the main general construction subsidiaries of SGE have developed programs for the hiring and training of the young unemployed for interior work, in conjunction with agreements signed with public authorities and in accordance with the French urban policy.

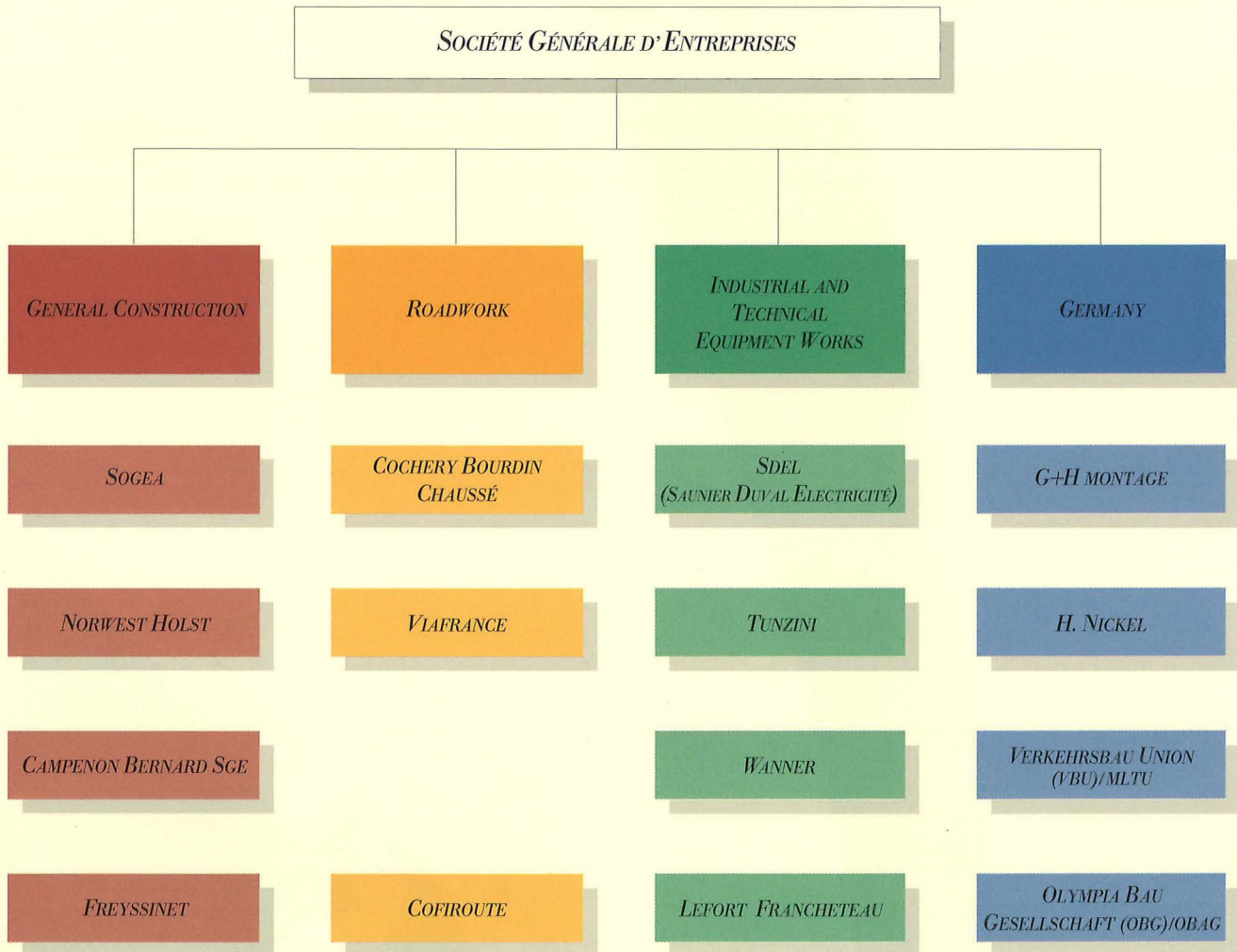
**Average number of staff
per occupational classification**



**Average number of staff
per line of business**



ORGANIZATION



The SGE Group is organized in four sectors:

Three sectors, comprising major product related activities:

- general construction, including building and civil engineering subsidiaries,
- roadwork,
- industrial and technical equipment works.

A territorial sector covering several lines of business:

- Germany where over the past few years SGE has established itself as the 8th largest building and public works group, operating in various types of activities: industrial and technical equipment, roadwork, building construction.



GENERAL CONSTRUCTION

SGE's General Construction sector comprises its largest subsidiaries operating in the fields of construction and public works (Sogea, Campenon Bernard SGE), as well as its British subsidiary Norwest Holst and a subsidiary specialized in civil engineering, Freyssinet International.

The areas of activity of these companies, which represent nearly half of the Group's turnover, remained depressed in 1993, despite a slight improvement in the second half of the year. Shaken by a sharp decline in construction starts for industrial and commercial buildings in France, the construction industry - once again - had also faced a decline in demand for new housing. The French Government's efforts to support the housing sector by providing incentives to build subsidized housing, had failed by mid-year to produce any noticeable results. With barely 250,000 housing starts, 1993 reached a plateau in a declining market. Public works, however, have fared better, although they have not really felt the effects of the various plans initiated mid-year to stimulate this sector. The United Kingdom has overall seen no improvement in this area; furthermore, the growing trend for companies to tender below cost is only making things worse for the entire industry.

The two main SGE subsidiaries operating in these fields - Sogea and Campenon Bernard SGE - have experienced a drop in their activity level. This was, however, anticipated with restructuring and cost cutting measures already implemented in prior years.

In the United Kingdom, Norwest Holst, after completing a major restructuring, began reporting directly to SGE, the Group's parent company, from January 1st, 1994. Business appears to have stabilized at around £ 300 million per year. This level of activity should allow the company to cut its operating losses substantially and wait for a turnaround in the British construction market.

SOGEA



In 1993 Sogea went through a transition period and its net consolidated sales at 12.6 billion francs represent a 9% decline from the previous year. The company's situation at the beginning of 1994 is quite different from the one that prevailed a year ago. The restructuring of its regional operations in mainland France as well as in the French overseas departments and territories initiated in 1992 is now complete. Furthermore, the transfer of Norwest Holst to SGE at the end of the year will result in a reduction in the scope of Sogea's own business. Its profit picture should improve significantly as it is now free from the difficult situation faced by the British company. Sogea remains the largest SGE subsidiary with a strong international involvement especially in Belgium and Africa. It is also the Group's most diversified enterprise with 48% of its business in the construction field, 22% in civil engineering, 20% in waterworks, and 10% in environmental engineering and in the management of public services. Environmental engineering includes water treat-



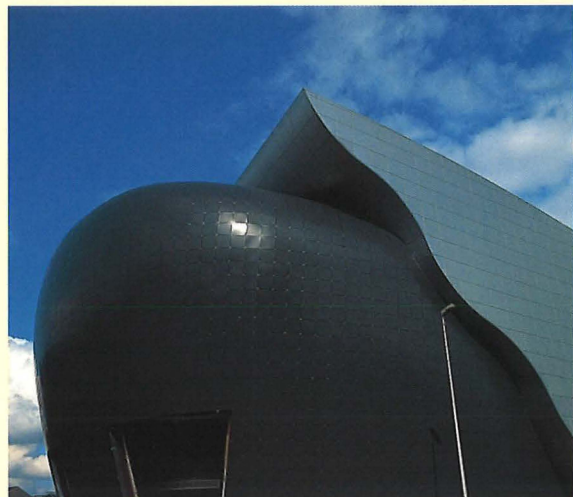
*Installation of the roof
for a new high school
in Goussainville
(Val d'Oise) built
by Sogea for the
Ile-de-France Conseil
Régional within the
METP procedure
framework.*

ment and domestic waste processing, The management of public services includes managing parking facilities, waste and sewage processing facilities, as well as drinking water and sewage networks.

In 1993 Sogea had a turnover of 10 billion francs (excluding the UK), down 10% from the previous fiscal year. Mainland France accounted for 70% of the total, the French overseas departments and territories for 14%, Africa 10%, and other European countries for over 5%.

MAINLAND FRANCE

Turnover was 10% lower than the previous year (7 billion French francs) and the balance between the various sectors in which Sogea is involved actually changed. Building construction, which used to account for more than 70% of the company's business, remains the most important sector, however shrinking to 57% in mainland France at 4 billion francs versus 5.4 billion francs in 1992. Civil engineering was down to 1.25 billion francs; hydraulic



*Aluminium shell for the new
media center in Chateauroux,
designed by architect
Jean-Louis Godivier.*

francs; hydraulic works stabilized at close to the 1992 level; service activities, on the other hand, grew by 25%.

Building construction

The volume of building activity slowed down significantly in the Paris area. Because of an oversupply of office space there, the number of commercial projects initiated by private developers fell sharply. This negative trend was partly offset by a steady demand for

public housing and schools, both renovation and new building construction. Sicra and Sobeia Ile-de-France, the two regional subsidiaries of Sogea, were able to take advantage of this situation. The most notable projects were: one of the two new head office towers for Société Générale in La Défense, the Descartes University project in Malakoff, the Ecole Nationale Supérieure d'Électronique et de ses Applications - ENSEA) in Cergy-Pontoise, the Gous-sainville high school in Val d'Oise and a number of high school renovation projects throughout the Ile-de-France area.

Outside the Paris area, the company was able to maintain its level of activity in the northern part of France. The decline in new building construction was offset by increased business in the service sector.

In particular a management contract was signed for the water supply network of the greater Troyes area.

Conversely, the situation continued to deteriorate in the southern part of the country. The Rhône-Alpes and the South-West regions have been particularly hard hit. Nevertheless some large projects were started such as the Cité Internationale in Lyons, and the Ecole des Mines in Nantes, while others continued, such as the media libraries of Evreux and Chateau-roux, the Regional Government Center of the Département du Var, the Nancy Administrative Center and the new Compiègne hospital.



Construction of new head office of Société Générale at la Défense (125,000 sq.m.), currently the largest construction project in France.

Civil engineering

Civil engineering activities carried on by Sogea's specialized subsidiaries TPI, Dodin, Cofex and the network of regional companies experienced an 11% drop in their business activity. This decrease was the consequence of the completion of a number of large projects such as the Prado-Carénage tunnel in Marseilles, the Arcins bridge in Bordeaux, the Hendaye marina, and sewage treatment plants in Douai and Valberg (Alpes-Maritimes).

The new subway line No. 2 in Lille, the Paris suburban rail line E (Eole project), and the extension of the Lyons subway were the major projects started or continued in 1993.

Waterworks

The waterworks business remained stable. Although projects tend to be small scale, substantial contracts were signed in 1993 to install rain water drainage in Clermont-Ferrand and in the Lyons area.

Environment and services

Environmental engineering has been Sogea's specialty for nearly 50 years. In 1993 the company was awarded large contracts to design and build domestic waste treatment facilities in Montpellier and in Creusot-Monceau. It also began construction of the waste treatment plant of Sélestat in Alsace.

Service activities are clearly on the rise. Sogea was awarded new contracts for the management of the Troyes sewage system, management of the sewage treatment plant in Nancy and of a new parking facility near Place d'Italie in Paris. Finally, Sogea's building maintenance operations in Paris were strengthened and consolidated in a new subsidiary.

FRENCH OVERSEAS DEPARTMENTS AND TERRITORIES

Outside mainland France Sogea's business dropped 13% to 1.4 billion francs due to the deteriorating creditworthiness of some of its clients. Business, however, gathered some momentum from government investment in infrastructure, public works and public housing, particularly in La Réunion and Guadeloupe. The construction business went through a sharp decline in Martinique and came to a standstill in French Guyana. In La Réunion, the volume of public works activities slowed down but the Mafate and Sainte-Suzanne tunnel drilling - part of a project to carry water



New factory for sorting and composting of household waste, in Sélestat (Alsace).

from east to west across the island - is moving on schedule. In Guadeloupe water production and distribution operations increased notably.

AFRICA

Sogea has remained active in most African countries and posted a 1 billion francs turnover in this area in 1993, down 12% from a year earlier. The political unrest and economic difficulties which have plagued many African countries, including Togo, Angola and Burundi, are the principle reason for this decline. Despite the situation, the flow of orders remained steady boding well for a turnaround in 1994, particularly since Sogea is involved in projects backed by international financing, such as roads and water supply. Roadworks

were the main source of income in the current fiscal year with large projects in Guinea, in Mozambique (where the company recently set up business), and in the Central African Republic where Sogea was awarded a substantial road maintenance contract.

In waterworks and pipelines, projects on the drinking water supply system of Antanarivo (Madagascar) and Nairobi (Kenya) were completed in 1993. New projects were started primarily in Kenya, Mali, Gabon and Morocco.

The strongest growth in Sogea's business in 1993 came from its services management operations. The company won a ten year contract for the management of the drinking water, sewage treatment and electrical systems of Gambia.



Renovation of the road between Ibanda and Uyo  , in southern Tanzania.

EUROPE

Sogea's Belgian subsidiary Denys, which specializes in pipe laying, managed to maintain a turnover of 358 million francs with good workload and margins. The main projects Denys is working on are: a natural gas pipe line linking the Netherlands to Belgium's south-east region, the setting up of fixed fuel dispensing equipment in Brussels' airport and improvements to the main sewage collector in downtown Ghent using the pipe jacking technique.

In Portugal, work has continued on the domestic waste processing plant of Terra Verde. Sogea will manage it for 15 years in partnership with a Portuguese company.

Overall - with the exception of the UK operations - Sogea managed to keep its order book reasonably full in 1993 despite a difficult economic environment.

The backlog of orders which picked up at the

end of 1993 currently represents 10 months work compared to 8.2 months at the end of the previous year. Among the new orders are the Eole Saint-Lazare-Condorcet railway station in Paris, the underground railway station in Monaco, a number of public housing projects in Paris, car parks in Paris, Toulouse and Marseilles, domestic waste processing plants in Annecy, Chambéry and Fort-de-France in Martinique as well as the sewage treatment plant of Givet in the Ardennes. In Africa current projects include a number of road construction contracts in Gabon, Ethiopia, Guinea, Benin, and the Central African Republic, a fishing harbour in Angola, and a sea water desalinization plant in Morocco.

In 1993 Sogea - UK operations excluded - continued to make a significant net contribution to the Group's earnings (87 million francs), albeit slightly lower than the previous year (104 million francs).



Inspection of bentonite injected into water conduit at the Doel nuclear power plant, near Antwerp (Flanders).

NORWEST HOLST



The new wing of Terminal 2 Manchester Airport, which has a 1,500 space parking lot equipped with real time information on space availability at each level.

Norwest Holst, ranking among the twenty leading British companies in construction and public works, was acquired by the SGE Group in 1989 as part of its strategy to establish itself in the main European markets.

Since then, confronted by the deepest and longest recession in the UK construction market since the end of World War II, Norwest Holst's turnover has dropped from £ 400 million in 1991 to £ 300 million in 1993, a 25% decrease. Along with this business decline came a squeeze on margins and heavy losses have been experienced for the last two fiscal years.

Again, 1993 proved to be a difficult year for Norwest Holst as the turnover shrank to 2.6 billion francs, a 7% decrease from the previous year. As a result, a major restructuring plan was implemented and the company's operations were refocussed in those areas where it is strongest, particularly the North, West, North East and South. Activities retained were those less seve-

rely affected by the economic downturn, such as roadwork, environment, and public housing.

Norwest's business mix now comprizes: building construction 31%, civil engineering/roadwork 36%, mechanical electrical and process work 24%, technical trades 24%, environment, social housing and others 9%.

Building construction

This activity fell from half to one third of the company's total business. The decline has been steeper in the northern region after the completion at the beginning of the year of the Health and Social Security Department headquarters in Leeds. Given current market conditions, Norwest Holst has elected to seek mid-sized projects with limited risks such as the Liverpool university contract and the Enfield Chase Farm hospital in the northern suburbs of London.

Public works

The contract to build a road link from the port of Dover to the national highway system was completed and Norwest Holst was awarded a new contract to build the M11 link road. Pipe laying activity remained stable at a satisfactory level due primarily to the capital expenditures of recently privatized water companies and pipe laying work conducted for British Gas.

Mechanical engineering and process work

Rosser & Russel had a steady volume of activity and is currently expanding from its London base to the central and northern regions. During the year the company took part in the refurbishment of terminal one at Heathrow Airport. It was also awarded renovation contracts in the London area as well as some long term maintenance contracts.

Specialized subsidiaries

John Jones (earth moving), Capper (industrial pipe work), Conren (water proof membranes and surface coating) and Norwest Holst Soil Engineering (soil investigations, grouting and piling) have all had a satisfactory year. However George Depledge in the structural steel fabrication sector encountered difficult market conditions in spite of its major contracts for Arsenal and Twickenham stadiums.

Environment

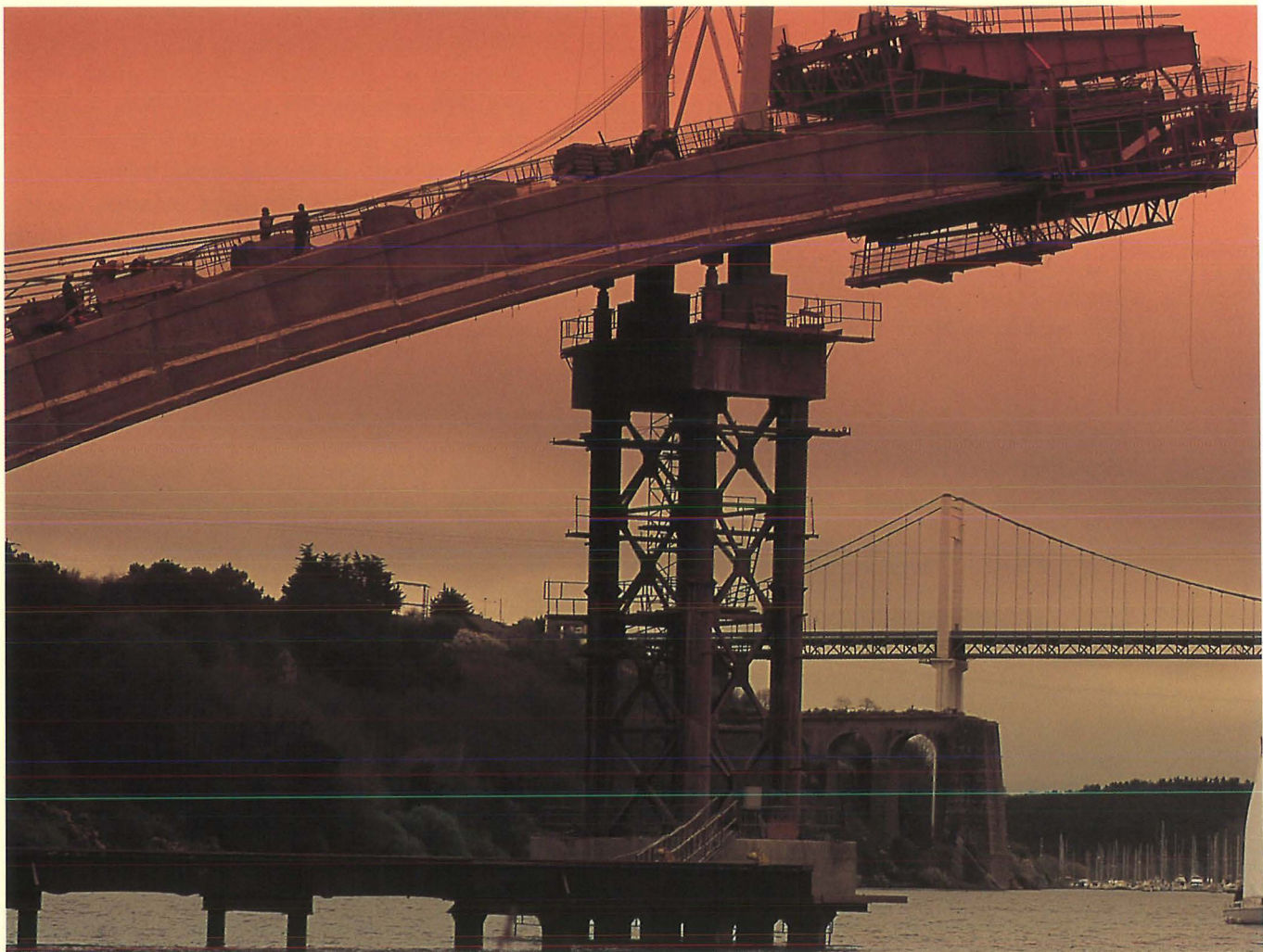
The outlook for General Water Processes, which is a joint subsidiary of Norwest Holst and OTV, remained favourable. After winning the contract for a major new sewage sludge incinerator at Coleshill, near Birmingham, General Water Processes was awarded a number of contracts for waste water processing, such as the extension of the Ardleigh reservoir near London, and the upgrade of the Swansea sewage treatment plant in Wales.

Despite the economic slump, the restructuring and stabilizing policies initiated two years ago have helped to significantly reduce the operating losses to 250 million francs, still a high level however.



*Low-angle shot of entrance
to the new British Social Security
office in Leeds.*

CAMPENON BERNARD SGE



The 1993 turnover of Campenon Bernard SGE was 6.5 billion francs compared to 6.8 billion francs in 1992. These figures, however, actually represent only a slight slowdown in activity taking into account the fact that the Channel Tunnel was completed this year and that income from this project dropped from 900 million francs in 1992 to 500 million francs in 1993.

With the consolidation of the Large Scale Project division of Sogea into Campenon Bernard under the name Campenon Bernard SGE, the company's operations have been divided into two business sectors of similar size:

- subsidiaries and permanent establishments located in France which, with consolidated sales of 3.4 billion francs in 1993, accounted for 52% of Campenon Bernard SGE's total business.
- large scale projects in France and abroad which represented 3.1 billion francs of business in 1993.



Construction of arched bridge at La Roche-Bernard over the Vilaine estuary, on the Nantes-Vannes highway.

SUBSIDIARIES AND PERMANENT ESTABLISHMENTS IN FRANCE

This sector comprises construction and civil engineering in the Paris area and the French provinces (1.6 billion francs); underground construction work and public works in Ile-de-France (530 million francs); maritime and riverine work, foundations and sanitation work (730 million francs) conducted by specialized subsidiaries such as EMCC, Botte and Parengé and large scale earth moving through Deschiron and Valérian (a company acquired in 1993).

Building construction

Campenon Bernard SGE has developed in 1993 its operations in the building sector with the completion of the Nice-Côte d'Azur vocational college for the hotel and tourism industry, the Human Rights Center in Strasbourg and the new Saint Exupéry College in Noisy-le-Grand. In partnership with Sicra, a Paris subsidiary of Sogea, work continues to progress on the central building and one of the towers of the new head office of Société Générale in La Défense. Campenon Bernard SGE is also involved in the Cité Internationale project in Lyons.



Panoramic view of the new Nice-Côte d'Azur school for hotel and tourism studies.

Civil engineering

Activity levels remained steady in this area: some large structural works are being carried out such as the doubling of the Nantua-Neyrolles viaduct, the building of the new Dôle bridge and the Pont Rousseau dam in Nantes; underground construction operations are busy building new facilities for the SNCF (French railway system) and RATP (Paris subway system) called Eole and Météor. Campenon Bernard SGE also won a major civil engineering contract for the new Paris area sewage treatment plant located in Colombes.

Specialized subsidiaries

Among the specialized subsidiaries, EMCC has pursued restructuring around its core activity in mainland France and streamlined its structure accordingly. Its main projects include the Météor subway tunnel under the Seine river at the Tolbiac bridge in Paris, and dredging of the Sâone (phase 1 of the Rhône-Rhine link project).

Earth moving

Deschiron has been able to maintain its business in the earth moving sector and to show satisfactory returns, despite a national market decline following the completion of several large transport-related infrastructure projects. It completed the earth moving work on the TGV-Nord site and won the contract for the French portion of the Paris-Brussels TGV line. With the acquisition of Société Valérian, based near Avignon, and its branch network, Deschiron has gained a strong foothold in an area of the country with great potential.

PROJECTS

France

Large Scale project activity has been marked by the completion of the heavy work and hand over to the client of the concrete structures for the Normandy bridge, the opening of the Nantes bypass through the completion of the bridge over the Erdre river, the finishing of drilling



Civil engineering work and laying of concrete structures for the Pont de Normandie, over the Seine estuary between Le Havre and Honfleur, were completed in 1993.

and concreting work for the Puymorens tunnel in the Pyrénées.

In 1993, work progressed on line 2 of the Lille subway, and work began on the La Roche-Bernard arched bridge which forms part of the Nantes-Vannes highway as well as on the Villecresnes trench, for the interconnection of the TGV lines in Ile-de-France.

International

In 1993 a number of large scale works were handed over including the Montsagne tunnel in Switzerland, the Entertainment Building and the Hill Side escalator in Hong-Kong, and the Rio Blanco copper mine galleries in Chile.

In China the connection of the first unit of the Daya Bay nuclear power station to the distribution network was successfully completed and work is continuing on the second unit. Work on the Del Santo elevated highway in Padua, Italy, is progressing and thanks to the exceptional pace of work on the tunnels of the Lesotho hydraulic project, 50% of the project was completed by the end of 1993.

In Denmark, work on the Storebaelt rail tunnels successfully progressed beyond the deepest point, but new unforeseen problems related to the soil were encountered. These are currently being reviewed with the client who is now closely involved in the technical choices. Since 1992, when Campenon Bernard SGE became lead contractor on the site, substantial progress has been made and 85% of the project was completed by the end of 1993.

Work on the Cairo subway line 2 began last summer and is progressing according to the contract schedule. Work on the site should intensify in 1994. Within the Interinfra consortium responsible for the project, Campenon Bernard SGE is the lead contractor for civil engineering.

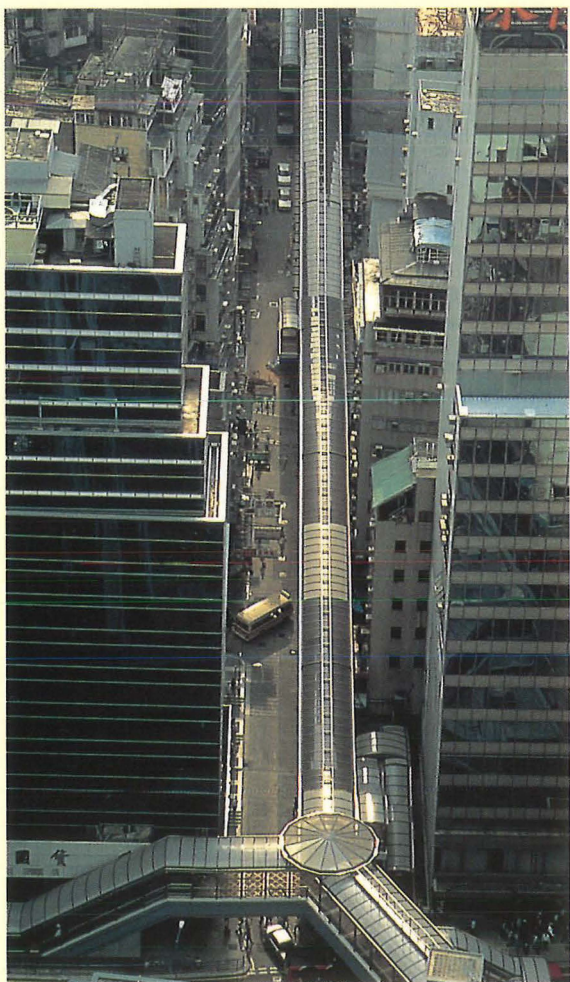
Campenon Bernard SGE is also lead civil engineering contractor on the Athens subway project which has been greatly delayed because of the numerous requests made by the client for changes and adaptations. At the end of 1993 negotiations between the client and the consortium of contractors were initiated to allow for the implementation of regular procedures and normal working conditions on the project as well as to work out fair financial compensation.



*The Entertainment Building,
a 203 meter high office tower
in the heart of Hong-Kong's business district.*

On the power station site in Dul-Hasti in India, in which Campenon Bernard SGE is participating as consortium member, the deteriorating security situation due to the Kashmiri guerrilla activities, has led Coface to agree that a claim for damages could be submitted. This should clear the way for assessing the amount of compensation to be awarded. Contact has been maintained with the client to negotiate the conditions under which work could eventually resume on the site.

Work started on the Hub River project - for the construction of an oil fired power plant in Pakistan - which is based on an elaborate financing scheme - after completion of lengthy technical studies. The first structural concrete was poured at the end of the year, on schedule, according to a revised planning that allowed for a 4 month extension because of delays in setting up the financing. Campenon Bernard SGE is the sole company responsible for the civil engineering and it is commissioned by a private client who holds a 30 year concession on the plant.



The Hill Side Escalator which connects the lower and upper sections of Hong-Kong is the largest escalator in the world.

After proposing an unusual alternative technical solution, Campenon Bernard SGE was awarded the contract for building the Kwai Chung viaduct in Hong-Kong, that will be part of the future road link to the new airport. The contract, which calls for the building of a 200,000 sq.m. deck in 41 months, is worth 1.6 billion francs and is to be shared equally with another company in the field. Work has started on site and foundations and earth moving are well under way.

Other important contracts signed in 1993 include work started on the Agadir silo project in Morocco and on the Mambilla dam in Nigeria.



The Channel Tunnel, with three passages of 52 kilometres each, is the longest underwater tunnel in the world.

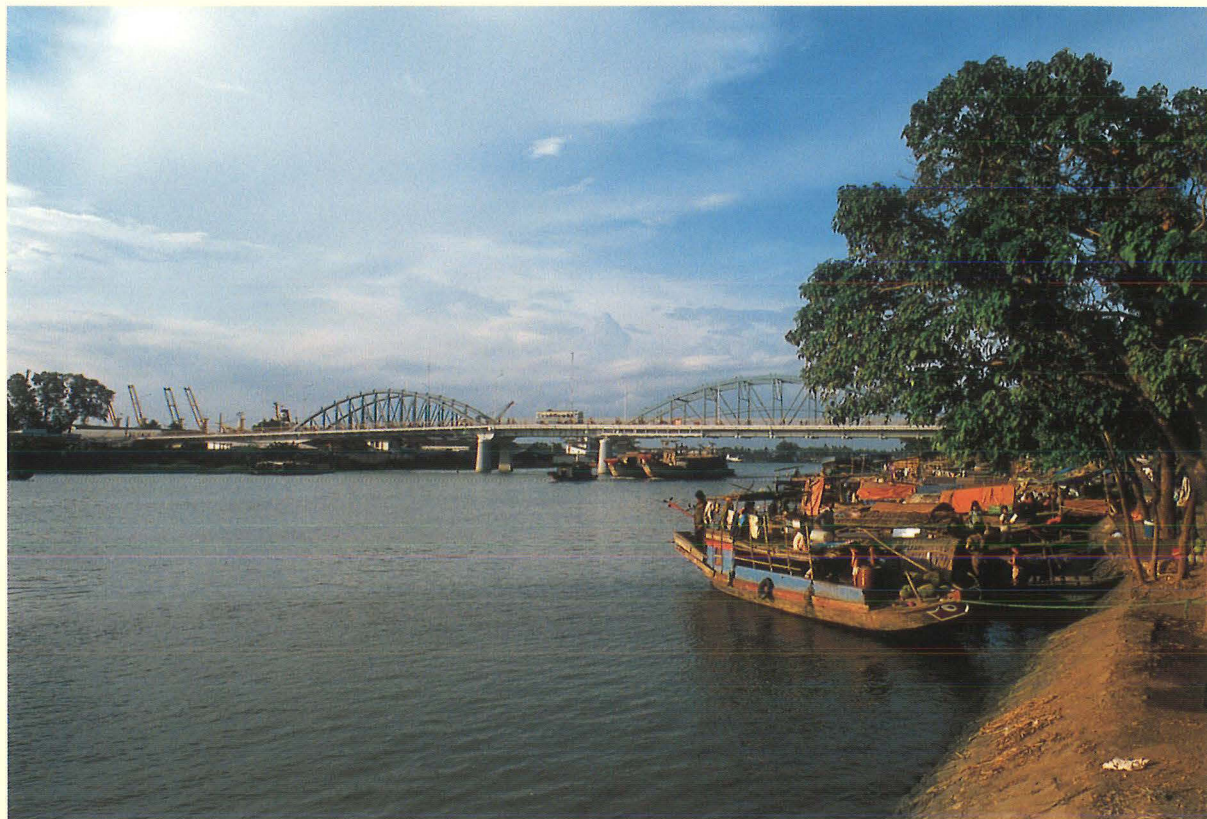
The Channel Tunnel was handed over by the Transmanche-TML consortium, in which Campenon Bernard SGE holds an 8.5% interest, to the client Eurotunnel, on December 10, 1993. Operation should begin in 1994. An agreement between Eurotunnel and TML signed on April 5, 1994 settled once and for all the last major financial points of contention concerning the price of fixed equipments.

Another significant event this year was the competition organized by the Ukrainian government to gather ideas for dismantling

the Chernobyl nuclear plant. The "Resolution" group, initiated and led by Campenon Bernard SGE, was the winner. The company has been actively seeking international financing to bring this project into being.

Due to a combination of smooth progress on certain large projects and tight management of subsidiaries, Campenon Bernard SGE was able to post net consolidated earnings of 89 million francs in 1993. This constitutes quite a turnaround when compared to the loss of 29 million francs realized in 1992.

FREYSSINET INTERNATIONAL



Tan Thuan bridge, near the port of Hô Chi Minh City was reinforced with exterior pre-stressed concrete.

Freyssinet International which celebrated its 50th anniversary in 1993, specializes in pre-stressed concrete work for civil engineering projects. From this core business it has expanded the range of its activities to engineering, and specialized techniques for the building and repair of large structures: work on cables, hoisting/material handling. It is also involved in the manufacturing of related products such as supports, roadway joints and slab connections.

Freyssinet International does nearly 60% of its business outside France. Through a network of foreign subsidiaries in Europe, Southeast Asia and Mexico as well as in other geographic areas where it participates in large scale projects (export activity).

In 1993, Freyssinet International had a consolidated turnover of 1.1 billion francs, a 14% increase over 1992 due mainly to the financial consolidation of its Far East subsidiaries.

Total company turnover was 1.4 billion francs in 1993, an 8% increase over the year before.

France

Business in France remained stable compared with the previous year. Work continued on the Normandy bridge between Le Havre and Honfleur: pre-stressed concrete work was completed and work on the cable stays began. Work on the bridge over the Elorn river linking Brest to Plougastel is also progressing. The first renovation contracts of nuclear plant raft foundations were carried out.

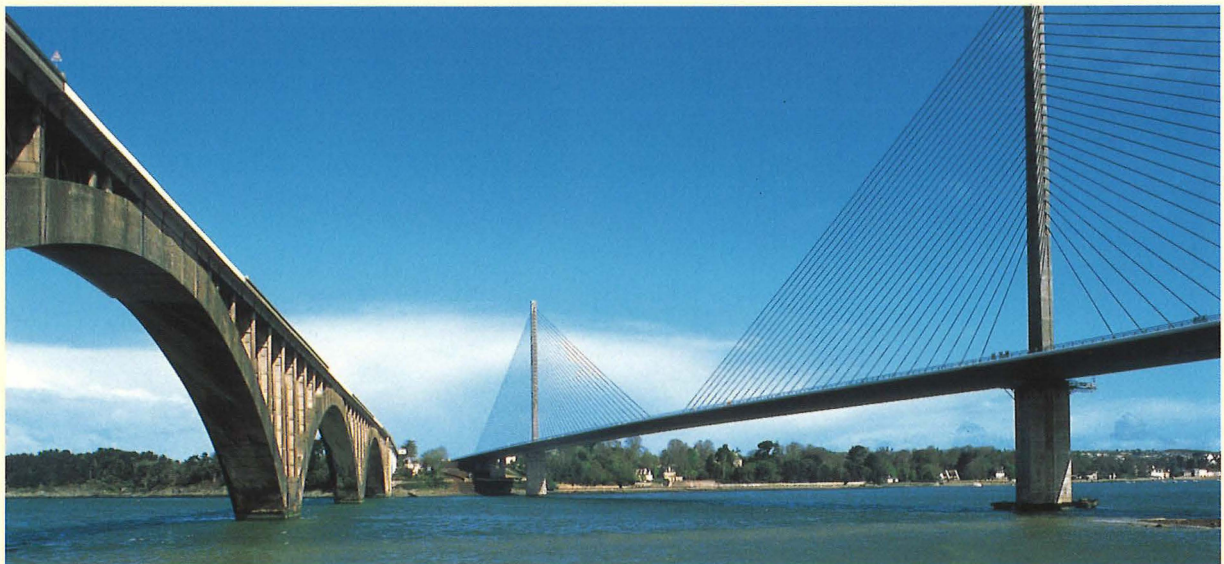
International

Freyssinet International completed several large cable stayed bridges in 1993: the Mezcala and El Zapote bridges in Mexico, the La Arena bridge in Spain, the bridge over the Alzette river in Luxemburg and the Glebe Island bridge in Australia. Work is progressing at the Imrahor viaduct in Turkey, the Macao/Taipa viaduct in China, the Johor bridge in Malaysia, and the Las Palmas arched bridge in the Canary Islands. Repair work was also done on bridges in Vietnam and harbour docks in Mauritania and Hong-Kong.

Field operations were reorganized and two regional centers, each with its own team of engineers, were set up. One is located in Hong-Kong and covers the Far East and the other is located in Spain and covers Southern Europe and Latin America.

Freyssinet also reorganized its industrial production unit that manufactures products related to work with cable stays and pre-stressed concrete for the whole group of companies. The design, production and marketing functions have been consolidated into a new company: PPC (Pre-stressed, Products, Construction).

After the drastic 1992 restructuring, Freyssinet International has staged a strong comeback with net earnings of 9 million francs against a 19 million francs loss in 1992.



The Elorn River bridge on the Quimper-Brest axis is held by two 115 m pillars and over one hundred cable stays.



ROADWORK

The SGE Group ranks second in France for roadwork. Its two roadwork subsidiaries, Cochery Bourdin Chaussé and Viafrance, had a consolidated turnover of 8.8 billion francs.

The decline of the French market that began in the second half of 1992 was amplified in 1993. Private sector orders, close to 30% of the business, decreased more than 15% from the previous year. Regional Governments, departments and cities which account for half of the orders to roadwork companies reduced their capital expenditure for new roads and, at best, kept their road maintenance budgets at a stable level. The launching by mid-year of the government stimulation program for the national highway system, which accounts for less than 10% of total business, has been slow in producing orders for roadwork companies and has hardly had any impact on their business activity in 1993. The effects should be more visible in 1994. Because of the depressed state of the market, competition started driving down prices, particularly in the South. Finally, the unusually bad weather conditions of the second half of the year hampered the progress of work on site and dragged down activity levels and margins during the last months of the fiscal year. The latest industry surveys show a drop in business close to 5% in 1993 following a 2% decline the year before.

The SGE Group roadwork companies, therefore, experienced a 2.5% decline in their business and contribution to the Group's profit declined likewise.

For the purposes of this report, SGE's concession business is also included in the roadwork sector. This activity covers the participation of the Group in Cofiroute and in the Tunnel du Prado-Carénage company, as well as new concession projects, notably the Muse project and the bridge over the Tagus.

COCHERY BOURDIN CHAUSSÉ



Installation of bleachers for the new stadium at Evry.

The 1993 turnover of Cochery Bourdin Chaussé was close to 6 billion francs, a figure similar to the year before; in fact this result represents a 6.5% drop on a comparable structure basis, with the incorporation of a full year's activities of the Moter Group and the first consolidation of the Belgian subsidiary Grizaco.

France

The company's roadwork business shrank more than 3% in France but fared slightly better than the industry as a whole. Results varied from one region to another. The Paris area went through a significant slow-down in sharp contrast with the buoyant market of past years. A similar situation prevailed in the northern region where the completion of large scale projects such as the TGV and the Fixed Link across the Channel brought a sharp decline in activity. The eastern and southeast regions fared slightly

better, still experiencing a slow-down in line with the national activity level. The western and southwest regions benefited from some large scale projects that took up the part of the slack in the traditional business areas.

The slow down which started in 1992 continued in the southwest region, hampering the recovery of the Moter Group. The year saw the completion of some large projects such as the west bypass of Rennes, the RN 4 highway in Ancerville (Meuse), the RN 10 highway in Saint-André-de-Cubzac (Gironde), and the

Carrousel roundabout in front of the Pyramide du Louvre in Paris.

In large scale roadwork a number of projects are worthy of mention: the A 7 highway between Bollène and Valence, the junction of the Toulouse East bypass with the A 68 highway, the section of the A 83 highway between les Essarts and Sainte-Hermine (Nantes to Niort highway), and the Clermont-Ferrand to Montpellier section of the A 75. The group's production of asphalt binders and surfacing materials was maintained at a high level to supply the demand resulting from the large public works business.

In the fall, Cochery Bourdin Chaussé signed a memorandum of agreement with the Direction des Routes du Ministère de l'Équipement (Highway Department of the Equipment Ministry) to develop a very thin surface layer that would reduce the noise level of vehicles on urban pavement.

Quarry production continued at a high level with an output of 11 million metric tons.

Cochery Bourdin Chaussé completed several significant projects in 1993 involving industrial and sports surfaces, notably athletic tracks for the stadium at Evry, a number of underground parking lots in Marseilles and in Paris, in particular that of the Cité Internationale du Vin.

International

Business declined in Spain in line with the depressed Spanish economy, and also in Africa and in the French overseas departments and territories currently in dire financial straits. Cochery Bourdin Chaussé has broadened its base in Belgium by acquiring the Grizaco company in Limburg. It has also stepped up its business prospecting efforts in Eastern Europe, particularly in the Czech Republic and in Russia.

Considering the uncertainties of the French market, Cochery Bourdin Chaussé has pursued its efforts, initiated last year, to improve its own organization.

A layoff program had to be implemented in the last quarter of 1993 and the consolidation of Moter into the regional network has been accelerated.

The combination of these measures with lower margins resulting from the recession, led to a significant drop in earnings from 140 million francs in 1992 to 60 million francs in 1993.



Coating station used in 1993 on highway work sites.

VIAFRANCE



Laying heavy gravel on the A 83 highway with a laser guided finisher.

The consolidated turnover of Viafrance was 2.9 billion francs, down 6% from the year before. The rate of decline is somewhat greater than the decline in the market nation-wide, but a major slow-down in the southern part of the country and ensuing price cuts forced the company to scale down substantially its operations.

The company continued its drive to become more competitive, and to raise its technical standards and the training levels of its personnel.

Thus, on its two main roadwork sites in 1993 - the RN 12 bypass in Houdan and the Montai-gu - les Essarts section of the A 83 Nantes to Niort highway - Viafrance has used very effective techniques for surfacing allowing for bet-

ter and faster work. A laser guided finisher was used for the first time in France on the A 83 job site where Viafrance works in partnership with Cochery Bourdin Chaussé. It was also Viafrance that assumed technical leadership for a new phase of resurfacing work on the Paris Périphérique. This work was completed in record time in August 1993. Other notable projects include the widening of the main access to the freight zone of Roissy-

Charles-de-Gaulle Airport, the doubling of the Epinal (Vosges) bypass on the RN 57, work on the RN 124 in the Landes area, and roadwork for the Rennes private university campus situated in the municipality of Bruz.

The first phase of the company's data processing decentralization is completed and an in-depth effort has begun to improve quality control required for certification procedures.

During the year, Viafrance achieved some external growth to step up its operations in growing markets and improve its business net-

work. It therefore acquired Esmery Caron Etanchéité, a small company specialized in sealant membranes to improve its skills in preventing leakage in technical waste dumps and water reservoirs. Towards the end of 1993, it also acquired STPR, a company located in the Pas-de-Calais to reinforce its regional business coverage.

The fiscal 1993 earnings were satisfactory at 51 million francs, down however from 1992 (70 million francs).



Initial breaking up of the roadway on the RN 124 detour between Dax and Mont-de-Marsan.

CONCESSIONS OPERATIONS



Bridge over the Erdre river, on the A 11 highway, for the loop road north of Nantes, put into service in 1993.

COFIROUTE

Cofiroute is the only private highway concession operator in France. It operates about 760 km of highways and SGE is one of its main shareholders with a 31% interest. It is operating four highway concessions which under the current agreement ends on December 31st, 2015. These highways are: the "Aquitaine" (A 10) from Paris to Poitiers, the "Océane" (A 11) from Paris to Le Mans with the section from Angers to the West of Nantes, the A 81 highway from Le Mans to Vitré and the A 71 highway from Bourges to Orléans. The Nantes bypass completed in August 1993 now joins this list. The government has confirmed its intention to grant Cofiroute the

concession for the Angers-Tours highway for which engineering studies have begun on the Angers-Langeais East section (76 km).

Cofiroute's turnover was 3.1 billion francs in 1993 up 8% because of increase in traffic (close to 4%) and changes in the price structure in 1992 and September 1993.

It is worth noting that during this fiscal year the underground Périphérique project (Rocade Souterraine Périphérique - RSP) was presented to the Paris Council which now has a better understanding of the technical problems involved. The financial arrangements for the project, however, have not been completed and this may delay the project. Before the

summer began, Cofiroute also produced a report on bypassing Paris by the A 86 to the West.

As a consequence of this report and the debate that followed, the mixed highway solution advocated by Cofiroute was adopted. It includes two road tunnels, one for light vehicles and one for trucks. The latter will be open also to light vehicles and both will be built at the same time. A public inquiry was launched in April 1994.

Abroad, work continues on the SR 91 highway, south of Los Angeles and in England the concession of the Severn bridge is operating satisfactorily.

In 1993 Cofiroute's earnings (consolidated by the equity method) were up 10% to 475 million francs.

OTHER CONCESSION OPERATIONS

In addition to Cofiroute, SGE also holds 23% of the capital of the concession holder for the Tunnel Prado-Carénage, the first urban toll facility in France, which opened for traffic in September 1993. Despite the delay in the city's

completion of the road giving access to the tunnel from the North, traffic reached 26,000 vehicles per day a few months after the opening.

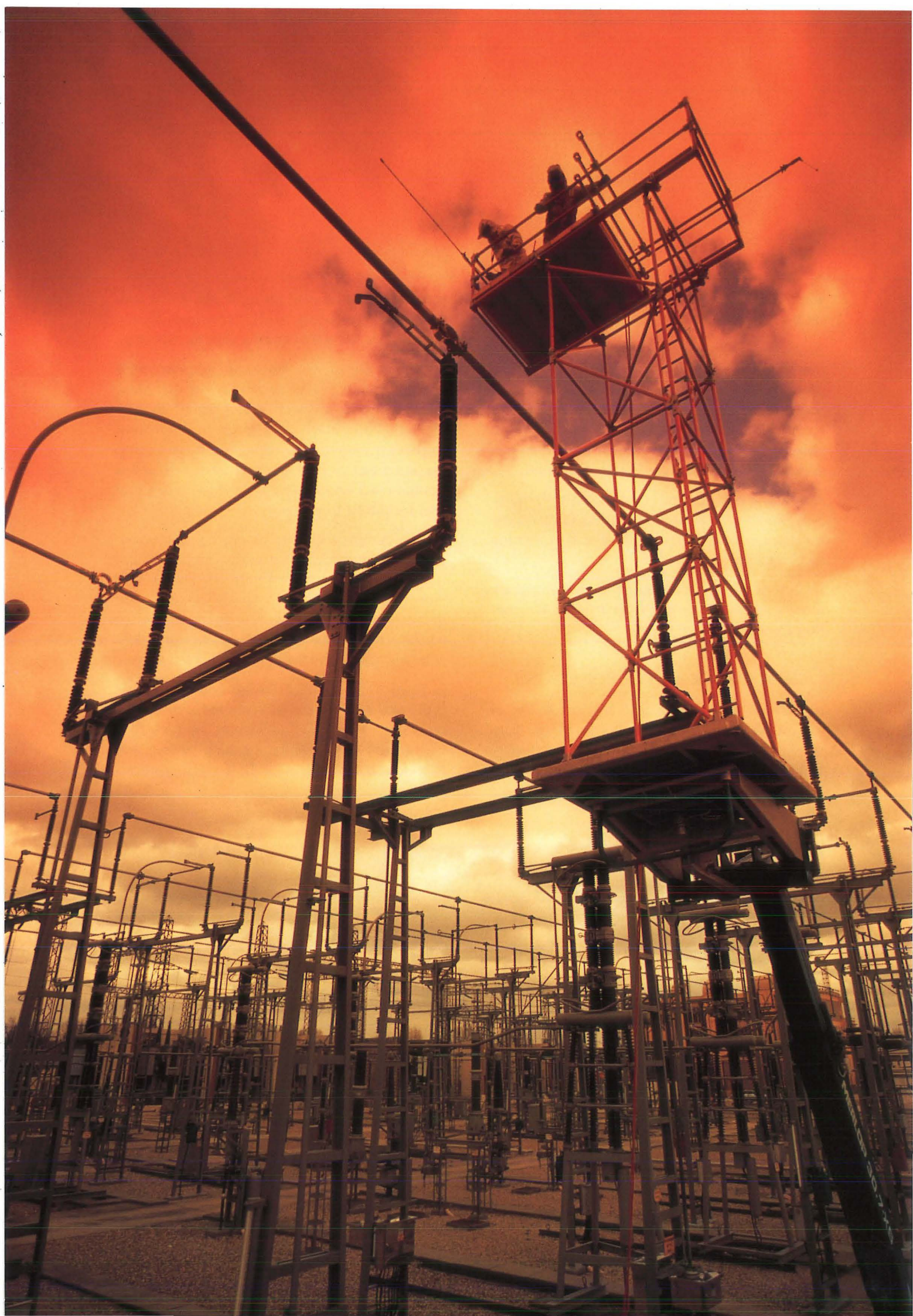
SGE also took over the management, with another public works company, of the Muse S.A. consortium which was granted in July 1993 the operation of a large underground highway network in the Hauts-de-Seine Department. This project will feature a double road system: one for light vehicles and one for public transportation.

SGE is currently looking at other infrastructure projects requiring concession operators that have been put out for tender in France and elsewhere in Europe. A special co-ordination group was set up at SGE's headquarters to combine the various technical resources and skills of its operating subsidiaries in the concession area.

In April 1994, the SGE Group was chosen to build and operate for 33 years the new bridge over the Tagus river in Lisbon, as part of a consortium that includes a British partner and Portuguese companies. The total investment will exceed 6 billion francs.



Prado-Carénage tunnel in Marseilles; first urban tollway, which is serving around 26,000 vehicles per day after only a few months of service.



INDUSTRIAL AND TECHNICAL EQUIPMENT WORKS

Four French companies belonging to SGE operate in this sector: Wanner, Tunzini, Lefort Francheteau and SDEL. Their specialties are insulation, climate control engineering, electricity and related networks. This group of companies had a total turnover of 5.2 billion francs in 1993, down 4.5% from the year earlier following a drop in capital expenditure by industrial companies and a slowdown in construction. Tunzini was the only company of the Group to grow in 1993 owing to its steady workflow on large domestic waste processing plants.

The consolidation of the operations of Wanner and Tunzini, instituted at the end of 1993 in order to create the leading thermal engineering group in France, was successfully completed. As a consequence overhead costs have been cut, and technical and commercial synergies have been developed in both the nuclear sector and dust-free environment technology, areas in which the two companies have strong growth potential.

After tight management policies were introduced, Wanner was turned around and the whole sector operation increased its contribution to the Group's earnings from 79 million francs to 91 million francs, despite a decrease in activity.

SAUNIER DUVAL ÉLECTRICITÉ



The new Richelieu wing of the Grand Louvre shopping center for which SDEL provided the centralized technical management systems and electrical equipment.

Saunier Duval Électricité (SDEL) ranks among the leading French companies in the electrical construction business. Its lines of business comprise electrical installations for industry and automation systems, equipment for the French Electricity Board (EDF) network, and supply and installation of office and telephone networks. In a very competitive environment, it has weathered the crisis that hit most of these markets in 1993.

The turnover at 2.4 billion francs was down 7% from 1992. All activities have been hit by capital investment reductions with the exception of rural electrification works that are part of multi-year contracts with local authorities.

Industry

In the area of Industrial Equipment Works (roughly 50% of turnover) the reduced activity of the regional agencies has been offset in

part by an increase in large scale projects, particularly abroad. Shell Switzerland has awarded SDEL a contract for the electrical work and equipment supply of its new desulphurization plant in Cressier. In the Congo SDEL was awarded a contract by Elf, which is developing the N'Kossa oil fields, to design, program and run the automation systems as well as to supervise their installation in partnership with a manufacturer of a digital control system.

Work for the nuclear industry is on the increase, mainly on the La Hague site for Cogema and on a number of nuclear power plants for EDF (the French electricity utility).

SDEL has maintained its emphasis on the maintenance and integrated technical management (GTC) business which represents 25% of its turnover. After the completion of the GTC work for the Richelieu wing of the Grand Louvre, significant contracts were signed in this promising market, including one for the new Air France head office and another for the TGV railway station in Roissy. In April 1993, the company delivered the automated luggage sorting system of the new terminal 2C at Roissy Airport. It was also awarded the maintenance contract for the system. This system is presently one of the most efficient systems in the world with a handling time of 10 minutes per piece of luggage, from registration to transfer to the aircraft.

Energy transmission and distribution

This sector, representing slightly more than one third of total sales, remains very dependent on the EDF development program with its uncertainties, particularly in the area of very high voltage transmission lines and transformer stations. The underground cabling sector for highway, TV and cabling in industrial equipment works continues to perform quite well.

Service sector

The service sector (close to 20% of turnover) remained stable despite poor economic conditions in the Paris area. Having completed the renovation of the data processing network of Société Générale's branches in 1993, SDEL is now involved in the installation of high and low voltage equipment in the towers that will shortly become the new headquarters of the bank in La Défense. Reinforced by the 1992 acquisition of the TTM company, the maintenance and installation business for telephone

and computer networks has increased.

Finally, in 1993 SDEL pursued its quality and safety development policy begun several years ago. In the quality area, SDEL has initiated its certification process. In the safety area, personnel information campaigns have brought about a sharp reduction in work injuries that are today at less than half the average rate in the trade.

Despite the restructuring costs incurred during the year, net earnings of 40 million francs in fiscal year 1993 were not far below the 1992 level of 50 million francs.



Gas-oil desulphurization unit for Shell in Cressier (Switzerland).

TUNZINI - WANNER



The cooling system of the Channel Tunnel, comprized of four units of eight fans, each measuring nearly five meters in diameter.

TUNZINI

Tunzini's turnover was 1.3 billion francs, rising 9% from the year before. It was a checkered growth, however, with some sectors faring better than others.

Climate control

The climate control engineering business (air conditioning, ventilation, and heating) that accounts for three quarters of turnover was hit by the construction industry crisis, particularly in the service sector, and prices had to be lowered to win contracts. Still a few sizeable contracts were won such as the Air France headquarters in Roissy, the Department Admi-

nistrative Center in Marseilles and a large part of the new offices of Société Générale in La Défense.

Work was completed on some large scale projects such as the Channel Tunnel for which Tunzini realized the ventilation and cooling installations and the equipment of the Thomson research center in Elancourt.

Fire protection

Tunzini's TPI subsidiary, which was completely taken over by Tunzini during the course of the year, maintained its number two position in the field with a 200 million francs turnover.

Thermal engineering

In waste treatment, Tunzini is most active in incineration - urban industrial refuse - as well as in emission treatment. This business grew in 1993 when the Lagny and Grenoble projects gained momentum. These are two major renovation contracts to modernize, bring to standards and enlarge these domestic waste incineration plants built by Tunzini 20 years ago and 10 years ago respectively.

1993 the profits reached 25 million francs, close to 1992 results.

WANNER

Wanner ranks first in France for insulation work. Its 1993 turnover was slightly more than 1 billion francs, down 11.6% from 1992.

Industrial thermal insulation

This core business accounted for 60% of Wanner's turnover. Half of this business came from new projects which suffered from the decline in capital investments. The other half came from maintenance and repair work being therefore less vulnerable to economic movements. The main projects the company worked on in 1993 were the Elf Aquitaine oil refinery in Donges (Loire-Atlantique), the Sines oil refinery in Portugal and the insulation of the Bugey nuclear plant steam generators.

Architectural interior work

Recurrent problems in this business have led Wanner to reconsider its strategy in this business. It has all the same been involved in some landmark contracts such as the Lyons Opera and the Euralille business center.



New headquarters of the regional administrative center for the Bouches-du-Rhône, at Marseilles; Tunzini and Wanner installed the air-conditioning and false ceilings respectively.

Refrigeration

The company holds a leadership position in the refrigeration business. It has built the refrigerated warehouses of the La Rochelle fish market and has completed temperature testing facilities for Renault in Aubevoye (Eure) and for the CSTB in Nantes.

Pre-insulated pipelines

This business remained stable owing to supply contracts for urban heating in Gennevilliers (Paris area) and Petit-Quevilly near Rouen.

Wanner is also expanding into cooling water supply networks for climate control of residential and office complexes in the Paris area.

As a consequence of the heavy losses posted during the previous two fiscal years, Wanner

consolidated its operations around its core business in 1993 closing down non-core activities and a number of foreign subsidiaries (Belgium and Africa).

These measures undertaken as part of a recovery plan permitted the company to return to breakeven point. Coming after the 1992 and 1993 losses, this result proves that consolidating operations with Tunzini to create the largest French thermal engineering group was the right move.

This restructuring has enabled the company to cut overhead costs, to reorganize loss making activities and to take advantage of technical and commercial synergies, as in the nuclear sector and in dust-free environment technology. Both of these activities offer good growth potential.



Insulation of pipeworks and other equipment of the Elf-Antar refinery in Donges, Loire-Atlantique, installed by Wanner (Engineering: Technip).

LEFORT FRANCHETEAU



Installation of rainwater recovery pipes under the stands of the new Charlety stadium in Paris.

Lefort Francheteau, with turnover of 400 million francs in 1993, may well be the smallest company of the Industrial and Technical Equipment Works sector; it is nonetheless a leading performer technically as well as financially. However, the various units of Lefort Francheteau had a difficult year in 1993 with overall results down 10%.

The air conditioning business was most affected (down 9%) due to a slump in the Paris office market. Major projects were delivered in 1993: the art restoration laboratory and the Richelieu wing of the Louvre Museum, the Roissy Park office complex, and the Saint-Cloud movie studios. The Bibliothèque de France project and the Institut Pasteur projects are both progressing on schedule.

Saga Entreprise, a subsidiary specialized in roofing and plumbing also suffered from the sluggish economy and its business fell by roughly 4%. The major projects started during

the year were the Charlety stadium and the Percy military hospital. Abroad, the company was engaged in renovating the French embassies in Prague and Riga (Latvia).

The maintenance and management activities of Sonex, on the other hand, have kept growing at a rate of about 10%.

In spite of a difficult overall environment, Lefort Francheteau's tight management and advanced technical know-how have produced excellent results with earnings of 21 million francs, similar to the previous year's.



GERMANY

After going through a fast growth period sustained by external growth in the new Länder, 1993 was a period of stabilization and consolidation for the German activities of SGE. The German business has been structured around SGE Deutsche Holding, one of the eight leading construction and public works companies in Germany. Over 60% of its sales come from its core business of technical trades (insulation and air conditioning) in the old and new Länder but also in neighbouring European countries (Benelux, UK, Austria). Since 1990, SGE has grown by acquiring companies in the new Länder, primarily in the fields of building construction, roadworks and hydraulic works.

The economic slowdown in the western part of Germany has caused a decline in capital expenditure and office construction, but the sustained growth of the eastern part has enabled SGE to maintain in Germany a high level of activity in its traditional businesses and to develop new activities such as construction, public works and roadwork. The 1993 turnover which includes MLTU's operations (a pipe laying and waterworks company acquired in 1992) reached 9.2 billion francs, up 5.7% over 1992.

Germany's contribution to SGE Group profits was up slightly, at 142 million francs in 1993 versus 138 million francs in 1992, despite difficulties in bringing the construction subsidiaries of the Länder to acceptable operating levels.

SGE is one of the key players in the two main reconstruction projects of the historic Berlin city center.

G+H MONTAGE

INSULATION



Parlours of the Norwegian cruise ship, Kong Harald for which G+H Montage provided the decoration and interior works.

The main subsidiary of SGE Germany, G+H Montage is the group's leading company for all the areas of insulation work: thermal insulation for industry and buildings, industrial acoustics, ship insulation, refrigeration for food storage, industrial applications, and building cladding. Its main subsidiaries are Felix Schuh + Co. in the western part of Germany and Isolierungen Leipzig in the eastern part.

G+H Montage had a consolidated turnover of 5 billion francs in 1993 up 4.2% from 1992.

The downturn in G+H Montage's industrial thermal insulation work followed a general decline in capital expenditure in the western region. This was offset by a good performance in the acoustics and face work operations and from the subsidiary Isolierungen Leipzig that operates in the new Länder.

Among the most notable contracts of 1993 were the large interior refitting work on three cruise ships for Norwegian shipyards, the 30,000 sq.m. cover for the new lobby of Frankfurt airport, the installation of an acoustics insulation system in the Klingenberg (Berlin) and Wühlitz (Anhalt-Saxony) power stations.

Abroad, the construction of refrigerated ware-

houses in Poland and Russia and acoustics insulation of large silencers for gas turbines in a Chinese power plant are worthy of note.

In Europe G+H Montage has consolidated its position by acquiring an industrial thermal insulation company in Sweden: KW Isolering, the number two Swedish company in that sector. It also took over a company specialized in acoustics in the UK, thus bringing the turnover of G+H Montage UK to £ 40 million and showing a profit.

The other European subsidiaries in the Netherlands, Belgium, Austria and Switzerland are operating smoothly.

G+H Montage still intends to expand its business activity to the Eastern European countries. In order to achieve this goal, it is using

the old business connections established by the management of Isolierungen Leipzig (from the ex-GDR) in the former Comecon area. In addition to Hungary, where the company was already present, G+H Montage has set up, in partnership with local companies, two small subsidiaries in the Slovak Republic and in the Czech Republic.

Thanks to a well planned growth strategy and a balanced diversification, G+H Montage has been able to maintain significant contribution to the Group's 1993 earnings.



Maritim Airport Hotel, Hanover; false ceilings installed by G+H Montage.

HEINRICH NICKEL

CLIMATE CONTROL ENGINEERING



The new headquarters of the Dresdner Bank in Frankfurt for which the air-conditioning is provided by cold ceilings installed by Nickel.

Heinrich Nickel operates in three long established markets: heating, air conditioning and refrigeration. Through its Garant subsidiary it has recently expanded into related fields such as maintenance, building management and security. It can now offer a complete range of interior works (air conditioning, elevators, electricity, sanitary equipment).

It operates mainly in the western part of Germany and for the last two years it has been operating in the new Länder with its TLK subsidiary headquartered in Erfurt, now reinforced by a new subsidiary, TGA Blankenburg, acquired from the Treuhand.

In 1993, Heinrich Nickel had a 887 million francs turnover, an 11% rise over a year earlier due principally to development of TLK's activities and to the growth of its air conditioning and air treatment business abroad (China,

Poland, Turkey, Saudi Arabia).

Heinrich Nickel completed several large air conditioning projects in 1993 for the Dresdner Bank in Frankfurt and Munich, and was awarded some large renovation and installation contracts for cool ceilings. Because of the problems encountered by its components and air conditioners manufacturing subsidiary, Nickel's contribution to SGE Germany's results was much lower than the year before yet remaining positive.

SGE OLYMPIA BAU UNION

ROADWORK,
EARTHMOVING AND PIPEWORK



Project site in the Wittstocker Kreuz Industrial zone north of Berlin.

The roadwork activities of SGE Germany have their origin in the 1991 purchase from the Treuhand of several East German roadwork companies Verkehrsbau Union (VBU), Strassenbau Potsdam (SBP), Strassenbau Weimar (SBW), and Erd- Tief- und Wasserbau (ETW), all established in different Länder in Eastern Germany. They all have an interesting potential in the various technical domains of roadwork as well as in demolition and earthmoving work. This structure was further strengthened by the 1992 acquisition of Märkische Landeskultur und Tiefbau-Union (MLTU), a former subsidiary of the East German Combinat Elbo, which specialized in pipe laying and public works. In order to maximize their synergies they have been consolidated under SGE Olympia Bau Union, with headquarters in Berlin.

This group of companies had a turnover of 2.2 billion francs in 1993, a 10% increase over the previous year.

This increase was mostly due to the consolida-

tion for the first time of the MLTU company.

In 1993, the main achievements in the roadwork sector were the renovation and widening of the A9 and A10 highways (south

of Berlin) and the "Hermsdorfer Kreuz" interchange south of Leipzig.

Many projects were started and completed in 1993, in particular in the eastern part of Berlin with the renovation of roads, pavement and bicycle paths.

The increase in demolition work caused by the reconstruction in the new Länder proved profitable. VBU provided the demolition work for the Lindencorso project in the center of Berlin, for the Maritim Hotel at Magdebourg (Anhalt-Saxony) and also for specific projects such as bridges in Mecklenburg-Pomerania and Saxony.

The subsidiaries of SGE Olympia Bau Union were also involved in pipe laying and road-works projects in numerous industrial areas around Berlin and Brandenburg.

As forecast, MTLU showed a 340 million francs turnover in 1993 and a small loss. Its business activity is concentrated in the Brandenburg area where its major projects were the construction of the Velten "Business Park" inaugurated in July 1993, the construction of a lock at Hohenbruch and the construction of a sewage treatment plant in Sperenberg (Brandenburg).

The overall contribution to results was high from this sector due to the completion of large highways started in previous years and the good margins on traditional road work and demolition contracts in the former GDR.



Hohenbruch lock in Brandenburg fitted by MLTU.

OLYMPIA BAU GESELLSCHAFT (OBG) OSTSÄCHSISCHE BAUGESELLSCHAFT (OBAG) KLEE KG

CONSTRUCTION AND PUBLIC WORKS



OBG at work on an office complex in Wartberlin.

The construction and public works activity of SGE Germany is concentrated in the new Länder and involves two companies: OBG, one of the leading construction companies of the former GDR that operates mainly in Berlin, Brandenburg and Saxony and OBAG, based in Bautzen near Dresden, which specializes in construction of industrial buildings. These companies were bought from the Treuhandanstalt in 1991 and 1992 respectively.

The OBG-OBAG group had a 1993 turnover of 1 billion francs, similar to 1992.

In 1993, OBG signed several major contracts for construction of a number of housing and office complexes. The office complex of Salzufer in Berlin-Charlottenburg for which OBG did the structural work, was completed.

It also participated in the construction of the Heimsbrunner Straße complex in Berlin-Buckow. In 1993, OBG was also involved in several major development projects in the new German capital. The main projects were housing and office complexes in Berlin: the Anthropolis project in Berlin-Tegel, the Lindencorso business center in the city's

historic center, the Wartberlin office complex and the Hasenheide area complex where OBG leads the structure contractors.

OBAG handed out an apartment building ready for immediate occupation in Dresden-Trachau and a hospital in Pulnitz near Dresden. OBAG has also been involved in the renovation of gas stations of the AGIP network in the new Länder as well as the construction of industrial buildings, such as the Gerodur factory in Neustadt.

In this buoyant but very competitive market, both companies showed operating losses. This highlights how difficult it is, despite all the efforts made and progress achieved, to bring these companies up to standard with their western counterparts in technical and management excellence.

To enable OBG and OBAG to benefit from internal synergies and more quickly reach acceptable performance standards, it has been decided to consolidate the two companies into a new subsidiary 70% controlled by Campeon Bernard SGE and 30% by SGE Germany. This structure, which became effective January 1st, 1994, should enable the SGE Group to improve its position as a serious contender for large projects in Germany.

The SGE Group was also active in the western part of Germany through a participation close to 40% in the Klee construction firm in Mannheim. The Group took a majority share at the beginning of 1994. Klee had a satisfactory year in 1993 with a 600 million francs turnover (this figure was not consolidated into SGE Germany's figures).



Installation of frames on a construction site of OBG, in the Hasenheide district of Berlin.

OTHER ACTIVITIES



Reservoirs at the water purification station of Ostritz-Reichenbach, managed by OEWA.

The various property development projects in Berlin have progressed as planned: the Friedrichstadt Passagen project (30,000 sq.m), the Lindencorso (28,000 sq.m.), the Wartberlin project (10,000 sq.m) as well as the Anthropolis project near Tegel airport.

In the treatment and distribution of water, the SGE Group is involved in the projects of Compagnie Générale des Eaux in the new Länder, through OEWA Wasser und Abwasser GmbH.

OEWA was set up in 1990 in Potsdam and its capital is divided between the Compagnie Générale des Eaux (30%), the SGE Deutsche

Holding (20%), and the German group VEBA Kraftwerke Ruhr (VKR).

A number of German cities have maintained their capital expenditure in 1993 and at the beginning of 1994 OEWA was able to negotiate with several of them long-term management contracts for the operation of their facilities.

Among them we find the cities of Ostritz-Reichenbach, Rathendorf and Döbeln-Oschatz, all situated in the Eastern part of Germany and serving close to 250,000 inhabitants. The potential business is approximately DM 50 million over time.

SHAREHOLDERS' MEETING OF JUNE 17, 1994

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BOARD OF DIRECTORS' REPORT

AT THE STOCKHOLDERS' MEETING JUNE 17, 1994

1993 ACTIVITIES

■ Consolidated turnover of the SGE Group reached FRF 43,271 million in 1993, a slight decrease (- 2.6%) compared to 1992's figure. Using a comparable structure and taking into account foreign exchange fluctuations, the decrease in activity nevertheless reached 6.2%.

International activity, at FRF 18,420 million, held steady in absolute terms at the same level as in 1992, and thus increased slightly in relative value, going from 41.6% to 42.6% of turnover.

By sector, the breakdown of net sales is as follows:

In millions of French francs

	1992	1993	Change at current structure	Change at comparable structure
General Construction	21,653	20,226	-6.6%	-8.5%
Roadwork	9,026	8,801	-2.5%	-6.2%
Industrial and Technical Equipment Works	5,394	5,149	-4.5%	-5.9%
Germany	8,671	9,356	7.9%	-1.0%
Intercompany sales	(314)	(261)		
	44,430	43,271	-2.6%	-6.2%

The relevant details concerning the principal operating subsidiaries of the Group are outlined in the descriptive section of this document. The major changes in the scope of consolidation of the Group since the beginning of 1993 should be pointed out here: the activities of MLTU, a German subsidiary specializing in hydraulic and pipe-work (FRF 337 million turnover) are now fully consolidated and the French company, Valérian, (approximately FRF 360 million turnover on an annual basis), has been added in the earthworks sector.

In addition to these changes, the Far-East subsidiaries of Freyssinet (FRF 151 million turnover) have been consolidated on a proportional basis and also in this statement the activities of the Moter Group have been accounted for on an annual basis although the company did not enter the Group until the latter half of 1992.

1994 OUTLOOK

■ The general economic climate prevailing during 1993 will most probably persist during 1994: it is not very likely that the gradual improvement in many of the world's economies, which is expected by specialists, will be truly felt this year in the building and public works sector.

In fact, given the inertia inherent in this sector, one can even fear a new settling in the market and an even more competitive climate.

It is with this likely scenario in mind that your Group is preparing itself for 1994, anticipating a likely decrease in activity of approximately 2 to 3% with a comparable structure.

The overall outlook for the Group's results are dependent on the progress of the difficult business of the past few years, be it one-off projects (Channel Tunnel, Storebaelt tunnel,...) or business more directly related to the general evolution of markets (Great-Britain, Moter).

In this first category, progress as can be measured at the date of this meeting has been rather favourable during this fiscal year. Improvement in activities of the second type is continuing and should allow them to reach new levels of activity approaching breakeven. However it is still too early to estimate the possible impact on the results of the changes in the economic climate.

1993 FINANCIAL STATEMENTS

Consolidated financial statements

■ Consolidated net income reached FRF 305.7 million (Group share) compared to FRF 405.4 million in 1992.

Operating income less net financial expense, which reached FRF 505.4 million in 1993, versus FRF 430.4 million the previous year, must be analyzed in terms of two factors:

– First of all, an approximately FRF 100 million decrease in operating income due in part to the elimination since 1992 of several non-recurring income items, in particular on one real estate

project, and in part to the decrease in operations of certain operating subsidiaries, compensated only partially by an increase in the net income of Campenon Bernard SGE which saw improvements on certain large contracts.

– Secondly, a significant increase in financial income compared to 1992, due to the inclusion of capital gains on the investment portfolio and the improvement in the net financial charges of the Group which went from FRF 183.5 million in 1992 to FRF 155.6 million in 1993.

Net exceptional expense, on the other hand, is substantially higher than in 1992, a year in which the Group recorded important capital gains on sales of securities (notably CIP shares). Restructuring costs have remained high, at over FRF 250 million; furthermore, the restating of the performance of some of the British subsidiaries to conform to Group accounting practices has weighed heavily on this expense item.

Other items affecting the consolidated earnings are a FRF 85 million allocation to amortization of goodwill, and total taxes and profit-sharing of FRF 81.9 million (compared to FRF 66.8 million in 1992).

The Group's equity share in affiliated companies consolidated by using the equity method reached FRF 160.5 million, comprized in the main by the Group's share in the results of Cofiroute.

Regarding the **consolidated statements of charge in financial position balance sheets** presented below, the following points should be made:

– **Cash flow** of FRF 1,348 million, is FRF 93 million lower than in 1992, but **cash flow from operations** has increased over last year (FRF 1,268 million compared to FRF 1,220 million), with capital gains on portfolio operations being taken into account in the financial income.

– **Depreciation** reached FRF 1,430 million in 1993 (compared to FRF 1,358 in 1992); the changes in the provisions for liabilities and charges included in

the calculation of cash flow from operations correspond to the use of FRF 303 million arising primarily from the retaking of provisions for losses upon completion built up over previous years and relating to large work sites.

– **Total capital expenditures and acquisition of investments** at FRF 1,461 million have decreased by about FRF 500 million since 1992, an indication of the Group's cautiousness in this area during a period of a slowdown in activity.

– The balance sheet, in which equity, before inclusion of the capital increase effected during the first quarter of 1994, reached nearly FRF 3 billion, shows **net financial indebtedness** decreasing from FRF 1497 million at the end of 1992 to FRF 687 million at the end of 1993, even though, due to consolidation, the real estate operations started during the period in Germany, particularly in Berlin, have been included.

Parent company financial statement

■ The net income of the parent company SGE reached FRF 172,780,237.15 in 1993, compared to FRF 275,973,637.26 in 1992.

The decrease thus seen results primarily from the inclusion in 1992 of several non-recurring items (capital gains, real estate activities) which were not duplicated in 1993.

The balance sheet shows total net equity of FRF 2,977 million, affected by the impact of the results of 1993 and the merger of Tunzini S.A. during the year. It should be remembered that 93% of the 1992 dividends distributed during the year were paid out in new shares.

The indebtedness of the SGE holding company has increased by a little more than FRF 1 billion, an amount basically equal to the purchase price SGE paid to Sogea for its shares in the Compagnie de Saint-Gobain.

This internal reclassification within the Group has been undertaken as part of the overall financial

restructuring plan which has also resulted in the transfer of Sogea's British subsidiary into the SGE holding company.

PROPOSAL FOR DISTRIBUTION OF EARNINGS

■ The following distribution of the earnings of 1993 is proposed for your approval:

In French francs	
Net income for the year	172,780,237.15
Previous retained earnings available for distribution	203,267,122.24
Distributable total	376,047,359.39
Allocation to the legal reserve	8,639,011.86
Allocation to the special reserve for long-term capital gains	80,157,650.14
Dividends to shareholders	122,716,875.00
Total allocated and distributed	211,513,537.00

This distribution results in retained earnings of 164,533,822.39 francs.

The allocation to the reserve for long-term capital gains should, given the tax treatment of this item, normally be 88,796,662 francs. In the distribution proposed above, the right given to companies to classify the allocation to the legal reserve as an allocation to a special reserve for long-term capital gains has been taken into account.

The dividend proposed is 5.00 francs for each of the 24,543,375 shares making up shareholders' equity on December 31, 1993. A tax of 2.50 francs per share must be paid to the government Treasury Department, representing a total income of 7.50 francs per share.

It is proposed, as in the past, to give to those shareholders who desire it the option of taking the dividend in the form of shares. The value of the new shares that will be issued for this purpose will be set at 90% of the average of the opening price on the Paris Stock Exchange during the twenty trading sessions preceding the day of the Annual General Meeting, reduced by the net amount of the

dividend and rounded up to the next highest franc. The shares will be valid as of January 1, 1994.

As required by law, we hereby list the dividends distributed during the last three years:

Year	Number of shares receiving dividend	Net Dividend	Tax credit	Total dividend per share
1990	—	—	—	—
1991	23,522,912	5.00 F	2.50 F	7.50 F
1992	23,974,657	5.00 F	2.50 F	7.50 F
1993 (proposed)	24,543,375	5.00 F	2.50 F	7.50 F

Finally, we report to you that the expenses and charges referred to in article 39.4 of the French General Tax Code amounted to 159,358 francs in 1993.

EQUITY OWNERSHIP - QUOTATIONS

■ Since a number of shareholders exercised their option to take payment of the 1992 dividend in shares, the share capital of your Company reached FRF 2,086,186,875 at December 31, 1993, divided among 24,543,375 shares with a nominal value of 85 francs.

The Compagnie Générale des Eaux was holding a 80.56% share of this total on December 31, 1993.

Trading of the share on the Paris Stock Exchange fluctuated between a low of 167 francs and a high of 300 francs, ending the year at 280 francs. On average, the SGE share outperformed the general index of the Paris Stock Exchange, indicating both the overall upturn in the construction company shares relative to last year, and the favourable opinion held by the financial market of the shares of your Company.

The volume of trades, at more than 4.3 million shares during the year (17.5% of capital), returned to a high level in 1993 after an unusually quiet year in 1992.

At the beginning of 1994 the company proceeded to increase its capital as authorized by the Board of Directors meeting on March 7. This meeting followed the Extraordinary Shareholders meeting held on the same day during which the general authorizations concerning directly or indirectly the capital of the company were renewed.

Thus some 4,092,712 shares were issued, at a price of 210 francs per share, for a total of FRF 859,469,520. These shares are valid as of January 1, 1994 and thus do not participate in the dividends pertaining to 1993.

Your Board would like to give its sincerest thanks to all the employees of the Group for the efforts made during this year which has been particularly difficult for many of you; we especially appreciate the solidarity shown during a period in which remuneration has grown very little. We are certain that all the shareholders share our sentiments and have our same renewed confidence in the potential and competence of all our colleagues in the Group.

PERSONNEL INFORMATION

■ The Group's workforce averaged 63,073 over 1993 with a total of 62,048 employees on December 31, 1993.

In this year-end total the number of employees in Europe was 52,923 and local employees outside of Europe 9,125. Employment is down by approximately 2,500 people compared to 1992's figure due to the decrease in activity levels seen during 1993.

The changes in employment by line of business were as follows:

	1992	1993	Change
General Construction and Public Works	20,437	19,209	(1,228)
Road Works	12,179	11,436	(743)
Industrial and Technical Equipment Works	8,945	8,240	(705)
Germany	13,458	13,971	513
Parent company and other	62	67	5
Total Europeans	55,081	52,923	(2,158)
Local Personnel	9,602	9,125	(477)
Total Group Personnel	64,683	62,048	(2,635)

CONSOLIDATED FINANCIAL STATEMENTS

PAST THREE YEARS

In millions of French francs

	1993	1992	1991
Net Sales	43,271	44,430	44,690
Of which foreign net sales	18,420	18,494	18,867
Group's share in income before amortization of goodwill	391	484	558
Net Income	306	405	471
Shareholders' equity	2,982	2,690	2,366
Provisions for liabilities and charges	5,249	5,563	5,730
Cash flow	1,348	1,441	1,302
Capital expenditures and acquisition of investments:			
Capital expenditures	1,206	1,564	1,720
Acquisition of investments	255	392	579
	1,461	1,956	2,299
Average number of employees	63,073	66,077	70,035

CONSOLIDATED BALANCE SHEET

In millions of French francs

ASSETS	Notes	1993	1992
Intangible assets other than goodwill	3	176.1	97.7
Goodwill	4	1,190.5	1,168.7
Property, plant and equipment	5	4,717.6	4,772.6
Financial assets			
Unconsolidated investments	6	1,617.4	2,035.2
Investments accounted for by the equity method	7	696.3	628.4
Other financial assets	8	449.1	484.8
		2,762.8	3,148.4
Deferred charges	9	342.9	226.0
TOTAL FIXED ASSETS		9,189.9	9,413.4
Inventories	10	5,795.7	5,546.4
Accounts receivable		12,748.1	13,756.4
Other receivables		4,787.8	4,732.5
Short-term investments	11-14	399.2	416.9
Financial receivables and marketable securities	11-14	3,156.6	1,998.0
Cash	14	1,268.6	1,881.1
TOTAL CURRENT ASSETS		28,156.0	28,331.3
TOTAL ASSETS		37,345.9	37,744.7

In millions of French francs

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	1993	1992
Shareholders' equity			
Capital stock		2,086.2	2,037.8
Retained earnings, before net income for the year		589.7	247.1
Net income for the year		305.7	405.4
		2,981.6	2,690.3
Minority interest	12	39.1	37.9
Amortization of capital employed in publicly-owned utility network		51.7	43.3
Grants related to assets		0.2	1.0
		51.9	44.3
Provisions for liabilities and charges	13	5,248.8	5,562.6
Long-term financial debt	14		
Subordinated debt		320.2	360.9
Bonds and debentures		115.1	123.5
Other long-term debt		1,905.3	1,606.2
		2,340.6	2,090.6
TOTAL CAPITAL EMPLOYED		10,662.0	10,425.7
Down-payments from clients		6,427.5	6,461.9
Accounts payable		8,898.1	9,585.7
Other payables		8,187.5	7,985.8
Short-term financial debt	14	3,170.8	3,285.6
TOTAL CURRENT LIABILITIES		26,683.9	27,319.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		37,345.9	37,744.7

CONSOLIDATED STATEMENTS OF INCOME

In millions of French francs

	Notes	1993	1992
NET SALES	15	43,271.2	44,429.7
Other revenue	16	1,811.9	1,586.9
Total revenues		45,083.1	46,016.6
Operating expenses	17	(44,632.5)	(45,465.3)
OPERATING INCOME		450.6	551.3
Financial expense		(753.3)	(734.7)
Financial income		835.6	629.1
Financial provisions		(27.5)	(15.3)
NET FINANCIAL EXPENSE	18	54.8	(120.9)
OPERATING INCOME LESS NET FINANCIAL EXPENSE		505.4	430.4
Exceptional items		(494.5)	(162.3)
Exceptional adjustments to amortization and provisions		302.7	149.9
NET EXCEPTIONAL EXPENSE	19	(191.8)	(12.4)
Employee profit-sharing		(39.6)	(56.6)
Net income taxes	20	(42.3)	(10.2)
Amortization of goodwill		(85.4)	(79.2)
NET INCOME FROM CONSOLIDATED COMPANIES BEFORE EQUITY INTEREST AND MINORITY INTEREST		146.3	272.0
Equity in net earnings of affiliated companies		160.5	134.6
Minority interest		(1.1)	(1.2)
NET INCOME		305.7	405.4
EARNINGS PER SHARE (in French francs)		12.46	16.91
Number of shares outstanding at December 31		24,543,375	23,974,657

CHANGES IN SHAREHOLDERS' EQUITY

In millions of French francs

SHAREHOLDERS' EQUITY	Capital stock	Translation adjustment	Retained earnings	Total
Shareholders' equity at December 31, 1991	1,999.4	(69.1)	435.6	2,365.9
Capital increase	38.4		56.5	94.9
Dividends			(117.6)	(117.6)
Translation adjustments and other		(58.1)	(0.2)	(58.3)
Net income for the year			405.4	405.4
Shareholders' equity at December 31, 1992	2,037.8	(127.2)	779.7	2,690.3
Capital increase	48.4		63.6	112.0
Dividends			(119.9)	(119.9)
Translation adjustments and other		5.5	(12.0)	(6.5)
Net income for the year			305.7	305.7
Shareholders' equity at December 31, 1993	2,086.2	(121.7)	1,017.1	2,981.6

The increase in SGE capital stock corresponds mostly to the 1992 dividend paid out in shares.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

In millions of French francs

	1993	1992
SOURCES		
Net income before equity interest and minority interest	146.3	272.1
Depreciation, amortization, and changes in provisions	1,127.1	1,100.6
Dividends from investments accounted for by the equity method	74.9	68.6
Cash flow	1,348.3	1,441.3
Less: net capital gains from disposals of fixed assets	(80.0)	(220.7)
Cash flow from operations	1,268.3	1,220.6
Proceeds from disposals of property, plant and equipment and from sales of investments	776.3	611.4
Capital increases		
Issuance of parent company stock	112.0	94.9
Minority interest in capital increase of subsidiaries	0.3	5.1
	112.3	100.0
Increase in other long-term liabilities	757.2	129.0
Net decrease in other financial assets	10.5	78.8
I - TOTAL SOURCES	2,924.6	2,139.8
USES		
Capital expenditures and acquisition of investments		
Capital expenditures	1,205.9	1,564.2
Acquisition of investments	254.6	391.6
	1,460.5	1,955.8
Repayment of long-term debt	606.4	294.7
Other uses		
Expenses spread over several years	225.8	173.9
Dividends paid by the parent company	119.9	117.6
Dividends paid by subsidiaries to minority interest	0.4	1.5
	346.1	293.0
II - TOTAL USES	2,413.0	2,543.5
I - II - Uses in excess of sources	511.6	(403.7)
III - Effect of change in the scope of consolidation and of exchange rate fluctuation and other adjustments	(51.8)	(40.7)
I - II + III - Increase (decrease) in working capital	459.8	(444.4)
Decrease in working capital funding needs	(183.4)	(253.4)
Increase (decrease) in cash	643.2	(191.0)

NOTES TO THE ACCOUNTS

1 - ACCOUNTING PRINCIPLES

■ SGE is a fully consolidated subsidiary of Compagnie Générale des Eaux. Its consolidated financial statements have been drawn up in accordance with French accounting regulations as defined by the general accounting guidelines, by the law of January 3, 1985 and the decree of February 17, 1986.

1.1 - Consolidation principles

■ The consolidated financial statements include all subsidiaries with net sales of more than FRF 10 million and subsidiaries with net sales below this figure but which provide a significant contribution to consolidated income.

Companies controlled by SGE are fully consolidated. Companies over which SGE exercises a significant influence are accounted for by the equity method. Jointly controlled entities and joint ventures, which provide a significant contribution to Group net sales have been consolidated using the proportional method.

The other jointly controlled entities and joint ventures are consolidated on a semi-proportional basis, with consolidation only of the income statement items.

1.2 - Translation of the financial statements of foreign companies

■ The financial statements of foreign companies are translated using exchange rates prevailing at year end. Gains and losses resulting from this translation method are reported under the "translation adjustment" heading in shareholders' equity.

1.3 - Foreign currency payables and receivables

■ Balance sheet payables and receivables in foreign currencies are translated using the exchange rate prevailing at year end or, where applicable, the rate provided by a hedging instrument. Unrealized exchange losses are charged to income.

1.4 - Goodwill

■ Excess of cost over net assets acquired from pur-

chased subsidiaries is allocated to the proper balance sheet items of the acquired subsidiaries.

The remaining unallocated balance is reported as goodwill on the asset side of the consolidated balance sheet. It is amortized over periods not exceeding twenty years, except where an accelerated depreciation is considered justified.

Goodwill arising from the acquisition of companies operating quarries is amortized over the expected operating period of the quarry up to a maximum of 40 years.

1.5 - Property, plant and equipment

■ Property, plant, buildings, and equipment are generally carried at cost.

Depreciation is calculated using the straight line or declining balance method according to time periods that are normal to the business. The time periods are the following:

Buildings	from 15 to 30 years
Equipment for public works	from 2 to 7 years
Vehicles	from 3 to 5 years
Fixtures	from 8 to 10 years
Furniture and office equipment	from 3 to 5 years

The Group did not elect to capitalize property, plant and equipment financed through long-term leases with a purchase option and through equivalent finance leases.

1.6 - Unconsolidated investments

■ The gross book value of unconsolidated investments is the acquisition cost. If the gross book value is higher than the fair value, an allowance equal to the difference is charged to income. The fair value corresponds to the share held in the net assets of the issued company, adjusted as needed to reflect its market value, its significance for the Group, its development and earning prospects.

1.7 - Pension commitments

■ The pension commitments relate to active employees and consist of indemnities payable on retirement dates and of deferred benefit pension

schemes. These commitments are disclosed as an off-balance sheet item.

The pension benefits owed to retired employees are provided for on the balance sheet, according to a projected benefit valuation method. The actuarial cost resulting from these pension commitments is charge to income.

1.8 - Revenue recognition

■ Revenue from long-term contracts related to the construction and public works activity and the road works activity are generally accounted for using the percentage of completion method.

The contracts which do not meet the conditions required to apply the percentage of completion method, principally those in Germany, and for the contracts in the Industrial and Technical Equipment Works sector, are accounted for using the completed contract method. In case of losses, the carrying value of work in process is reduced by an amount corresponding to the loss attributable to work completed at year end.

If the earnings prospects on contracts in progress is a deficit situation, provisions for anticipated losses at completion of the contract are provided for. These provisions are reduced to take into account a prudent estimate of claims to which the Group is entitled.

1.9 - Income taxes

■ Income tax expense corresponds to tax payable by consolidated companies, adjusted for changes in deferred taxes over the year. Deferred taxes arise primarily from temporary differences between net income for financial reporting and taxable income, and are calculated using the liability method. No deferred tax has been accounted for on losses carried forward and on items with uncertain maturities.

2 - SCOPE OF CONSOLIDATION

2.1 - External changes

■ The scope of consolidation has been enlarged to 425 companies at December 31, 1993 (398 compa-

nies at December 31, 1992), of which 35 are joint ventures.

The breakdown is as follows:

	French	Foreign	Total	At Dec. 31, 1992
Fully consolidated companies	163	187	350	331
Proportionally consolidated companies	32	30	62	51
Companies accounted for by the equity method	6	7	13	16
Total	201	224	425	398

The important changes during the period were the consolidation of:

- Märkische Landeskultur- und Tiefbau-Union (MLTU), a public works company located in Potsdam which was acquired at the end of 1992 by SGE Olympia Bau Union, a subsidiary of the holding company SGE Deutsche Holding.

- Valérian, an excavation works company acquired in the middle of 1993 (turnover of 5 months was consolidated)

- several German companies in which the Group is active in the development of real estate projects in Berlin:

- proportionally consolidated:

Katmar (50%), Anthropolis (50%), and Wartberlin (75%)

- by the equity method:

EPE & Co Friedrichstadt Passagen Kg (25%)

- Socofreg, 100% held subsidiary of SGE

The effect of sales of the companies entering into the scope of consolidation for the first time was on the order of 1.5 billion francs. In terms of debt, the financial assets of Socofreg compensated in large part for the growing indebtedness of the other newly consolidated companies (principally the German real estate companies).

2.2 Internal reclassifications

■ The shares in General Utilities Holding, which constitutes Sogea's participation in the British subsidiaries Norwest Holst and Sogea Properties UK, have been transferred at the end of the year to Socofreg.

As a result, SGE transferred its share in Sogea to Socofreg.

The two operations had no effect whatsoever on the consolidated statements of the SGE Group.

3 - INTANGIBLE ASSETS OTHER THAN GOODWILL

■ The net change over the period can be analysed as follows:

In millions of French francs

	1993	1992
Net book value at beginning of year	98	97
Acquisitions	88	28
Amortization	(26)	(25)
Disposals, reclassifications, changes in the scope of consolidation	16	(2)
Net book value at end of year	176	98

Intangible assets are composed primarily of individually acquired trademarks, goodwill, funds paid to local public authorities and relating to the management of utility networks.

4 - GOODWILL

■ The changes during the period are as follows:

In millions of French francs

	1993	1992
Goodwill at beginning of year	1,169	1,141
Goodwill acquired during the year	89	229
Amortization	(85)	(79)
Reduction in the scope of consolidation and translation adjustments	18	(122)
Goodwill at end of year	1,191	1,169

Goodwill acquired during the year are tied principally to the consolidation of Valérian and of MLTU.

The net value of goodwill at the end of the year related mostly to the British subsidiaries (FRF 598 million, or £ 68.7 million) and to the Moter Group (FRF 183 million).

5 - PROPERTY, PLANT AND EQUIPMENT

■ Net property, plant and equipment are as follows:

In millions of French francs

	1993		1992	
	Gross value	Accumulated depreciation	Net value	Net value
Land	860	(47)	813	783
Buildings	1,557	(523)	1,034	1,031
Plant and equipment	4,552	(3,074)	1,478	1,512
Fixtures and other	2,577	(1,731)	846	959
Publicly-owned utilities	382	(8)	374	312
Construction in progress	173		173	176
	10,101	(5,383)	4,718	4,773

Investments over the period

In millions of French francs

	1993	1992
Land	16	42
Buildings	65	155
Plant and equipment	647	798
Fixtures and other	307	463
Publicly-owned utilities	69	76
Construction in progress	14	2
	1,118	1,536
Intangible assets (for information)	88	28
Total investments	1,206	1,564

Disposals during the period have a net book value of FRF 186 million, and relate for the most part to operating equipment.

Analysis of property, plant and equipment by activity

In millions of French francs

	1993		1992	
	Gross value	Accumulated depreciation	Net value	Net value
General Construction and Public Works	5,083	(2,624)	2,459	2,419
Road Works	2,650	(1,588)	1,062	1,140
Industrial and Technical Equipment Works	513	(292)	221	246
Germany	1,855	(879)	976	968
	10,101	(5,383)	4,718	4,773

6 - UNCONSOLIDATED INVESTMENTS

■ Unconsolidated investments include shares in quoted companies reaching a total net value of 965 million francs. The main component is the shares in Compagnie de Saint-Gobain for an amount of FRF 888 million, whose stock market value on December 31, 1993 reached FRF 1,234 million. Financial investment for the year represented a total of FRF 255 million, including the acquisition of shares consolidated in the year.

7 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

■ The main financial figures for the companies accounted for by the equity method are:

In millions of French francs

	1993		1992	
	Total	Of which Cofiroute	Total	Of which Cofiroute
Net sales *	3,752	3,092	3,536	2,857
Shareholders' equity	2,285	2,197	2,027	1,928
Group's share in shareholders' equity	696	657	628	595
Net income	506	475	441	422
Group's share in net income	161	147	135	130

* Not included in the Group's net sales

The changes in investments accounted for by the equity method are as follows:

In millions of French francs

Value at January 1, 1993	628
Group's equity in net earnings	161
Dividends distributed	(75)
Changes in scope of consolidation	(18)
Value at December 31, 1993	696

8 - OTHER FINANCIAL ASSETS

■ This heading can be broken down as follows:

In millions of French francs

	1993	1992
Net long-term loans	279	304
Deposits and guarantees	114	102
Other net long-term financial items	56	79
	449	485

Long-term loans are mainly loans made to unconsolidated subsidiaries.

9 - DEFERRED CHARGES

■ Deferred charges are primarily composed of:

- pre-operating costs incurred on work sites, which are charged to income over the duration of the contract,
- prepayments made related to long-term leases arranged to finance the head office in Rueil 2000. These prepayments are amortized over the duration of contracts.

10 - INVENTORIES

■ This heading mainly concerns contracts for which the Group applies the completed contract method, that is Industrial and Technical Equipment Works and a few contracts in the Construction, Public Works and Road Works sectors, where the method is applied to each major part of the contract and leads to work in progress for the uncompleted parts. The item "real estate work in progress" concerns mostly the projects of Katmar and Anthropolis which should be completed in 1995.

Inventories include:

In millions of French francs

	1993	1992
Real estate work in progress	837	397
Other work in progress	4,227	4,512
Other inventories	894	801
Provisions for depreciation	(162)	(164)
	5,796	5,546

11 - SHORT-TERM INVESTMENTS AND FINANCIAL RECEIVABLES, MARKETABLE SECURITIES

■ Financial receivables and other marketable securities can be broken down as follows:

In millions of French francs

	1993	1992
Short-term investments	399	417
Marketable securities	2,465	1,363
Other short-term financial receivables	692	635
	3,556	2,415

Short-term investments consist of shares held in Compagnie Générale des Eaux, for which the stock market value at the end of the year totaled FRF 579 million.

"Marketable securities" essentially consist of debt securities and shares in mutual funds.

The market value of quoted securities as of December 31, 1993 was not significantly different from their carrying value showing in the assets of the balance sheet.

12 - MINORITY INTEREST

■ During the financial year, minority interest has changed as follows:

In millions of French francs

	1993	1992
Balance at beginning of year	38	52
Share of minority interest in net income		5
Minority interest in capital increases of subsidiaries	1	1
Changes in scope of consolidation and other changes		(20)
Balance at end of year	39	38

Where the net assets of a subsidiary at December 31, 1993 were negative, the Group has assumed the minority interest in the subsidiary's negative net assets.

13 - PROVISION FOR LIABILITIES AND CHARGES

■ Provisions for liabilities and charges changed as follows during the year:

In millions of French francs

	Initial balance	Allocations	Releases	Other changes	Final balance
Operating risks:	3,682	1,355	(1,640)	106	3,503
- Additional pension schemes	477	103	(56)	(1)	523
- After-sales service	852	403	(323)	(19)	913
- Anticipated losses on contracts	502	160	(332)	64	394
- Other work site risks	1,703	689	(781)	62	1,673
Negative goodwill	148		(148)		0
Financial risks	266	49	(76)	(10)	229
Other risks	1,615	691	(781)	(8)	1,517
	5,563	2,095	(2,497)	88	5,249

The heading "other changes" includes notably a change in the scope of consolidation of FRF 92 million, of which FRF 40 million is related to the consolidation of the German company MLTU.

The negative goodwill due to the consolidation of the German subsidiaries located in the new Länder, included above in the operating risks provision, was fully depleted during the year.

The line "other risks" consists of provisions set up to cover exceptional and non-recurring risks, notably restructuring costs, unfair calling of guarantees, risks involving the impairment of goodwill. They also cover the possibility that positive items, taken into account by some subsidiaries in order to determine future losses on large projects, might not be realized.

14 - NET FINANCIAL DEBT

■ The Group's net financial debt can be broken down as follows:

In millions of French francs

	1993	1992
Long-term portion of long-term debt		
– Subordinated debt	320	361
– Bonds and debentures	115	124
– Other long-term debt	1,906	1,606
	2,341	2,091
Short-term portion of long-term debt	1,034	1,111
Bank overdrafts and other short-term debt	2,136	2,174
Gross financial debt	5,511	5,376
Marketable securities and financial short-term receivables	(3,157)	(1,998)
Cash	(1,268)	(1,881)
	1,086	1,497
Short-term investments	(399)	(417)
Net financial debt	687	1,080

The January 1, 1993 consolidation of Socofreg had as its primary result the consolidation of the financial assets of its short-term investment (shares in the Compagnie Générale des Eaux). The gross financial debt which reached FRF 1,497 million at the end of 1992 would have amounted to FRF 1,080 million on a comparable basis. It includes, among other things, the indebtedness related to real estate development undertaken by the Group in Berlin, totaling nearly FRF 740 million at the end of 1993. In the gross indebtedness figures, debt with fixed interest rates or interest rates capped through hedging mechanisms, represented around FRF 1.4 billion at an average rate of about 9%.

Most of the variable rate debt is pegged to the money market rates.

The heading "bank overdrafts and other short-term debt" includes commercial paper issues by the parent company in an amount of FRF 550 million at December 31, 1993 (the average amount of commercial paper outstanding during 1993 was FRF 795 million).

Maturities of the long-term portion of long-term debt are the following:

In millions of French francs

Maturity year	1995	155
	1996	117
	1997	540
	1998	876
	After 1999	561
	Term unspecified	92
		2,341

Debts secured by assets is as follows:

As of December 31, 1993, the following debts were secured by assets:

In millions of French francs

	1993	1992
Bonds and debentures	97	108
Bank borrowings	542	602
Other borrowings	19	90
	658	800

15 - NET SALES

■ Since 1992 a more restrictive definition of net sales has been adopted in order to allow a closer comparison with figures concerning the core business. The new definition excludes certain marginal income, reclassified in other income, and also services provided to unconsolidated joint ventures, now deducted from the operating expenses.

In addition, due to the "semi-proportional" consolidation method described in Note 1, the consolidated net sales include the Group's share in the net sales of joint ventures.

Furthermore, the net sales figure takes into account the changes in the scope of consolidation and in exchange rates. With the same structure and similar consolidation methods, and after correction for the exchange rate variations, net sales decreased by 6.2%, as shown below:

In millions of French francs

	1993	1992
Net sales for the year	43,271	44,430
of which:		
• Net sales of newly consolidated companies	(1,558)	
• Net sales of companies no longer consolidated		(44)
• Impact of exchange rate fluctuations		90
Net sales with same consolidation scope and similar methods	41,713	44,476

Breakdown of net sales by business segment and by geographic zone

In millions of French francs

Activity	Geographic zone			Total	%
	France	Europe	Other		
General Construction and Public Works	11,664	4,698	3,864	20,226	47%
Road Works	8,533	175	93	8,801	20%
Industrial and Technical Equipment Works	4,901	150	98	5,149	12%
Germany	14	9,253	89	9,356	21%
Intercompany sales	(261)			(261)	
	24,851	14,276	4,144	43,271	100%
	57%	33%	10%	100%	

The percentage of net sales earned outside of France has reached almost 43% of the total.

16 - OTHER REVENUE

In millions of French francs

	1993	1992
Share in unconsolidated joint ventures net income	38	97
Transfer of operating costs	210	174
Other income and miscellaneous services	1,501	1,269
Income from real estate management	63	47
	1,812	1,587

Miscellaneous services refer to revenue not directly related to operations, such as rental of buildings and equipment, sales of goods, project engineering, fees for project management, etc.

The heading "transfer of operating costs" relates solely to expenses incurred during the year which have been deferred.

17 - OPERATING EXPENSES

■ These are broken down as follows:

In millions of French francs

	1993	1992
Purchases	12,290	13,128
Outside services	15,671	16,175
Wages and social security costs	12,924	12,669
Other operating expenses	2,421	2,243
Depreciation	1,352	1,269
Provisions	(26)	(18)
	44,632	45,466

Depreciation

■ The depreciation charge is analyzed below:

In millions of French francs

	1993	1992
Intangible assets	26	25
Property, plant and equipment	1,209	1,182
Portion of deferred charges charged to income	108	53
Depreciation for obsolescence	9	9
	1,352	1,269

18 - NET FINANCIAL EXPENSE

■ Net financial expense breaks down as follows:

In millions of French francs

	1993	1992
Net interest expense	(156)	(183)
Dividends received	87	104
Gains and losses on sales of securities	191	
Foreign exchange gains and losses	30	25
Net changes in financial provisions	(109)	(60)
Other	12	(7)
	55	(121)

The decrease in net interest expense is a result of the decrease in short-term interest rates in France and the moderate level of indebtedness of the Group.

Also, the net financial expense takes into account capital gains realized on the sale of shares from the investment portfolio (Saint-Gobain and Compagnie Générale des Eaux).

19 - EXCEPTIONAL ITEMS

■ These include:

In millions of French francs

	1993	1992
Net capital gains from disposal of fixed assets	80	221
Exceptional income and expenses	(474)	(383)
Net change in exceptional provisions	202	150
	(192)	(12)

The decrease in the exceptional items, which reflect again in 1993 the costs of restructuring, results mainly from the drop in capital gains on sale of investments (FRF 40 million compared to FRF 221 million in 1992).

The amount of gains realized on disposal of fixed assets concerns non-operating assets.

The exceptional items also include FRF 57 million which is income to be received from other companies of the Compagnie Générale des Eaux Group following the Group tax relief settled in 1992 in Great-Britain. The amount included during the previous fiscal year, some FRF 29 million, was included under the "Income taxes" caption in 1992.

20 - NET INCOME TAX

■ The income tax expense charged to income can be split as follows:

In millions of French francs

	1993	1992
Current income tax expense	(39)	(9)
Deferred income tax expense	(3)	(1)
	(42)	(10)

The current income tax expense item concerns primarily the foreign subsidiaries and entities of the Group which are taxed locally.

The increase in this item comes from the 1993 reclassification into the exceptional items of the income to be received due to the Group tax relief in Great-Britain (see Note 19).

On December 31, 1993 the total deferred taxes represented a net liability of FRF 22 million.

21 - OFF-BALANCE SHEET COMMITMENTS

In millions of french francs

	Contingent obligations	
	1993	1992
Guarantees	11,292	10,514
Complementary pension schemes	568	544
Retirement indemnities	237	202
Joint and several guarantees provided in unconsolidated partnerships	1,438	1,281
Other commitments	2,567	1,328
	16,102	13,869

The large size of the commitments is a result of guarantees given on major contracts, essentially for advance payments and performance.

The Group has also received guarantees amounting to FRF 1,278 million at December 31, 1992 (FRF 1,209 million at December 31, 1992).

22 - FINANCE LEASE COMMITMENTS

■ Uncapitalized property, plant and equipment financed through finance leases have an historical cost of FRF 1,029 million at December 31, 1993. Future payments in respect to these finance lease arrangements amount to FRF 1,413 million, of which FRF 906 million represent the capital portion.

The repayment schedule is as follows:

In millions of French francs

Within one year	156
Between 2 and 5 years	490
Over 5 years	767

23 - COMMITMENTS RELATED TO FINANCIAL INSTRUMENTS

Interest rate instruments

■ The Group has arranged interest rate swaps in French francs and in other currencies which will mature between 1994 and 2007. They are designed to provide a hedge for the major part of the floating-rate debt and the finance lease obligations of the Group. Outstanding swap commitments amount to FRF 3,215 million at December 31, 1993.

Foreign currency instruments

■ Foreign currency instruments are used only to hedge exposure from transactions denominated in foreign currency. The foreign currency instruments outstanding at the balance sheet date did not represent a material amount.

24 - NUMBER OF EMPLOYEES

■ The weighted average number of employees of consolidated companies was:

	1993	1992
Management	5,029	5,105
Supervisory staff	6,363	6,874
Employees	8,477	8,684
Workers	43,204	45,414
	63,073	66,077

Payroll costs are disclosed in Note 17.

THE GROUP'S MAIN COMPANIES IN 1993

	Consolidation method	% Owned by the Group
1/ General Construction and Public Works		
SOGEA	F	99.91
SICRA	F	99.91
SOGEA Nord-Ouest	F	99.91
SOBEA Ile-de-France	F	99.91
SATOM and subsidiaries	F	98.64
SBTPC (La Réunion)	F	85.49
SOGEA Sud Est	F	99.91
SOGEA Guadeloupe	F	99.91
DENYS and subsidiaries (Belgium)	F	99.90
SOGEA Est	F	99.91
SOGEA Atlantique	F	99.91
SOGEA Languedoc-Roussillon	F	99.91
SOTRAMA (La Réunion)	F	99.91
SOGEA Sud-Ouest	F	99.91
TPI Ile-de-France	F	99.91
SOGEA Bretagne	F	99.91
SOGEA Rhône-Alpes	F	99.91
SOGEA Centre	F	99.91
LAMY	F	99.91
SOGEA Martinique	F	99.91
DODIN Ouest	F	99.91
DODIN Sud	F	99.91
BRITISH SUBSIDIARIES	F	100.00
NORWEST HOLST LTD and subsidiaries	F	100.00
SOGEA PROPERTIES UK and subsidiaries	F	100.00
CAMPENON BERNARD SGE	F	100.00
CAMPENON BERNARD Sud	F	100.00
DESCHIRON	F	100.00
EMCC	F	100.00
SOCASO	P	100.00
CAMPENON BERNARD Régions	F	100.00
HAGEN (Portugal)	F	99.95
SGEN (Nigeria)	F	100.00
PAR-EN-GE	F	100.00
CAMPENON BERNARD Bâtiment	F	100.00
EDIF	F	100.00
URBAN BTP	F	100.00
BOTTE BTP	F	100.00
VALERIAN	F	100.00
CAMPENON BERNARD Ouest	F	100.00
FREYSSINET	F	100.00
FREYSSINET INTERNATIONAL	F	100.00
FREYSSINET FAR EAST (Hong Kong)	F	100.00
EUROPE ETUDES GECTI	F	99.92
PSC FREYSSINET (Great Britain)	F	100.00
2/ Roadworks		
COCHERY BOURDIN CHAUSSÉ	F	100.00
MOTER and subsidiaries	F	95.71
GERCIF-EMULITHE	F	100.00
ROL LISTER	F	100.00
TSS	F	100.00
SAEC	F	100.00

	Consolidation method	% Owned by the Group
ROUTIERE DU MIDI	F	100.00
ROY	P	100.00
STP L'ESSOR	F	100.00
LALITTE TP.	F	100.00
ROL Normandie	F	100.00
GRIZACO and subsidiaries (Belgium)	F	90.00
VIAFRANCE	F	100.00
VALENTIN	F	99.99
CARRIERES DE CHAILLOUE	F	89.99
ROUSSEY	F	99.96
LES PAVEURS DE MONTROUGE	F	99.95
SEC TP.	F	99.94
COFIROUTE	E	30.88
3 / Industrial and Technical Equipment Works		
SAUNIER DUVAL ELECTRICITE	F	100.00
SETB (La Réunion)	F	83.46
ELECTRO NAVALE	F	100.00
SELT	F	100.00
TOUTE LA TELEPHONIE MODERNE	F	99.70
TUNZINI	F	100.00
TPI	F	100.00
FROMONT	F	100.00
SBGC (La Réunion)	F	91.00
WANNER ISOFI	F	100.00
ITASA (Spain)	F	100.00
LEFORT FRANCHETEAU	F	100.00
SAGA ENTREPRISE	F	94.99
SONEX	F	99.97
4/ Germany		
G + H MONTAGE	F	100.00
SCHUH (Germany)	F	100.00
MC GILL (Great Britain)	F	100.00
ISOLIERUNGEN LEIPZIG (Germany)	F	100.00
L + V (Netherlands)	F	100.00
KITSON INSULATION (Great-Britain)	F	100.00
NICKEL and subsidiaries	F	100.00
OLYMPIA BAU UNION	F	100.00
OBG	F	100.00
OBAG	F	100.00
VBV	F	100.00
MLTU	F	100.00
REAL ESTATE COMPANIES		
KATMAR	P	50.00
ANTHROPOLIS	P	50.00
WARTBERLIN	P	75.00
EPE & Co Friedrichstadt Passagen KG	E	25.00

F : Fully consolidated

P : Consolidated proportionally

E : Equity method

REPORT OF THE AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Gentlemen,

In accordance with the terms of our appointment we submit our report on our audit of the 1993 consolidated financial statements of Société Générale d'Entreprises, as attached to this report, and our review of the information contained in the Report of the Board of Directors on the activity of the Group, for the year ended December 31, 1993.

1 - EXAMINATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our examination of the consolidated financial statements was carried out in accordance with generally accepted auditing standards and therefore included such tests as we deemed necessary under the circumstances.

Bernard MONTAGNE, André AMIC
and Associates
Member of TOUCHE ROSS TOHMATSU

Bernard MONTAGNE

Michel BOUSQUET

We hereby certify that these consolidated financial statements have been properly prepared and present a true and fair view of the overall results for the 1993 financial year and of the Group's net worth and financial situation at the end of that year.

2 - SPECIFIC CHECKS AND DISCLOSURES

We have also carried out, in accordance with auditing standards, the specific checks required by law. We have no observations to make regarding the sincerity of the information given in the Report of the Board of Directors and its consistency with the consolidated financial statements.

Paris, April 27, 1994

SALUSTRO REYDEL

Benoît LEBRUN

Bernard CATTENOZ

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Design of the future bridge over the Tagus River in Lisbon.

The SGE Group will be one of the principal builders and concession operators
of this facility, through the Groupement Lusoponte.

