

ANNUAL REPORT
1994



SOCIÉTÉ GÉNÉRALE D'ENTREPRISES

1994 ANNUAL REPORT

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SGE Group currently comprises nearly 450 companies spanning the various segments of the construction industry, from building and public works to roadwork and industrial and technical installations.

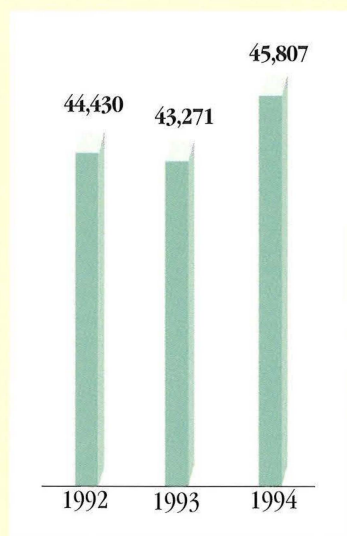
With operations throughout the world, the Group makes up a coherent industrial whole which has branched out into complementary lines of business, such as environmental engineering, industrial maintenance, services to local authorities (water, sanitation and cleaning) and operation of motorways, urban roadways and parking facilities on a concession basis.

The balance among the Group's activities, its international presence - particularly in Europe - along with the professionalism and technical expertise of its staff are the Group's greatest assets for the future.

KEY FIGURES

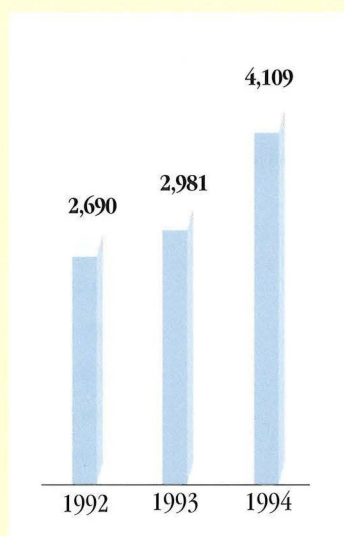
▼ Net Sales

(in millions of French francs)



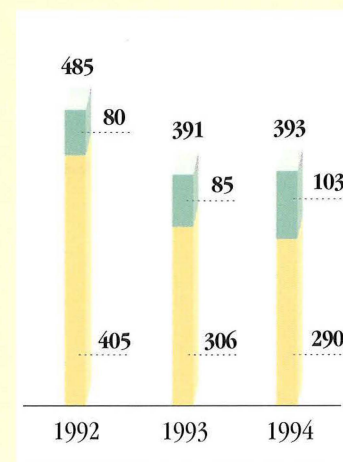
▼ Shareholder's Equity

(in millions of French francs)



▼ Net Income

before Amortization
of Goodwill
(in millions of French francs)

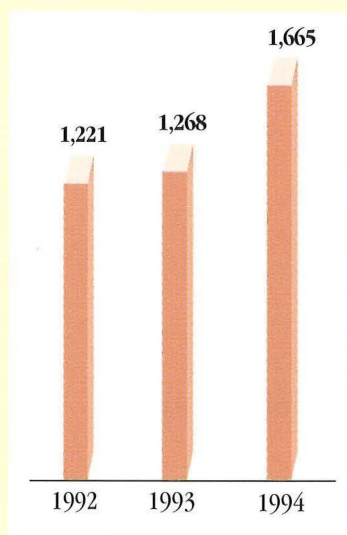


AMORTIZATION
OF GOODWILL

NET GROUP
INCOME

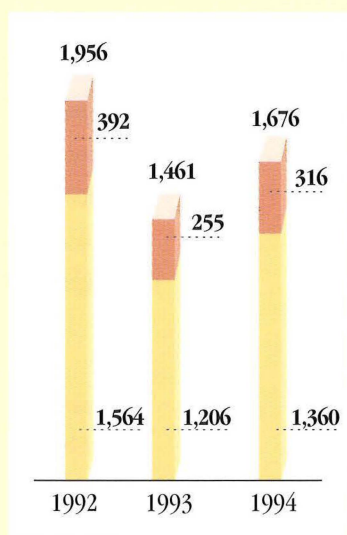
▼ Cash Flow

(in millions of French francs)



▼ Investment

(in millions of French francs)

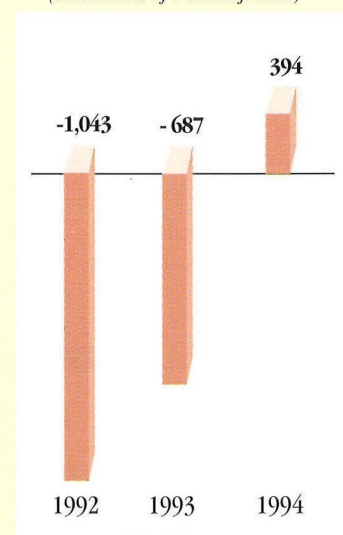


FINANCIAL
INVESTMENTS

CAPITAL
EXPENDITURES

▼ Net Financial Position

(in millions of French francs)



GROUP MANAGEMENT AND STRUCTURE

BOARD OF DIRECTORS

Président-Directeur Général

Guy DEJOUANY

Vice-Président

Serge MICHEL

Administrateur- Directeur Général

Antoine ZACHARIAS

Administrateurs

Jean-Louis BEFFA

(Directors)

Michel CAMBOURNAC

Jacques-Henri DAVID

Jean-Marc ESPALIOUX

Patrick FAURE

Pierre GIRAUDET

Raymond GUITONNEAU

Jean-Marie MESSIER

Guy RICHARD

CREDIT LYONNAIS

(represented by Sylvain CARNOT)

EXECUTIVE COMMITTEE

Antoine ZACHARIAS

Bernard HUVELIN

Alain LECLERC

Jacques LUGIEZ

Roger MARTIN

Manfred MEYER

Pierre PARISOT

Didier QUINT

Henri STOUFF

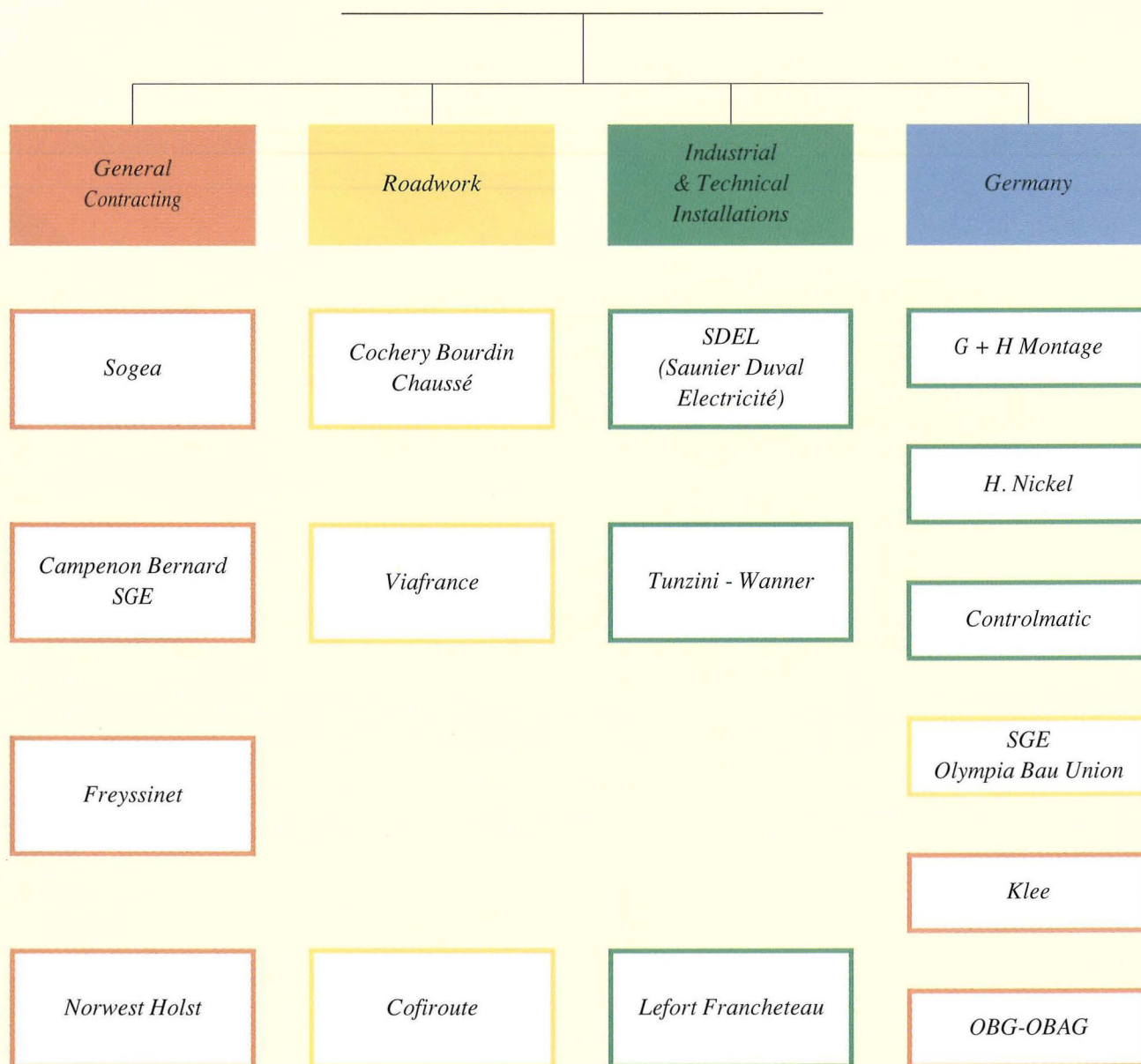
Dominique VELUT

AUDITORS

Bernard MONTAGNE, André AMIC et Associés

SALUSTRO REYDEL

SOCIÉTÉ GÉNÉRALE D'ENTREPRISES



The SGE Group companies are organized into four business segments.

Three of the segments correspond to major families of the construction trades:

- General Contracting, comprising the building construction and civil engineering subsidiaries;
- Roadwork;
- Industrial and Technical Installations.

The fourth segment is geographic and multidisciplinary: Germany.

GEOGRAPHIC SCOPE

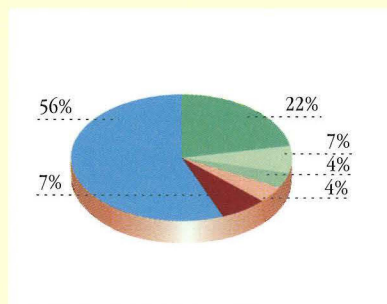


SGE is one of the world's largest construction companies. In 1994, its international business for the first time exceeded 44% of total revenues. SGE's largest market is Europe, where it does nearly 90% of its total sales, principally in France, Germany and Great Britain. The Group is present in all of the countries of the European Union and has recently established operations in several countries in Eastern Europe.

SGE is present on every continent. In 1994, the Group had operations in 114 countries, either on a permanent basis or as part of a major construction project.



SGE net sales
by geographic area



- France
- Germany
- Great Britain
- Other European countries
- Africa
- Asia and other countries

- General Contracting
- Roadwork
- Industrial and Technical Installations

SGE IN 1994

Most of the markets in which SGE operates are gradually emerging from the deepest recession of the post-war period.

► **Most of the markets in which SGE operates are gradually emerging from the deepest recession of the post-war period.**

The recovery in those markets, however, is less robust than in the economy as a whole and remains uncertain. This is true in France notwithstanding the positive impact of the public works expenditure program adopted in 1993 and the fiscal and budgetary measures taken in favor of housing. Overall, building and public works in France experienced a decline in production of about 2% in volume terms with a loss of more than 35,000 jobs. In the United Kingdom, growth in the construction sector was barely 2%, far behind the rest of the economy; nearly all areas of building construction were affected by the slack property market, and in public works, tighter budget constraints on local authorities could not be offset by any rapid or significant increase in the contribution of private financing. The situation is more complex in Germany, where the construction sector outperformed the rest of the economy thanks to strong expansion in housing in the West (up 9%) and even more so in the East (up 37%). This made up for a decline in public works and a noticeable contraction in industrial capital spending and nonresidential building construction.

Everywhere in Europe, the absence of recovery in volume of business continued to depress margins which had been severely eroded in the preceding period. In each national market, margins were also held back by various country-specific circumstances: lax contractor prequalification in France, persistent overcapacity in Great Britain, toleration of a form of social dumping in Germany.


There were few developments of note in other markets. In Eastern Europe, the conditions of consultations and competition are tending to become more standardized. In Africa, the initial fears inspired by the devaluation of the CFA franc were not confirmed. The Asia-Pacific region remains a buoyant market but also a very competitive one which requires a commitment to a long-term presence.

Besides the geographic variations, the year 1994 also saw structural changes within the various trades and business segments.

Certain activity sectors entered a phase of long-term contraction or fundamental change, as illustrated, for example, by the rising share of maintenance and rehabilitation work relative to new construction in the building sector.

At the same time, new opportunities also came to light - underground work, environmental installations, industrial automation and regulation - augmenting a revenue stream that is growing significantly.

In addition, temporary surges of activity appeared in certain sectors, benefiting from intentionally countercyclical financing measures (as with public housing) or resulting from credit-driven enhancement of demand via new types of financing (as with the French METP program for public works contracts).

Besides the geographic  variations, the year 1994 also saw structural changes within the various trades and business segments.

In this context of uncertainty and change, SGE in 1994 continued its effort to adapt to new market conditions and stepped up the pace of repositioning its business activities. Consolidated Group revenues increased significantly to 45.8 billion francs (up 6%). On a comparable structure basis, the increase was 1.8% , mainly due to growth in the roadwork business in France and in major projects outside France, which more than offset the slight declines in Germany and in building construction in France.

► **In this context of uncertainty and change, SGE in 1994 continued its effort to adapt to new market conditions and stepped up the pace of repositioning its business activities.**

Net sales from international business amounted to 44.2% of the total (compared to 42.6% in 1993). Half of that figure was realized in Germany, where the Group, structured around SGE Deutsche Holding, is today one of the ten largest German construction companies.

Capital expenditure was severely limited in the established business lines and was concentrated in strategic activities (developing sectors, major project launches). And except in the case of a few investment opportunities which were fully in line with the Group's long-term strategy (purchase of a controlling interest in Klee, acquisition of Controlmatic in Germany), internal redeployment took precedence over the external growth which had characterized the preceding five years.

Within the Group, quality programs were strengthened. All of the subsidiaries, at least in certain departments or for pilot plants, began the procedures leading up to qualification under the ISO 9001 or 9002 standards.

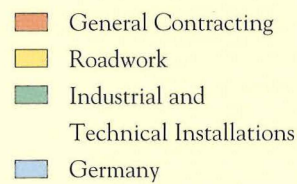
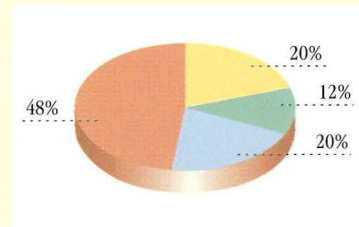
The first certifications were obtained in 1994 in France in building construction and civil engineering (Campenon Bernard SGE) and electrical work (SDEL), in Germany by the roadwork subsidiaries (SGE OBU), in Belgium in pipework (Denys, a Sogea subsidiary) and in Great Britain in technical installations and civil engineering (Norwest Holst and its specialized subsidiaries).

In the area of workplace safety, major employee awareness programs were undertaken in several Group companies, with gratifying results. Campenon Bernard SGE, SDEL and SGE's roadwork companies, Cochery Bourdin Chaussé and Viafrance, were honored by their respective trade associations for their efforts in this regard.

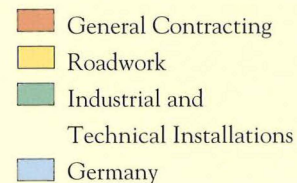
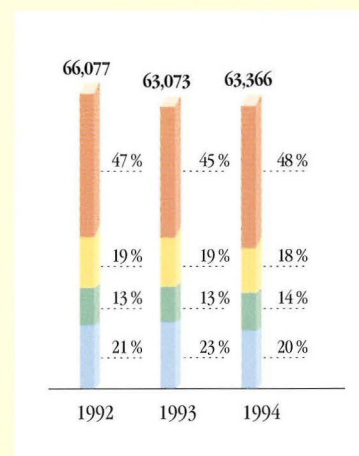
SGE subsidiaries stepped up their efforts in youth hiring and training. In 1994 nearly 700 young workers under the age of 26 were recruited on permanent contracts. Emphasis was placed on work-study programs in partnership with training organizations funded by public or trade associations, accompanied by on-site tutoring. For certain specific trades, Group companies instituted in-house training programs. In the roadwork field, for example, Cochery Bourdin Chaussé and Viafrance in 1994 organized training courses for road masons and operators of specialized construction machinery at their Gevrey-Chambertin training center in the Côte d'Or.

In addition, Sogea and Campenon Bernard SGE enabled 400 young people without prior training to enter professional life through first-job programs associated with government contracts. The workforce constructing the new hospital in

SGE net sales
by business segment



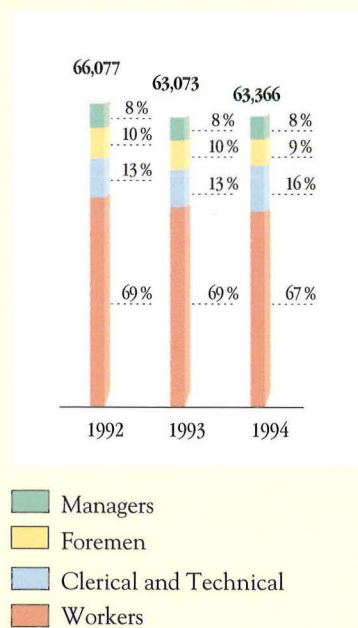
SGE average number of employees
by business segment



Mantes-la-Jolie for example included several young workers from the neighboring Val-Fourré housing complex.

The Group pursued an active policy of research and development in 1994. In civil engineering, Campenon Bernard SGE continued its work on perfecting automatic guidance systems for tunneling machines and Freyssinet developed techniques for hoisting heavy structures with computer-assisted hydraulic jacks, used for the first time in Germany at the Hamburg railway station. The R&D effort also encompassed design of products, processes, and engineering structures. For the first time, Campenon Bernard SGE erected a long-span structure, the Corniche bridge in Dole, with a prestressed concrete deck undergirded by pleated metal webs. For its part, Freyssinet continued its research on prestressed and cable-stayed construction techniques and developed a new roadway joint specifically for very large structures.

SGE average number of employees by socio-professional category



In the environmental area, Sogea worked to perfect special processes for waste treatment (e.g., compacting of household refuse, removal of sludge, treatment of biogases) and for treating wastewater and storm drain effluents.

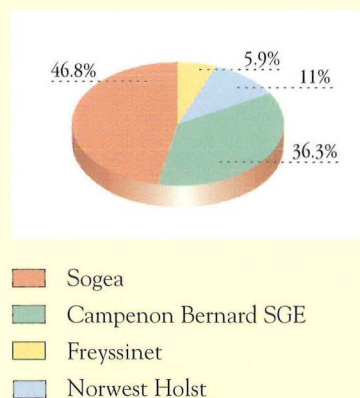
In the roadwork field, Cochery Bourdin Chaussé and Viafrance focused their efforts in 1994 on designing bituminous binders to make a paving material that is tougher and offers new properties. Their innovation policy also extended to recovering the clinker produced by household waste incineration for use in paving roadways, as part of a program initiated by Compagnie Générale des Eaux.

In interior work for the building sector, Tunzini continued to work with its suppliers on studies and laboratory trials of ventilation systems and benefited from work by the German subsidiary Heinrich Nickel on air conditioning by means of chilled ceilings. Tunzini also introduced a new automatic fire-extinguishing system. Wanner developed a passive protection technique for electrical cables and is pursuing its development of technical processes and means for asbestos elimination.

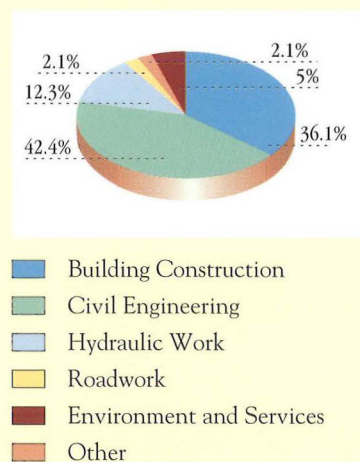
Saunier Duval Électricité developed command and control software for very-high-voltage stations and software for monitoring control systems at industrial plants. Applications based on artificial intelligence systems are under development for optimizing the operation of household waste incinerators.

GENERAL CONTRACTING

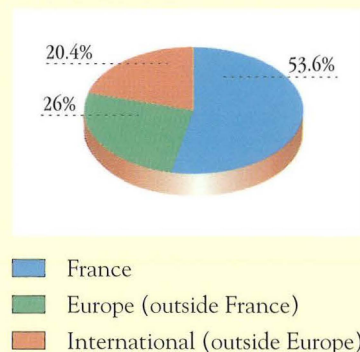
General Contracting
net sales
by subsidiary



by line of business



by geographic area



The General Contracting segment within SGE brings together two French companies, Sogea and Campenon Bernard SGE (the latter of which, effective 1 January 1994, consolidates SGE's two German building construction subsidiaries in Germany, OBG and OBAG), the British company Norwest Holst and a company specializing in civil engineering, Freyssinet. With FF22 billion in sales in 1994, this segment represents nearly half of the SGE Group total and posted an increase of nearly 3% over the preceding year.

The building construction business overall was flat. The SGE subsidiaries redeployed their forces into the most active segments of the market, which were public housing and other public facilities. The Group's civil engineering business was stable in France but increased internationally, especially in the major project market where Campenon Bernard SGE is one of the leading players. The Group's other companies posted a satisfactory level of activity. Notable among these were Sogea's environmental and service businesses, where sales were up significantly.

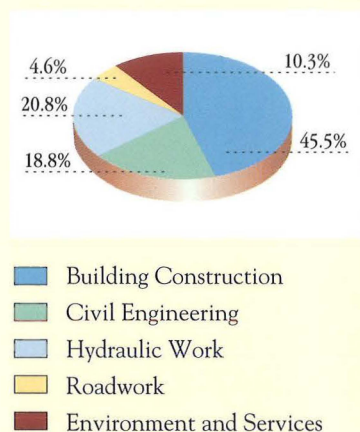
The General Contracting segment's contribution to SGE earnings improved over the previous year yet remained negative (at a loss of FF75 million) owing to the poor earnings posted in Germany and Great Britain. In the latter country, however, Norwest Holst achieved a significant reduction in its operating losses.



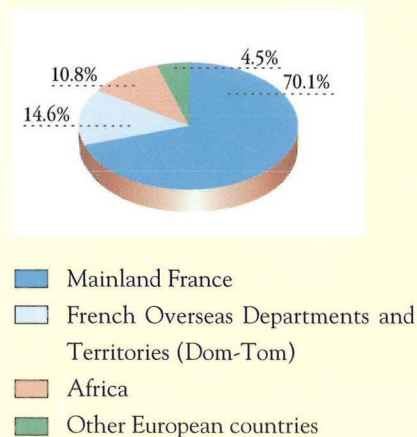
The new headquarters for Société Générale in the midst of the La Défense business district, west of Paris, was the biggest building construction project in France in 1994.

► SOGEA

Sogea
net sales
by line of business



by geographic area



The year 1994 was one of recovery for Sogea following two years of significant decline in activity. Consolidated net sales in 1994 amounted to FF10.3 billion excluding the British company Norwest Holst, which effective 1 January 1994 is consolidated directly by SGE.

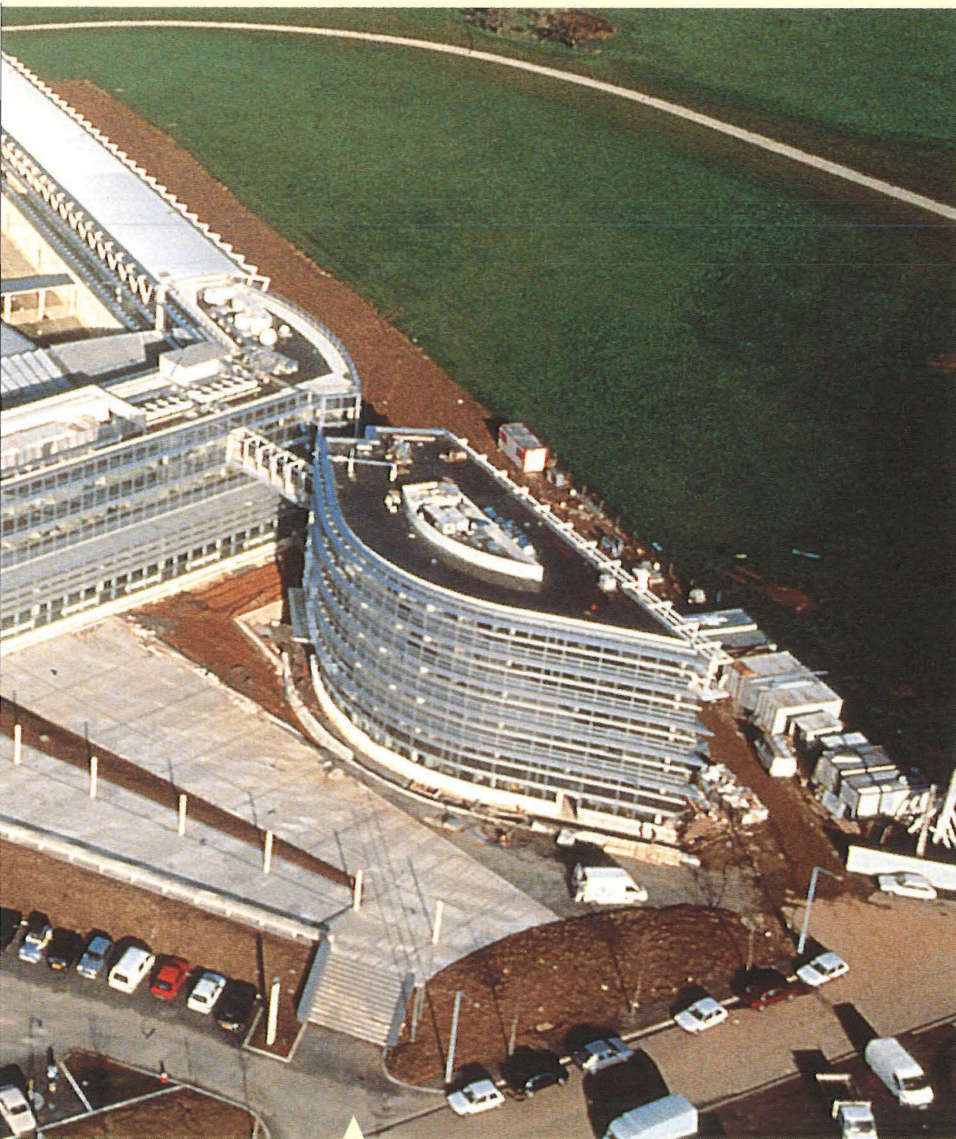
At comparable scope of consolidation, activity was up by 1.9%. That increase was accompanied by a rebalancing among the company's various lines of business which began in 1993. Development of the environment and services business in particular helped to stabilize

activity in mainland France and contributed to the increase in sales internationally.

Mainland France

Activity stabilized following the significant drop posted in 1993 (down 10%).

With building construction net sales of FF3.9 billion, maintained at the same level as in 1993, Sogea is one of the leading players in the French market. The drop in volume in the private sector (office and residential) was offset by an active presence in the fastest-growing segments of



On the Atlanpole site near Nantes, Sogea Atlantique is building the fifth French Ecole des Mines to a design by the architect Aymeric Zubléna.

the market, which were public housing and other public facilities (schools, hospitals, cultural buildings). In 1994 Sogea did construction work on numerous secondary schools, notably including renovation of the Montaigne and Voltaire lycées in Paris and construction of the Raspail, Colombes, and Goussainville lycées in the city or its suburbs.

In the area of other public facilities, the most significant projects of 1994 were the Ecole des Mines in Nantes, the Regional Hospital Center in Clermont-Ferrand, the Château-

roux media library and the administration building for the Meurthe-et-Moselle Department.

In public housing, Sogea maintained its strong position, particularly in the Greater Paris area, and during the year built a total of 12,000 housing units at more than 200 different sites.

In civil engineering, despite a declining market on the mainland, Sogea kept up a high level of activity (FF1.4 billion) thanks to orders taken in previous years. Ground was broken on a number of large-scale projects including the Eole-Condorcet underground rail station in Paris, the new underground rail station in Monaco and the tunnel leading to it. Sogea undertook to construct a new dam for EDF on the Ardèche river at Puylaurent, took part in building the A14 motorway connector between La Défense and the A86, and participated in rebuilding the La Rapée embankment in Paris as part of the construction of the new Charles de Gaulle bridge.

In pipework, Sogea realized 1994 sales of FF1.1 billion in a market buoyed by growing demand for waste water systems work. In Paris, notably, Sogea worked on the great Bibliothèque Nationale de France project, for which it constructed the water supply and wastewater networks.

Sogea strengthened its presence in the environmental protection trades in 1994. The major projects of the year included, in wastewater management, the sewage treatment plants



Sogea and its subsidiary TPI Ile-de-France, using the cut-and-cover method, are building the first section of the A14 motorway, which will link La Défense to the Normandy motorway at Orgeval.

at Rouen, Charleville-Mézières and Givet in the Ardennes, and Méru (Oise); and in solid waste management, the treatment plants at Montpellier, Creusot-Monceau, Sélestat, Annecy and Chambéry.

The "services to local authorities" business includes mainly refuse collection and processing, operation of water treatment plants, management of drinking water supply systems and operation of parking facilities. In 1994, Sogea began to operate the Montpellier household waste sorting plant and put two new parking facilities into service in Marseilles, bringing to more than 26,000 the number of parking spaces in facilities under its management.

Dom-Tom

In the French overseas departments and territories (Dom-Tom), Sogea's activity was stable at FF1.5 billion following two years of sharp decline brought on by a rapid decrease in

private investment combined with the financial difficulties of the local public authorities. As on the mainland, stabilization was obtained at the cost of refocusing the business of Sogea's regional subsidiaries onto the most buoyant market segments, in particular public housing, the environment, and services to local authorities.

In the West Indies and on La Réunion, the Sogea subsidiaries adapted their building construction business to the situation of the market.

The major construction projects of the year involved public housing, mainly on La Réunion and Guadeloupe, and other public facilities and infrastructure (the Raizet airport on Guadeloupe, the Antilles-Guyana rectory in Schoelcher on Martinique, the Flamboyants clinic, the Bras Panon secondary school, and the completion of the Sainte-Suzanne tunnel on La Réunion).

Europe

Sogea's 1994 sales in Europe (outside France) were nearly FF460 million, up 17%.

The Belgian subsidiary Denys, specializing in pipework and drilling, accounts for most of that activity, which extends to the Netherlands and Luxembourg. In the wastewater field, one of the principal projects of 1994 was the drilling of the main wastewater drain for the city of Ghent. Denys also began work on a large contract for laying ways for the Antwerp metro, and its Oelegem concrete pipe manufacturing plant increased production sharply on

rising exports to the Dutch market.

Sogea's second area of operations in Europe is Portugal, where in 1994 it widened its presence in the environment sector. In the north of the country, in Vale do Ave near Oporto, Sogea completed construction of a household waste composting plant and is now responsible for operating it. Sogea also won the contract to manage household refuse collection for the Santo Tirso metropolitan area (population 110,000) in the north of the country.

Restoration work
on the city hall of
Ruisseledé, near Ghent,
by Denys, Sogea's
Belgian subsidiary.



Africa

Sogea realized sales of FF1.1 billion in 1994 (up 7%) on the African continent. This activity, which involved some thirty different countries during the course of the year, is characterized by great geographic mobility from one country to another, even from one part of the continent to another, depending on the funding priorities of the international financing organizations.

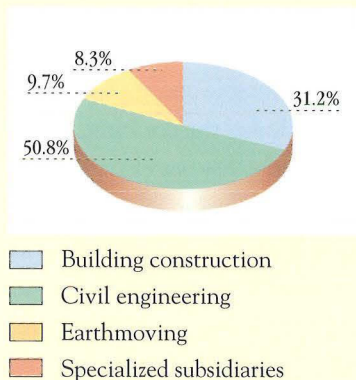
Morocco, however, is a special case: there, Sogea has over many years developed a considerable business in hydraulic work and water treatment. Notable accomplishments in 1994 included the doubling of the capacity of the Fès water treatment plant, the installation of three other plants in Boudjour, Khemisset and El Ayoun, and the continuation of major water supply projects in Salé, Meknès, Youssoufia and Settat.

In Africa the market was most active in roadwork, hydraulic work and pipework. The principal projects of the year included the construction of roads in Guinea, Gabon and Tanzania, the laying of 200 km of water supply and wastewater lines in Angola, and the construction of four irrigation districts in Mali. For the first time, Sogea undertook work in Ethiopia, where it won a major contract to build 200 km of roads between the city of Mille, situated to the north of Addis Ababa, and the port of Assab in Eritrea.

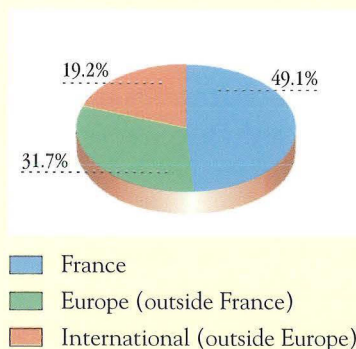
Sogea's contribution to consolidated Group's earnings was FF90 million, an increase over the previous year.

► CAMPENON BERNARD SGE

Campenon Bernard SGE
net sales
by line of business



by geographic area



The Campenon Bernard SGE scope of consolidation now includes SGE's two construction subsidiaries in East Germany, control of which was entrusted to Campenon Bernard SGE at the beginning of 1994. OBG and OBAG did FF1.2 billion of business in 1994, thereby bringing Campenon Bernard SGE net sales to FF8 billion.

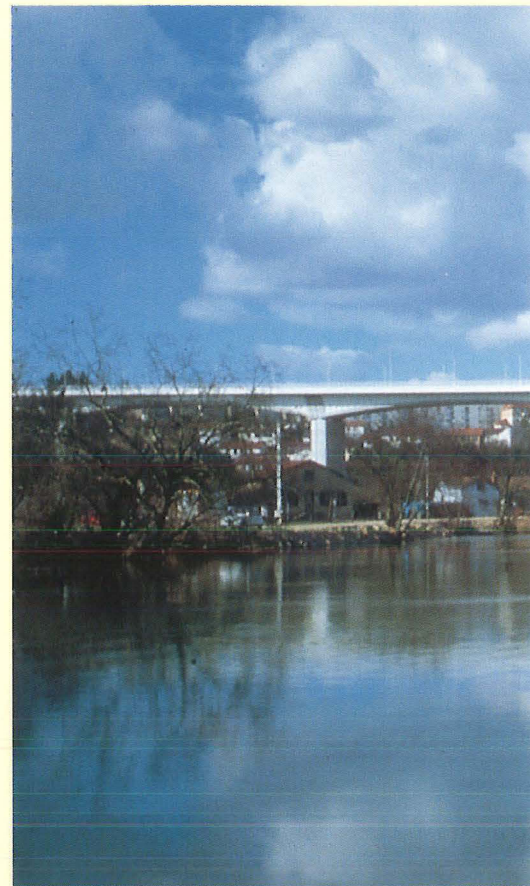
On a comparable-structure basis, Campenon Bernard SGE recorded a small increase of 2.3% in volume of business (FF6.8 billion excluding Germany).

The company's sales are now about equally divided between major projects on the one hand and activities of its branch offices and subsidiaries on the other.

Major Projects

With sales of FF4 billion in 1994, Campenon Bernard SGE consolidated its position in the market for major projects requiring top-level technical capability in project design and construction and proven know-how in financial engineering and project organization.

Activity was brisk in the field of underground work. The Channel Tunnel was turned over to Eurotunnel by the TML Consortium in December 1993. The performance tests conducted in 1994 were satisfactory and the principal technical uncertainties of the project were dispelled, allowing the tunnel to



be put gradually into service. In addition, a comprehensive settlement agreement for fixed equipment claims was reached with the client in April 1994.

In France, work continued on several large underground projects: the tunnel for line 2 of the Lille metro, RER line D in Paris and the second metro line in Lyons.

Internationally, two major projects passed important milestones in 1994. In October, boring was completed on the last section of 66 km of tunnels in Lesotho that will transport water to South Africa. During the same period, the two ends of the south tube of the Storebaelt Tunnel were joined; however, a fire on a tunneling machine set back boring of the north tunnel, which was



For the first time on a long-span structure- the Corniche bridge in Dole- Campenon Bernard SGE created a prestressed concrete deck supported by a pleated metallic web.

completed in April 1995.

Work on the Athens metro project, which had suffered a major delay due to modifications requested by the client, resumed after changes in contract terms were ratified in December by the Greek Parliament. Progress on this project remains difficult.

Work on the Cairo metro is proceeding in satisfactory fashion, with a good start by the two tunneling machines. The Interinfra consortium, in which Campenon Bernard SGE is lead-manager of the civil engineering contractors, has submitted a complementary bid for the network extension, which includes a passage under the Nile. Besides underground work, notable achievements of the year included, in

France, the completion of the Normandy bridge, inaugurated in January 1995, and the start of work on the wastewater treatment plant in Colombes (Hauts-de-Seine).

In Asia, the Kwai Chung viaduct in Hong Kong experienced some technical start-up difficulties. The foreseeable financial impacts of those difficulties have been provisioned in the year's accounts. The contracts for the financing package for the Hub River power station in Pakistan came into effect and work is proceeding according to plan.

At year-end, the major-project order backlog stood at a satisfactory level of approximately FF5.7 billion. It consists mainly of localized operations in countries in Europe and the Far East. In Asia, the



Work on the
Ismailia canal crossing
for line 2 of the
Cairo metro.

company also won in the latter part of the year a large contract to construct 25km of wastewater discharge tunnels in Hong Kong. The new orders also include a significant share of potentially important concession projects. Work on the bridge over the Tagus began in 1994 under a provisional contract and the final concession agreement was signed in March 1995.

In France, construction of the Grand Stade in Saint-Denis will bring in a large volume of work over the next three years.

Other projects which offer prospects of work in the medium term include the A86 underground junction west of Paris, for which Cofiroute is the concession operator, the Muse project in Hauts-de-Seine, and the concession for the ring road west of Lyons, currently under negotiation. Lastly, in Germany, SGE Hoch- und Tiefbau, a new major-project

subsidiary formed by Campenon Bernard SGE with SGE Deutsche Holding, is general contractor for construction of the Lindencorso building in Berlin and has submitted bids on several major infrastructure projects in that country.

Branch offices and subsidiaries

Overall, Campenon Bernard SGE's branch offices and subsidiaries, which provide a base of repeat work as well as marketing support in obtaining major contracts, realized sales of FF4 billion in 1994, including FF2.6 billion in France.

The main civil engineering projects in France involved above-ground structures: the La Roche-Bernard bridge on the Vilaine, the Nantua-Neyrolles viaduct and the Corniche bridge in Dole.

In the special projects area, the foundations for the new bridge over the Rhone for the Lyons North bypass and the excavation for the Météor metro line near the Tolbiac bridge in Paris were the most significant operations.

In earthmoving, the Valérien company, acquired in 1993, complements and strengthens the business potential of Deschiron. Deschiron had a quite satisfactory year, completing a stretch of the A83 between Sainte-Hermine and Fontenay-le-Comte and continuing work on the A54 from Martin-de-Crau to Salon-de-Provence. Total revenues of the earthmoving business were FF775 million in 1994.

In the very specialized market for nuclear decommissioning, Campenon Bernard SGE, with the aim of better understanding the opportunities offered by this

fast-developing field, brought together within a single company, Salvarem, all of its expertise in radioactive protection, clean-up, decontamination, and dismantling. For the decommissioning of the nuclear power station in Chernobyl (Ukraine), an initial study phase financed by the European Union, was begun in 1994 by an international consortium of companies led by Campenon Bernard SGE.

In the building construction sector, activity was sustained by public housing and construction of public facilities, including the Caillé lycée in Marseilles, the Marais lycée in Strasbourg, the addition to the Livet lycée in Nantes, and rehabilitation work on the Yves du Manoir stadium in Colombes. The company also made delivery of the Palais des Droits de l'Homme in Strasbourg. Two very large property projects being developed by the Générale des Eaux Group in association with Sogea also

contributed to Campenon Bernard SGE activity in 1994: the new Société Générale headquarters in La Défense (near Paris) and the first phase of the Cité Internationale in Lyons.

In Germany, ownership of the OBG-OBAG group was transferred in 1994 to a company held jointly by Campenon Bernard SGE (70%) and SGE Deutsche Holding (30%). Olympia Bau Gesellschaft (OBG), with operations mainly in Berlin and the state of Brandenburg, and Ostsächsische Baugesellschaft (OBAG), based in Bautzen in Saxony, reoriented their portfolio of activities away from their previous focus on heavy construction and into general contracting. General contracting now accounts for half of their net sales. As one notable example, OBG put up an office building on Wartenberger Strasse in Berlin. Other significant projects completed during the year include the Altstadtpassagen shopping center in Schwedt on the Oder, the mixed-use Eichhorster Weg office/residential complex in Berlin Wittenau, and the Carolagarten residential complex in Bautzen.

The two German subsidiaries increased their volume of business during the year (by 20%) but their production capabilities, notwithstanding the progress achieved to date, have not yet reached a level of competitiveness comparable to that of their competitors in the West. The losses they posted (FF126 million in total) had a heavy impact on Campenon Bernard SGE consolidated earnings (FF85 million).

The Palais des Droits de l'Homme in Strasbourg has housed the European Human Rights Commission and Court since December 1994.



► FREYSSINET



Freyssinet took part in the design and building of the Imrahor viaduct linking Ankara to the Mamak residential district.

The set of companies managed by Freyssinet together realized sales of FF1.6 billion, up 14%. Consolidated sales, which are narrower in scope, amounted to FF1.3 billion. Growth occurred in all of the company's various lines of business: fabrication of prestressed concrete and related products, stay-cabling, hoisting and materials handling, and specialized engineering.

New work completed in France in 1994 included the Elom bridge near Brest and the Normandy bridge on the Seine estuary, a unique project for which the company developed innovative new technical solutions in both design and installation of cable stays.

Stay-cabling work began during the year on the new Severn River bridge in Great Britain. Freyssinet has extensive experience in this field, having built some forty cable-stayed structures during the past five years

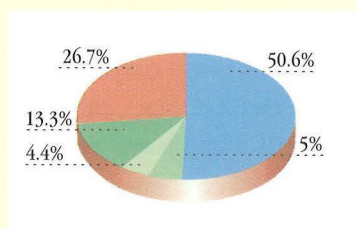
in Europe, Mexico, Japan, and Australia.

The first phase of prestressed concrete work on the Hibernia offshore oil platform in Canada was begun during the year; subsequent phases will begin starting in the spring of 1995, after the platform is put into the water off the coast of Newfoundland. It is scheduled to go into operation in 1997. Freyssinet also continued work on the Sizewell nuclear power plant in Great Britain; the bridges on the Alzette in Luxembourg and the Rio Lerez and El Rincon in Spain; the Imrahor viaduct in Turkey and the West Kowloon and Kwai Chung viaducts in Hong Kong; the Mindef towers in Singapore and the Taipei metro in Taiwan.

In the area of renovation and maintenance of civil engineering structures, Freyssinet in 1994 realized sales of FF410 million. In France the main projects involved maintenance and renovation of the CNIT arch in La Défense and hoisting of a water storage tank near Tours. The Rhone river bridge at Beaucaire (Gard) was razed using a novel method of arch disassembly in stages, in the exact reverse order of assembly.

Outside France, the most notable project was the start of cable-stay replacement on the General Belgrano bridge on the Paraná River in Argentina. The contract for the Gianh bridge in Vietnam was

Freyssinet net sales by geographic area



*The Normandy bridge,
spanning the Seine estuary
between Le Havre and
Honfleur, was opened to
traffic in early 1995.*

awarded during the year and work is slated to begin in 1995.

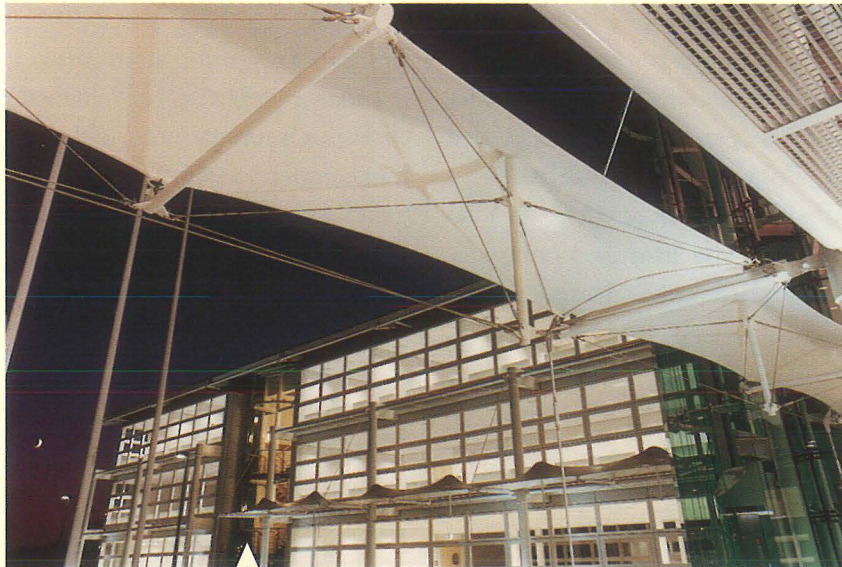
To bolster its position in the renovation sector, a quite active market in Eastern Europe, Freyssinet in 1994 opened a permanent office in Poland and established a subsidiary in Romania. It also acquired the Stuttgart company SHW Brückentechnik, which

specializes in the manufacture of supports and roadway joints.

In 1994 Freyssinet maintained a positive contribution (FF5 million) to SGE Group earnings, although that contribution was lower than the previous year's owing to the difficulties encountered on a Hong Kong project.



► NORWEST HOLST



Wavertree Technology
Park in Liverpool was
designed to accommodate
private technological
research units

In 1994 Norwest Holst realized sales of £289 million, down slightly (3%) from 1993. Owing to variations in the exchange rate, the drop in French francs terms is more pronounced; sales amounted FF2.4 billion, down 7%. This near-stability comes after two years of sharp contraction in the company's activity.

SGE's British subsidiary continued to rebalance its portfolio of business activities. Civil engineering and industrial and technical installations are now Norwest Holst's two primary lines of business, whereas building construction, once its leading activity, has seen its share of revenues drop from nearly 45% in 1992 to 31% in 1994.

Indeed, the building construction business slowed again in 1994 in a market characterized by excess supply and weakening profit margins.

The main construction projects in 1994 were three hospitals—Chorley in Lancashire, Whipps Cross in London, and Chase Farm in Enfield—as well as a technology park in Liverpool. New contracts were obtained to build a shopping center complex in Rotherham near Manchester and university buildings in Portsmouth.

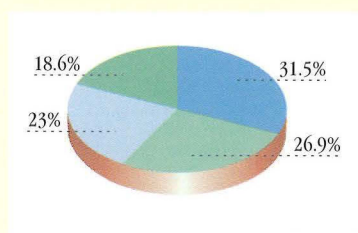
In the public housing sector, Norwest Holst focused its business activity on "partnership housing", which consists of building and selling housing units with the aid of public organizations or local non-profit associations.

Civil engineering sales increased to FF648 million. Much of the business came from a few significant projects, notably the M11 motorway northeast of London. Norwest Holst obtained two major contracts to build a cable-stayed bridge on the Dee River near Chester and to widen the M1 motorway near Leicester.

The earthmoving subsidiary John Jones maintained a healthy level of business and received a number of new orders, notably for the M65 motorway in Blackburn (Lancashire) and for a motorway interchange north of Dublin.

In the pipeline and networks area, the main projects of the year included a major water supply line contract in Scotland and installation of a cable television system in Manchester. Norwest

Norwest Holst
net sales
by line of business



- Building construction
- Civil engineering
- Hydraulic work
- Industrial and Technical Installations

Holst Soil Engineering, specializing in soil analysis and foundations, experienced a satisfactory level of business.

In technical installations, Rosser and Russell, specializing in HVAC, electrical, and plumbing systems, worked on the new Midland Bank premises in Leeds and on a large industrial complex for Unilever near Liverpool. Heathrow's Terminal 1 transit hall was delivered in record time, as was the Crédit Suisse building at Canary Wharf in London.

In 1994, Control and Applications, an electrical and instrumentation company, installed the electrical systems for one of the United

Kingdom's largest paper mills in Aylesford (Kent). The difficulty of securing repeat orders in this sector will probably result in a decrease in activity in 1995.

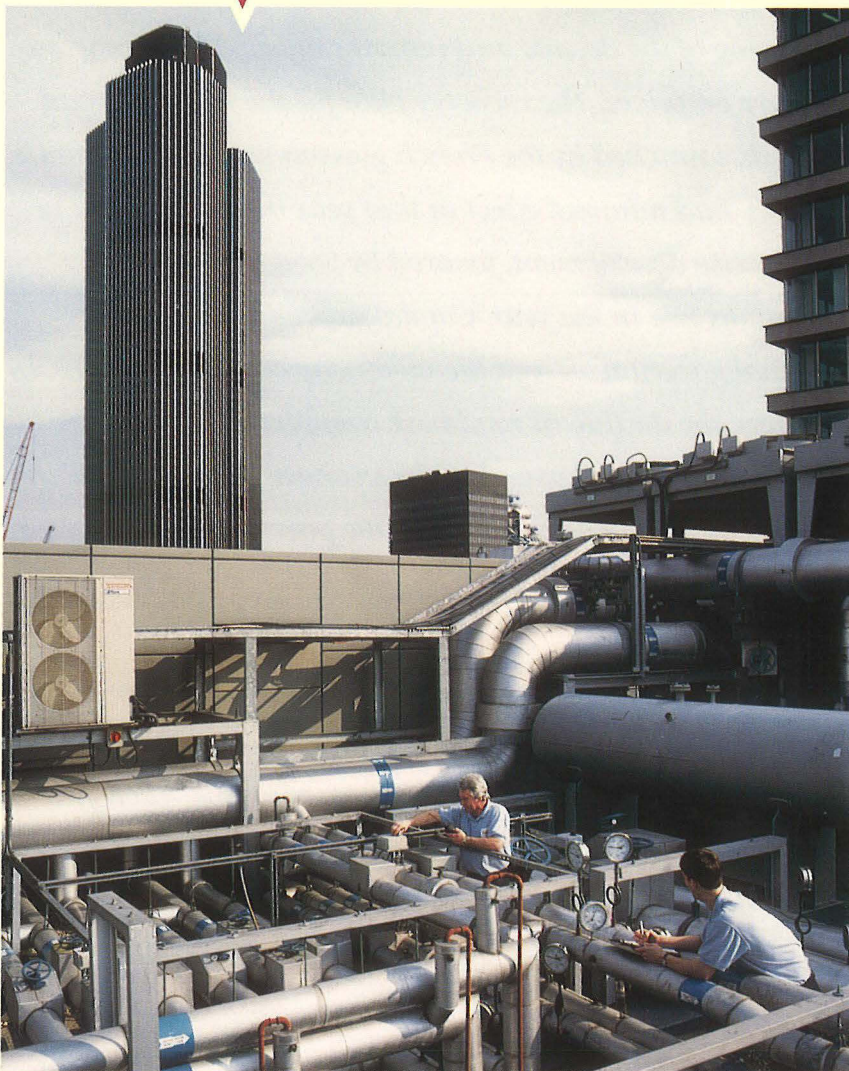
Activity grew in the building maintenance and facilities management business. In the field of industrial pipework, Copper Pipe completed work on GEC Alsthom's new electric power plant in Little Barford, near Birmingham.

Business was flat for George Depledge, a company specializing in the manufacture and installation of structural steel framing. The company did, however, receive a second order for the Twickenham Stadium renovation. Conren, specializing in the manufacture and installation of floor coverings, expanded its product line and maintained thanks to new orders its export activity level.

Lastly, in the environment sector, General Water Processes, a joint subsidiary of Norwest Holst and OTV, saw its order book shrink despite several noteworthy contracts: the new Coleshill (Birmingham) sludge incinerator, which went into service during the year, and the Chertsey (London) and Broomy Hill (Hereford) water treatment plants.

The rationalization and reorganization measures initiated two years ago and still in process, succeeded in reducing Norwest Holst's operating losses in 1994 (FF187 million) by some one hundred million French francs.

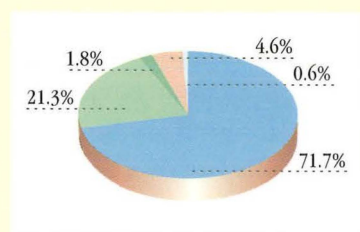
Air condition
installations
at London Hall
in London



ROADWORK

SGE is the second-largest European roadwork company, with net sales of FF11.8 billion. It operates mainly in France through its Cochery Bourdin Chaussé and Viafrance subsidiaries but also does substantial activity in Germany, through the SGE Olympia Bau Union (SGE OBU) company, and in Africa with Sogea.

Roadwork
net sales
by geographical area



- France
- Germany
- Other European countries
- Africa
- Overseas French territories

In France, after two years of declining activity, the trend reversed in 1994. Overall revenues for the sector rose by 5% although the market did not regain its level of activity at the beginning of the decade and remains affected by strong pressure on prices. The recovery plan for the national road network, launched by the French government in the summer of 1993, had minimal effect in that year but contributed to this positive development, favored by good weather conditions late in the year. Capital expenditures by the national government and the motorway companies drove the business; the decline in roadwork commissioned by the French departments was offset by stronger demand from municipalities, while orders from the private sector remained at a low level.

In this general context, Cochery Bourdin Chaussé (up 9%), and Viafrance (up 7%) posted increases greater than the market and reinforced their respective positions. Their net contribution to SGE earnings improved considerably to FF167 million, compared to FF110 million in 1993.



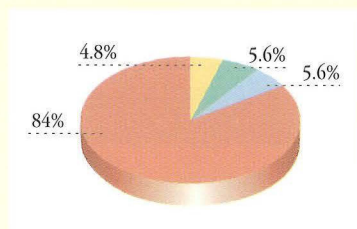
In three months, Viafrance built a 6 km motorway section at Pas de l'Escalette in Hérault to re-establish the Clermont-Ferrand - Montpellier link, which had been cut by the collapse of the Nationale 9 highway.

► COCHERY BOURDIN CHAUSSÉ



*Within a very tight deadline,
Cochery Bourdin Chaussé
renovated a 10 km section of the
A6 motorway between Orly and
Paris during the summer of 1994.*

Cochery Bourdin Chaussé
net sales
by line of business



- Major motorway projects
- Traditional work
- Quarries
- Other activities (industrial flooring, etc.)

1 994 net sales of Cochery Bourdin Chaussé amounted to FF6.3 billion, representing a net increase of 9% over the previous year at constant scope of consolidation.

This favorable evolution affected most of the regional departments, which strengthened their positions in their main market, i.e. resurfacing and improvement work on road networks for local authorities.

In the major projects field, where Cochery Bourdin Chaussé was hitherto less well-established, the efforts made over the past few years have enabled the company to reinforce its market presence.

Several major projects were completed in 1994, including the A6 motorway just outside Paris and the A83 (Nantes-Niort), where Cochery Bourdin Chaussé, in partnership with Viafrance, successfully experimented with a new laser-guided grading system. Other roadwork was done on the A10 (draining cover in the Tours suburbs) and A1 (Paris-Lille) motorways.

Cochery Bourdin Chaussé continued its innovation efforts, both technical and commercial. In France it innovated by offering special contractual packages tailored to local authority needs and for the first time concluded

METP contracts in Athis-Mons and Montereau. It also diversified into accessory road facilities work, notably construction of sound barriers and installation of metal guardrails. Working with other Compagnie Générale des Eaux subsidiaries, Cochery Bourdin Chaussé developed a process to use incinerator clinker as an ingredient in roadway pavements.

Outside France, the company's activity remained concentrated in Belgium and Spain. The drive to find new customers continued in Eastern Europe, in particular the Czech Republic, Slovakia, and Russia.

Other noteworthy actions during the year concerned company management, in particular,

training and integration of young employees. In 1994 Cochery Bourdin Chaussé created a Hiring and Integration Department with the objective of recruiting 350 young people by the end of 1995. In 1994 already, over 250 employees under the age of 26 were brought in at different levels. The company also implemented a systematic policy of sensitization and accident prevention which has already brought a significant improvement in workplace safety.

Growth of the business, control of overhead costs, and closure or reorganization of a few loss-making units (notably in French Guyana) enabled Cochery Bourdin Chaussé to improve its contribution to SGE earnings to FF101 million.

Nighttime laying
of draining cover
on the
A10 Paris-Bordeaux
motorway using
laser-guided equipment.

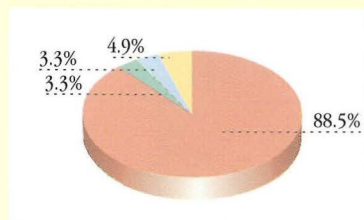


► VIAFRANCE



Development of the Pont d'Espagne site in the heart of the Pyrenees National Park.

Viafrance
net sales
by line of business



- Major motorway projects
- Traditional work
- Quarries
- Other activities (sealant membranes, etc.)

Viafrance consolidated net sales exceeded FF3 billion in 1994, an increase of 7% over 1993.

Activity was sustained by capital spending on the part of the French government and the motorway companies. The share of business from the company's main customers local authorities, departments, and municipalities remained stable. In the private sector the beginning of a recovery was observed in the second half of the year.

The upturn in roadwork business also benefited the manufacturing facilities in which Viafrance has an equity interest (concrete

mixing plants, asphalt binder plants). Their production increased by 6% in 1994 to over 6 million tons of paving material. The stone quarries and gravel mines in which Viafrance has stakes produced and marketed over 5 million tons of aggregate during the year. The Chailloué quarry (Orne) supplied crushed stone for the A29 Le Havre-Yvetot motorway in Normandy. Viafrance also took a 50% stake in a quarry in the Quimper region with potential annual production of 250,000 tons.

On the major projects market, the company completed work at midyear on the Montaigu-Les

Essarts section (22 km) of the A83 Nantes-Niort motorway. Within a time frame of just three months, Viafrance completed six kilometers of roadway on the A75 motorway at Pas de l'Escalette in Hérault and thereby re-established a link between Clermont-Ferrand and Montpellier, which had been cut off for a year by a break in the Nationale 9 highway. In 1994 Viafrance also won several roadway contracts on the A64 motorway (Toulouse - Saint-Gaudens).

The greatest share of activity, however, involved smaller projects (6,000 in total). A priority effort was made by Viafrance to improve organizational efficiency and oversight of job sites which on average last only a few weeks. A

training program and special information system resources were designed for the supervisory and managerial staff involved.

Alongside these basic businesses, Viafrance continued its earlier development into fast-growing related sectors such as solid waste storage and water protection. In 1994 the company constructed a lagooning reservoir in the bay of Mont-Saint-Michel and a large landfill operated by Onyx in Cubry (Doubs).

In addition, the company continued its management initiatives in the areas of workplace safety, recruitment, and ongoing training.

Net income for the year amounted to FF66 million.

Watertightness of the four natural lagooning basins that receive wastewater from the Mont-Saint-Michel bay was assured by installing a 1 mm-thick sealant membrane.



► CONCESSION OPERATIONS



*In September 1994
Cofiroute opened
the new tollgate in
Saint-Arnoult-en-Yvelines,
at the entrance of the
A10 and A11 motorways.*

SGE is a 30.88% shareholder of Cofiroute, the only private motorway concession operator in France, and a 23% shareholder of Société Marseillaise du Tunnel Prado Carénage. That tunnel was opened to traffic in September 1993 and is the first urban toll crossing in France.

Moreover, SGE has for many years developed with Sogea a portfolio of public service concessions - in the operation of drinking water and waste water systems as well as urban waste treatment units, and in the construction and operation of parking facilities.

This policy has been reinforced by the Group over the past few years as a natural extension of its construction activities. SGE is now an active partner in a number of major concession contracts.

Cofiroute

Traffic growth, which reached 3.3% on a constant-network basis (compared to 3.9% in 1993), the opening of the Nantes bypass, and the rate adjustments introduced in 1993 and 1994 brought toll revenues to FF3.3 billion, up 8.6% on 1993.

The special efforts made in the area of safety have paid off: the number of bodily injury accidents per 100 kilometers driven was the lowest on record since the beginning of the concession: 5.10 in 1994, compared to 6.23 in 1993 and 6.68 in 1992.

The network extension program (750 km) continued in 1994, as did construction of new interchanges (La Thibaudière in Tours, Saint-Germain-des-Prés in Angers). The new tollgate at Saint-Arnoult-en-Yvelines was inaugurated in December.

Amendment n°7 was approved by decree on April 21, 1994. This amendment confirms Cofiroute as the designated concession operator for the A85 (Angers-Tours and Tours-Vierzon), A28 (Alençon-Le Mans-Tours), A86 (Rueil-Vélizy and Rueil-A12) and A126 (Saint-Quentin-en-Yvelines - Massy) motorways and specifies the terms for the construction of the Angers-Tours section of the A85. Work effectively began in 1994 between

Angers and Langeais, leaving it to the latter town to define the final route - an issue which continues to be the subject of public debate.

More recently, a decree dated January 24, 1995, defining how motorway tolls are to be set, replaced the decree dated December 30, 1988; it establishes a contractual relationship, in the form of five-year plans, between the State and concessionaire companies, taking into account in particular the terms governing completion of the new sections

under concession. Finally, article 22 of the 1995 Finances Act sets, at 2 centimes per kilometer traveled, the level of the contribution tax financing the special investment fund created by the Land Development Orientation Act. The consequences of this tax should be balanced by specific measures taken with regard to each concession operation.

In the United Kingdom, the Toll Management subsidiary continued to operate the tollgate of the first bridge over the Severn. The teletoll system installed there has captured 15% of the traffic.

In the United States, Cofiroute Corp. continued construction of the SR 91 motorway south of Los Angeles, which is still scheduled to open in the last quarter of 1995. This concession, a first in that country, will be reserved exclusively for teletoll subscribers.

Cofiroute net income amounted to FF552.4 million (SGE share, FF171 million). The company had cash flow of FF1.3 billion. The year's capital expenditures amounted to FF1.2 billion and the company's debt on December 31, 1994 was FF6.4 billion.

Amendment n° 7 opens up new prospects for Cofiroute in the next decade. The ten years to come will be characterized by a substantial investment program exceeding FF20 billion for the newly conceded sections, which when opened will increase the extent of the current network by approximately 50%.

Cofiroute operates
the tollgates of the
Severn bridge
northwest of Bristol
in the United Kingdom.



Negotiations continued with the French government to establish the terms of the first five-year plan and of an amendment n° 8 governing the terms for the construction of the new stretches of A85, A86, and A28 motorways (amendment n°7). Amendment n°8 will also take into account the impacts of the Land Development Orientation Act. The corresponding decree should come into effect during 1995.

Other concessions

- Société Marseillaise du Tunnel Prado Carénage had 9 million vehicles pass through its tunnel in 1994, for revenues of close to FF90 million. Traffic growth was steady and quite encouraging in 1994 (approximately 30%) but did not reach initial forecasts.

- On April 19, 1994, the Lusoponte company, in which SGE has a 24.8% stake, was awarded a concession contract based on an international consultation launched by the Portuguese government for the construction on a concession basis of a second bridge over the Tagus estuary at a site 12 kilometers upstream from the existing bridge, built in 1966.

The Vasco de Gama bridge will be delivered in time for the Lisbon Universal Exhibition (World Fair) in 1998.

The concession, for a maximum term of 33 years, includes operation of the existing bridge from January 1, 1996. The financing requirement, as of the date of opening, will amount to FF6.3 billion. One third will be covered by shareholders and the

Portuguese government, one third by a European Union subsidy, and the remaining third by a loan from the European Investment Bank backed by a guarantee from the lenders to the concession company.

The construction work, performed by a consortium led by Campenon Bernard SGE, started in autumn 1994 on the basis of a provisional concession contract signed in July 1994. The final concession contract was signed in March 1995, with contractual adjustments made necessary by the rise in interest rates since the original bid and by the introduction of preferential toll rates for frequent users.

- Following a long and difficult competition, the concession for the Grand Stade - an 80,000-seat



stadium to be built in Saint-Denis to accommodate the 1998 Football World Cup tournament - was awarded to a Consortium made up of SGE, Dumez and Bouygues in equal shares. This facility, long-awaited for major football, rugby, and track and field events, is also designed to be a venue for major non-sporting events (such as cultural events).

The concession contract was signed on April 29, 1995 and the building permit was issued on April 30. The stadium is scheduled to open on January 31, 1998.

- At the beginning of the year the General Council of the Hauts-de-Seine Department approved the choice proposed by the MUSE SA concession company (in which SGE holds a 26% stake) for construction of the first section of the MUSE underground network for light vehicles and public

transport. The technical design studies for this section, which will include a 2 km branch in the north of the department (within the territory of the city of Clichy) and a 5 km section in the south between Issy and Clamart, have been completed and a financing plan for the first phase has been submitted to the conceding body. The administrative procedures for review of the project with the relevant ministries, the Paris transport workers' union and the specially created Interministerial Safety Commission have been actively pursued, with a view to holding a public hearing in 1996.

- Lastly, the LORYS Consortium, formed jointly by SGE and Eiffage on an equal basis, was declared the winner of the concession for the ring road bypass west of Lyons following a consultation launched by the Rhone department.

The existing bridge over the Tagus estuary in Lisbon will be operated as of 1996 by the same concession group that will build and operate the new bridge, to be delivered in time for the Universal Exhibition of 1998.



INDUSTRIAL AND TECHNICAL INSTALLATIONS (I.T.I.)

In France, this segment consists of three companies specializing in electrical installations (Saunier Duval Électricité) and in thermal and climate-control engineering (Tunzini-Wanner, Lefort Francheteau).

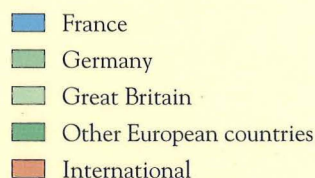
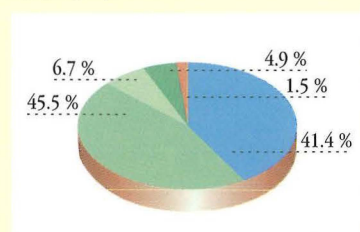
Industrial customers account for a much higher share of business in these activities than in SGE's other fields. Another aspect specific to this segment is its repair and maintenance component, which tends to yield a steady recurring revenue stream. The same characteristics are found in Germany at SGE Deutsche Holding's subsidiaries, G + H Montage (insulation), Heinrich Nickel (climate control engineering), and Controlmatic (industrial electrical systems) which joined the SDEL group in 1994, as well as in Great Britain at Rosser and Russell, a Norwest Holst subsidiary (climate control engineering, electrical and plumbing systems).

This segment's consolidated activity amounted to FF11.9 billion in 1994. In France, industrial capital spending dropped again in 1994 following two consecutive years of decline.


At the same time, the very severe recession in office property affected the finishing work market in building construction. In this context, the Group's companies in this segment almost managed to maintain their level of activity at FF5.5 billion (down 2%).

Previous reorganization measures and adjustment efforts undertaken during the year enabled the French Industrial and Technical Installations segment to improve its contribution to SGE earnings by 16%, to FF106 million.

Industrial and
Technical Installations
net sales
by geographic area





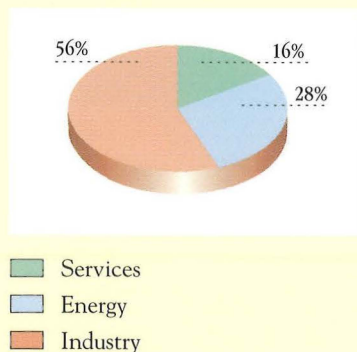
 SDEL's
German subsidiary
Controlmatic
took part in modernizing
the PWA paper mill in
Stockstadt (Hesse).

► SAUNIER DUVAL ÉLECTRICITÉ



SDEL provided the instrumentation for an oil drilling platform under construction in Bordeaux for Elf-Congo.

Saunier Duval Électricité
net sales
by line of business



SDEL sales increased in 1994 to FF2.7 billion (up 11%) with the acquisition of the Frankfurt company Controlmatic, consolidated over the last eight months of the year. On a comparable-structure basis, activity decreased by 2%, a smaller decline than in 1993.

Despite a further drop in industrial capital spending, SDEL was able to maintain its volume of business in that sector, thanks to large projects for the nuclear and oil industries. SDEL won a major contract for industrial instrumentation and automation at the Kalundborg refinery in Denmark and also did work on an oil platform in Angola and a new oil

terminal in Cameroon.

In addition, SDEL entered into a partnership agreement with Compagnie Générale de Chauffage to develop software to optimize operation of household waste incineration plants and implement customized command and control equipment.

SDEL's business in computerized information and control systems also involved the service sector. The year was notable for implementation of a number of major projects, such as the installation of centralized facilities management systems for the Air France headquarters and for the Roissy-Charles de Gaulle TGV station. Electrical installations for

buildings (high-voltage and low-voltage systems, and communications cabling) remained at a respectable level (down by about 5%), in spite of a highly unfavorable situation in the market for new offices.

The largest project of the year was the construction of the new Société Générale headquarters building in La Défense. The telecommunications business, recently strengthened by acquisition of the TTM company, grew noticeably (up 14%).

Power transmission and distribution (lines and transformer stations) was the sector where business was affected most severely. This sector remains dependent on the vagaries of investment programs at Électricité de France (EDF), which face stagnant energy consumption and problems setting power lines in

scenic areas. This situation is leading to more undergrounding work, which has already reached a considerable level, especially in installing power lines buried alongside motorways for safety reasons.

The takeover of Controlmatic (ISO 9001 certification for all of its activities) has strengthened SDEL's position on the industrial market. This German concern, which realized FF400 million in sales in 1994, has expanded in recent years into instrumentation and automation applications for environmental control.

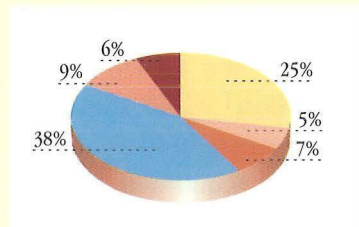
Thanks to a particularly vigorous effort of adaptation, SDEL has been to keep its 1994 earnings at the level of the previous year (FF41 million) while absorbing the losses associated with the Controlmatic acquisition.

The new TGV station at
Roissy-Charles de Gaulle
Airport, with electrical
and centralized facilities
management systems
installed
by SDEL.

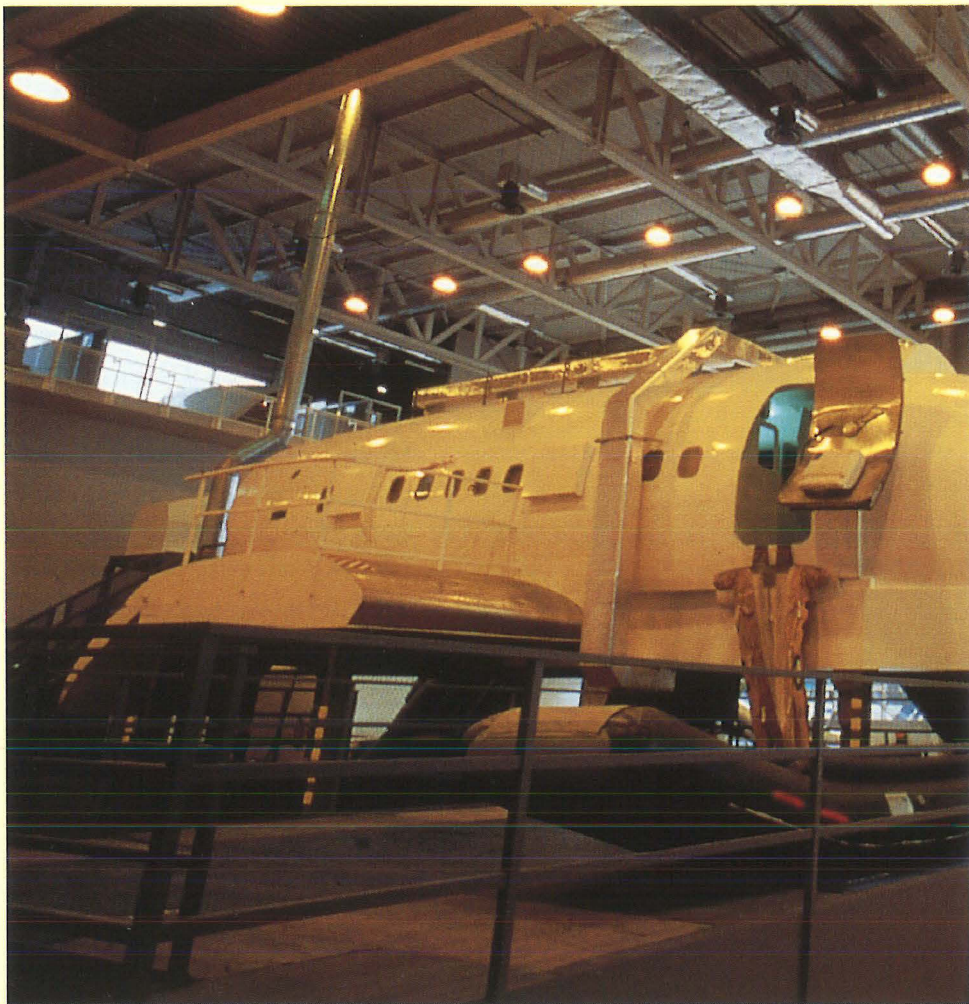


► TUNZINI-WANNER

Tunzini-Wanner
net sales
by line of business



- Insulation
- Refrigeration installations
- Architectural interior work
- Air conditioning
- Fire protection
- Environment



Tunzini - Wanner net sales for 1994 amounted to FF2.5 billion, a figure close to that in 1993.

Formed in 1992 by the operational merger of two SGE subsidiaries, Tunzini and Wanner Isofi, this unit is now the foremost French company specializing in the various fields of thermal engineering (air conditioning, insulation, refrigeration). The group is also well-positioned in two other fields, fire protection and waste incineration. Development in these two sectors has in recent years made up for the decline in interior work in building construction and the freeze on capital spending in the petrochemical industry, which is one of the unit's major customers.

Tunzini

In the Tunzini businesses that were affected by the 1993 recession (air conditioning, fire protection, thermal waste treatment), activity was stable in 1994.

In climate-control engineering (office air conditioning, temperature- and humidity-controlled air flow in industrial settings and in sensitive areas), where Tunzini is the largest French company, sales amounted to FF750 million. Large service sector projects brought activity growth, with, among the more notable, the Société Générale towers in La Défense, the Cité Internationale in Lyons, the Air



Tunzini installed
the air conditioning
for the new Air France
headquarters in Roissy.

France headquarters in Roissy, the headquarters for the Direction Générale de l'Armement in Paris, and the expansion of the Marseilles and Bordeaux airports. The year also saw cooling and ventilating installations put in service for the Channel Tunnel, the Euralille shopping center, Wellingén (Germany) as well as for Thomson's clean rooms in Moirans (Isère).

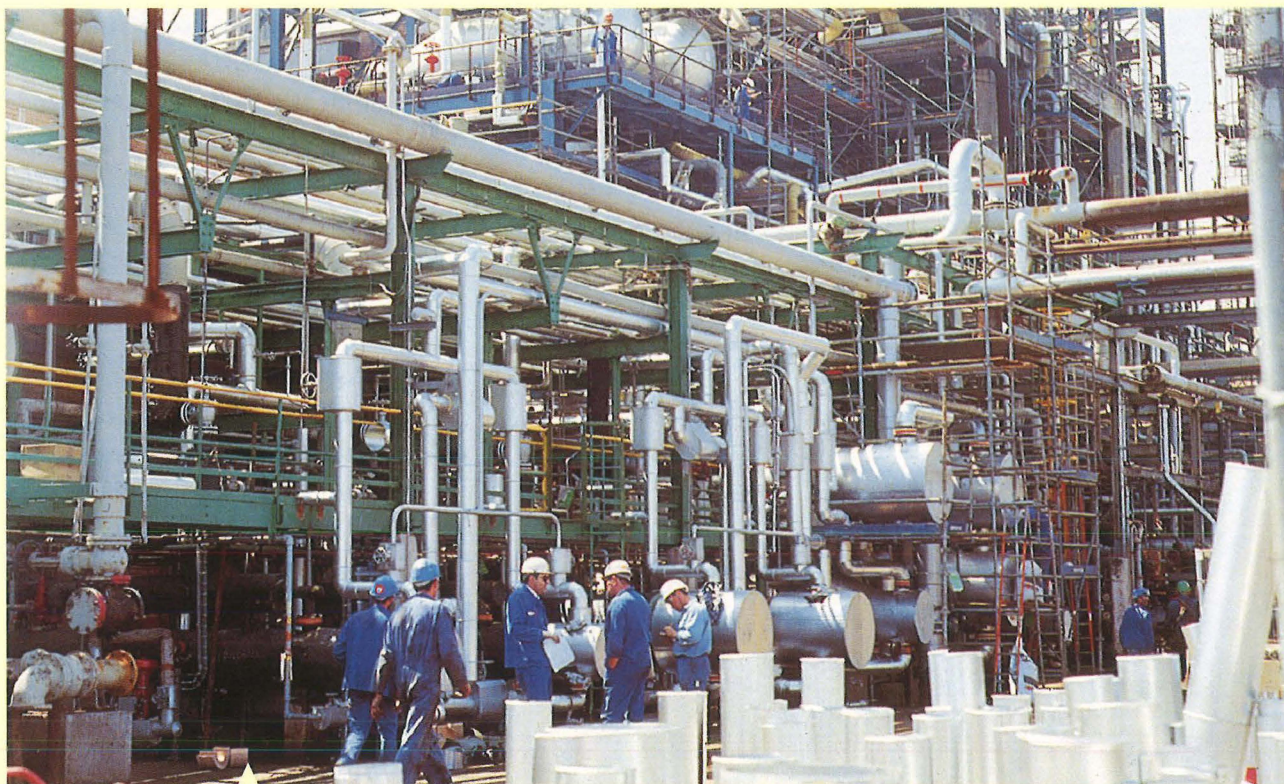
In the fire-protection field, demand is being driven by insurance company actions, and Tunzini, which has been present in this market for thirty years, saw its business rise sharply in 1994 (up 9%). Its TPI subsidiary

consolidated its position on the French market. The main projects were in the food production and mass-market retailing sectors, at the cheese dairies of Hutin in Verdun and Coeur de Lion in Ducey (Manche) and the Candia dairy in Awoingt (Nord).

In the waste treatment sector, Tunzini Thermique Environnement confirmed its position as one of the leading turnkey designer-builders in the market for household and industrial waste incineration and airborne emissions treatment. Its sales have increased eightfold in three years and amounted to FF142 million in 1994. The principal projects of the year were the plants in La Tronche (near Grenoble) and Lagny (Seine-et-Marne).

Wanner

Wanner sales amounted to FF1 billion in 1994. Industrial thermal insulation is Wanner's primary line of business and it is the leading French company in that sector. This activity, conducted in France and in Spain through its Itasa subsidiary, covers installation of thermal insulation on piping networks and industrial processing equipment in the petrochemical, nuclear, chemical, steel, sugar, and paper industries. This basic business is complemented by related activities such as passive fire protection and acoustical insulation. In 1994, the most notable projects concerned pipe insulation for the BP refineries in



Wanner did
extensive heating and
refrigerating
insulation work
at the BP refinery
in Dunkirk.

Berre and Dunkirk and fireproofing of storage areas at Atochem's chemical and petrochemical plants in Jarrie (Isère) and Carling (Moselle).

Fabrication of pre-insulated conduit for buried hot water and chilled water systems is another of Wanner's basic businesses, although on a smaller scale (FF75 million in 1994). In 1994, in a market generally characterized by low-figure orders, Wanner participated in a number of major projects: the household waste incineration plant in Ludres, near Nancy, and the district heating systems in Montauban and Rouen.

By contrast, Wanner voluntarily cut back its activity in the architectural interior work market (installation of double ceilings, partitions, floor assemblies) where competition has been heightened

by recession in the office property market. The company participated in a number of large projects, such as the Bibliothèque Nationale de France, the Béziers hospital and the Euralille business center.

In the refrigerated construction sector (temperature- and dust-controlled environments for the food products industry), activity was down 13% in a market characterized by intense competition among installers and product manufacturers. The main accomplishments of 1994 were the Arcachon fish market, the Findus plant in Beauvais, and the insulation of climatic test chambers for the Centre Scientifique et Technique du Bâtiment in Nantes.

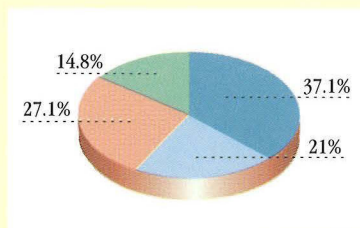
In a lackluster environment, the Tunzini-Wanner unit improved its earnings to FF38 million in 1994.

LEFORT FRANCHETEAU ◀



The new head office of Marie-Claire magazine in Issy-les-Moulineaux, with air conditioning systems installed by Lefort Francheteau.

Lefort Francheteau net sales by line of business



- Air conditioning
- Plumbing, heating, new installations
- Renovation
- Maintenance

Lefort Francheteau realized stable net sales of close to FF400 million.

Operating mainly in the Paris area, in a recessionary office property market, it stabilized its air conditioning activity thanks to a few major operations. The Bibliothèque Nationale de France and the climate control unit of Société Générale were continued during the year. Work on the head offices of the Caisse d'Epargne d'Ile-de-France, Rolex, and Marie-Claire was completed as were contracts on the head office of UNEDIC and the Caisse Nationale de Prévoyance du BTP. Major orders were placed for the head offices of CEPME in Maison-Alfort (Val-de-Marne), of EDF Production-Transports in Saint-

Denis (Seine-Saint-Denis) and for the Renault technical center in Guyancourt (Yvelines).

Saga Entreprise, Lefort Francheteau's subsidiary specialized in roofing and plumbing, made up for the fall in its new building activity by an increase in renovation and maintenance work.

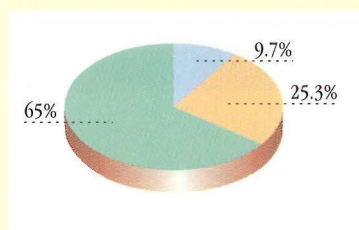
The operation-maintenance activity ensured by Sonex, continued its growth by namely winning the maintenance contract of the Richelieu wing of the Louvre Museum.




Lefort Francheteau maintained its contribution to SGE earnings at an excellent level (26 million francs).

SGE GERMANY

In Germany, SGE net sales amounted to FF10.5 billion in 1994. The industrial and technical installations business, first constituted in 1988 around G+H Montage, still accounts for the major share. SGE has more recently extended its operations to roadwork with SGE OBU, the leading former-GDR company in the sector and also to building construction with Klee and OBG-OBAG. It is also present in water treatment and real estate development. The scope of consolidation was extended in 1994 with the acquisition of the electrical work company, Controlmatic.

SGE Germany
net sales
by line of business



-  Construction
-  Roadwork
-  Industrial and Technical Installations

SGE subsidiaries followed the main market trends in 1994. In the western Länder, the drop in industrial investment affected the activity of the technical building trades that was nevertheless maintained by the housing sector. In the new Länder, the market remains very active in most trades but stronger competition had an adverse effect on margins.

The contribution of the SGE Deutsche Holding companies to Group earnings was halved to 109 million francs owing to the general contraction of margins in the construction sector and to the industrial market situation.

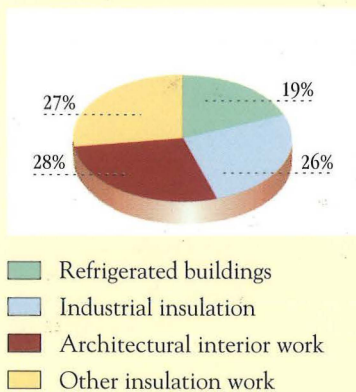


Laying
of insulation inside the
Jänschwalde
power generation plant
near Dresden.

► G+H MONTAGE INSULATION



G+H Montage
net sales
by line of business



G+H Montage, SGE's main subsidiary in Germany, had consolidated sales of FF5.1 billion in 1994, a drop of 3% on the previous year.

It is the leading European company in insulation work being involved in all aspects of the sector: thermal and acoustic insulation for industry and buildings, ship insulation, refrigeration for food storage and industrial requirements as well as building cladding.

In Germany, where the activities of G+H Montage are concentrated, the company is also backed up by a network of

subsidiaries, the largest of which are Felix Schuh in the West and Isolierungen Leipzig in the new Länder.

The development of the different sectors met with contrasting fortunes. Good results were obtained in hi-tech acoustic protection of power plants in the new Länder. The company namely worked in 1994 on the thermal station of Boxberg, near Dresden and for BASF in Antwerp. In building interior work, G+H Montage maintained its level of activity but the difficult competitive environment depressed margins.



G+H Montage
was in charge of
thermal and acoustic
insulation of the four new
metro stations in Bonn.

A few major contracts marked the year: the cladding of a radio station in Berlin and the roofing on Frankfurt airport.

In its different trades, G+H Montage had to face competitors employing low-cost foreign labor. All the measures taken by the company to combat this (reduction of structural costs, extended use of sub-contracting, negotiation of a new wage agreement), only allowed it to partially make up for the impact of this situation.

Targeted acquisitions have been made to strengthen the geographical coverage of G+H in

Germany. In 1994 they involved BSB Isoliertechnik in Bochum, Wrede und Niedecken whose head office is in Wesseling near Cologne and Dwuzet Norderstedt near Hamburg. Outside Germany, the European subsidiaries of G+H Montage in the Netherlands, Belgium, the UK, Austria, Switzerland, and Sweden suffered a more difficult year.

In this context that is more difficult than in previous years, the contribution of G+H Montage to the Group's earnings was markedly down on the previous year (at nearly 50 million francs).

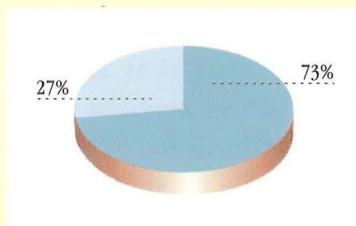
► HEINRICH NICKEL

CLIMATE CONTROL ENGINEERING



Lobby of the
Czech Commercial Bank
in Prague

Heinrich Nickel
net sales
by line of business



- Air conditioning
- Heating, electricity, plumbing, home automation

In 1994, Heinrich Nickel realized net sales of FF810 million, down by 5% on the previous year. The new economic situation in the Western Länder affected its major activity, air-conditioning. This situation was aggravated by the difficulties of Rox, its subsidiary specialized in producing prefabricated elements for air-conditioning systems. Faced with a clearly recessionary market and pressure on prices owing to new competition from central European companies, Rox was sold off in 1994.

In Germany, the main contracts during the year involved the "Omega-Haus" office complex in Frankfurt, the Leipzig opera house, and the "Mobiltheater" in Hamburg.

The new activity of building facilities management, implemented by the Garant subsidiary, met with satisfactory development. Garant won contracts to manage of the Mobil Oil head office in Hamburg, the Airport Center at Berlin-Schönefeld and of Bognerhaus in Munich.

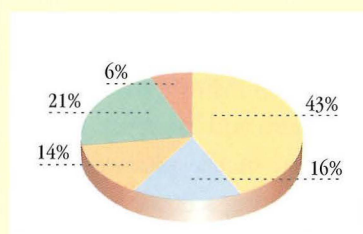
Heinrich Nickel moreover was able to grasp export opportunities for the supply of sterile rooms in South Korea, in China and the Czech Republic.

In view of the difficulties met during the year, the contribution of Heinrich Nickel to the Group's earnings have been substantially reduced (- FF52 million).

SGE OLYMPIA BAU UNION ◀

ROADWORK AND CIVIL ENGINEERING

SGE Olympia Bau Union
net sales
by line of business



- Highways and roads
- Demolition
- Earthmoving
- Pipework
- Others

Extension work
between
Dresden and Eisenach
on the A4 motorway
that links the Polish border
to the Western Länder.

The SGE roadwork operation in Germany realized net sales of FF2.3 billion in 1994, a figure comparable to the 1993 level.

SGE OBU regroups a set of companies from the former GDR including five construction companies (Verkehrsbau-Union, Strassenbau Potsdam, Strassenbau Weimar, Erd-, Tief- und Wasserbau, and Märkische Landeskultur- und Tiefbau Union) and a rolling-stock leasing company (Elkawe).

After a run of two years of strong growth, SGE OBU, which relies on a well-established network with good technical potential in the roadway, demolition and earthmoving sectors, had to face strong competition from West German roadwork companies,

facing a slump in activity in the Western Länder.

SGE OBU instituted a major drive to improve productivity with an investment plan and a training program involving all its personnel. Its five construction subsidiaries obtained ISO 9002 certification during the year.

The major motorway contracts of the year involved reconstruction of the A19 (Berlin - Rostock) and widening of the A9 (Berlin - Munich) motorways. The other sectors of SGE OBU have undergone satisfactory development. The company won major demolition contracts for its specialized teams. It has also won important munitions and explosive disposal work and improvement work on the site of the Leuna refinery near Leipzig. Outside Germany, SGE OBU has continued its commercial efforts towards Eastern European countries.

Against a background of increased competition and reduced margins, SGE OBU has maintained a good contribution to the income of SGE although the year's results (FF165 million) include the exceptional effect of an alignment of accounting methods to those of the other roadwork companies in the Group.



► REAL ESTATE AND BUILDING CONSTRUCTION



*The new head office
of the ÖVA insurance
company in Mannheim
for which Klee
provided the shell work.*

Building Construction

In 1994, the building construction activities of SGE Germany represented net sales of FF1.9 billion made in the new Länder by two companies, OBG and OBAG, and in the West by Klee, a company based in Mannheim. SGE Deutsche Holding increased its stake from 38% to 63% in this company that realized net sales of FF680 million, consolidated for the first time into the Group's accounts.

Klee's main contracts during the year concerned the building of housing in Erschingen (Bade-

Württemberg) and in Hochberg in Bavaria and senior citizens' residences in Mannheim and Zell near Koblenz.

Moreover, Klee has contributed, through its SKE subsidiary, to the renovation and maintenance of the United States Army's installations in Mannheim and Stuttgart. Klee is also present in the pipework and civil engineering sectors. It notably operated in 1994 in the construction of a waste water line in Magdeburg and installed piping at the American hospital in Heidelberg. Klee maintained its cost effectiveness in 1994 and contributed total earnings of FF25 million.

Real Estate

SGE is involved in four projects in Berlin that make up the essential part of its real estate commitments in this field in Germany.

The Lindencorso

This operation involves construction of a seven story building covering almost 27,000 sq. m. of floorspace comprising offices, shops, apartments and car parks on a 4,900 sq. m. lot of land located on the corner of avenue Under den Linden and Friedrichstrasse in "Berlin Mitte". SGE is a 50% partner with three German promoters.

Work started in May 1994. The structural shell was completed by OBG in May 1995 and delivery of

the building is scheduled in May 1996.

The Friedrichstadt Passagen

Also in "Berlin Mitte", this project includes the development of a 16,500 sq. m of land opening along the Friedrichstrasse which has been subdivided into three lots. SGE has a 25% stake in lot 207 located on the corner of Französische Strasse and Friedrichstrasse.

This program schedules a 33,400 sq. m. seven story building including a Galeries Lafayette department store, offices, shops, apartments and car parks. The work which started in 1992 will be completed in June 1995. Galeries Lafayette took delivery of the part of the building it will occupy in late February 1995 and the store should be open for business by the end of the year.

*Shell work on Lindencorso,
on the corner of
Unter den Linden and
Friedrichstrasse
in Berlin.*



Anthropolis

This program, offering total leasable floorspace of almost 47,000 sq. m., is located in the west of Berlin, near to the Tegel airport. SGE has a 50% stake in this project shared with a Mannheim developer. The project includes the renovation of a 16,900 sq. m. existing office building and the construction of over 30,000 sq. m. of additions including five office buildings, a residence hotel, a conference center and a restaurant. Renovation of the old building was completed in 1994. The new part of the complex is scheduled for delivery in the second half of 1995.

Wartberlin

This involves the enhancement of the property complex surrounding the head office of the Berlin subsidiary OBG, in the eastern part of Berlin. An initial six storey building containing almost 10,000 sq. m. of office space was launched in October 1993 and should be delivered in June 1995. OBG and SGE OBU will each transfer their head office in it. The rest of the site will be a housing and shopping complex currently being prepared after a town planning competition piloted by the local authorities.

Launched at the beginning of the 1990s, in the context of the perspectives opened by the Parliament's decision to grant Berlin the status of federal capital, these four property programs will be delivered at a time when property market factors, that now appear less favorable, have led to the constitution of certain provisions in the 1994 financial year.

► SERVICES

The sewerage station of Wegeleben, near Magdeburg, has been operated by a subsidiary of Oewa (SGE Deutsche Holding) since 1994.

In the field of water distribution and draining, Oewa Wasser und Abwasser, recently established as a subsidiary of Compagnie Générale des Eaux and of the German group Veba, and in which SGE holds a 20% stake, was recently strengthened in 1994 by the acquisition of the Awatech company, specialized in engineering and supply of equipment for sewerage stations. The two

companies operate 16 concession or management contracts in the new German Länder (Saxony, Saxony-Anhalt). With a volume of 12 million cubic meters of water distributed to approximately 32,000 subscribers, and a draining capacity reaching a total of 300,000 equivalent inhabitants, the combined net sales of Oewa and Awatech reached FF280 million in 1994.



ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF JUNE 16, 1995

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BOARD OF DIRECTORS' REPORT

AT THE EXTRAORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

OF JUNE 16, 1995

1994 ACTIVITY

Consolidated net sales of Group SGE amounted to FF45,807 million in 1994, a close to 6% increase in real terms over the preceding year.

The scope of consolidation which comprised 425 companies in 1993 has widened to 444 in 1994, with the addition of two substantial subsidiaries: Klee, a building company based in Mannheim, in which the Group increased its shareholding from 38% to 63%; and Controlmatic, an electrical and automation work company based in Frankfurt, acquired by Saunier Duval Électricité and SGE Deutsche Holding in May 1994. At comparable scope of consolidation and constant rate of exchange, the activity level increased by about 2%.

Foreign sales reached FF20,256 million, up a notable 10%, representing 44.2% of the total against 42.6% in 1993 and 41.6% in 1992. German subsidiaries of the Group, at FF10,438 million, account for 23% of the Group's consolidated net sales.

The table below presents the breakdown of net sales by business segment (in million of French francs):

	1993	1994	Change in real terms
General Construction	21,391	22,037	+ 3.7 %
Roadwork	8,622	9,359	+ 6.3 %
Industrial & Technical Installations	5,149	5,509	+ 7 %
Germany	8,370	9,231	+ 10.9 %
Double Counts	- 261	- 329	
	43,271	45,807	+ 5.9 %

The relevant details concerning the main operating subsidiaries of the Group are outlined in the descriptive section of this document.

1994 was notable for a halting and uneven recovery of the French market, an appreciable but too slow improvement of the British subsidiaries and, in contrast, a drop in the earnings contribution of the German subsidiaries.

As far as large public works are concerned, 1994 saw several positive developments, with the final reception of the Channel Tunnel, the close to final completion of the Storebaelt project, which, because of its extremely difficult conditions, has brought recognition of the advanced technical competence developed on-site by Campenon Bernard SGE, resolution of problems encountered with the Athens metro contract, and progression on schedule of the Cairo metro project and the Hub River Power Plant in Pakistan; some subjects of concern or disappointment also came to light during the year, in particular the difficult start of the construction of the Kwai Chung viaduct in Hong Kong: a provision was set up during the year to cover anticipated losses on that contract.

The Group also scored some notable successes in 1994 in the area of major projects on concession, winning the operating concession for the Vasco de Gama bridge in Lisbon which became final in April 1995, being designated likely operator on a concession basis of the Lyons West by-pass, and finalizing the concession proposal for the Grand Stade in Saint-Denis. In addition, Cofiroute, which provides a significant contribution to Group earnings, expects to undertake a substantial program of investments that will ultimately increase the size of its network by 50%.

1995 OUTLOOK

The expected economic recovery in Europe will not necessarily be felt in all lines of business in which the Group subsidiaries operate. Actually, their markets should remain affected in 1995 by flat public investment budgets, as well as by a continuous and prudent wait-and-see attitude on the part of the private sector.

In such conditions, it should be possible to maintain the overall level of activity close to the levels recorded in 1994.

Beyond the general market conditions, the uncertainties for 1995 include the magnitude of further progress expected in Great Britain and especially the ability of the German subsidiaries to react to the deep changes observed in their market under the dual impact of reunification and of the opening to the countries of Eastern Europe. The commitments taken by our Group in the Berlin real estate market will gradually come on stream. Starting with the gradual delivery of the various buildings in 1995, at a time when that city is expected to take its place as the true Capital city of a reunified Germany.

FINANCIAL STATEMENTS

Consolidated net income reached FF313 million compared to FF307 million in 1993, with a Group share amounting to FF290 million in 1994 versus FF306 million in 1993.

Operating income less net financial expense decreased from FF593 million to FF423 million; it should be noted however that the 1993 figure included a material amount of capital gains on sales of securities as well as recoveries of provisions against capital losses in view of certain undervalued German subsidiaries.

Besides the improvement in the operating income of certain subsidiaries, especially in general contracting, the

operating income after net financial expense also benefited from lower interest expenses at Group level which decreased from FF156 million in 1993 to FF81 million in 1994, thanks to the general decline in interest rates, steady improvement of the indebtedness of the main subsidiaries, and also from the May 1994 capital increase.

Net exceptional expense improved thanks to lower restructuring costs which posted a FF100 million decrease.

Amortization of goodwill increased from FF85 million to FF103 million because of faster write-offs of goodwill by several smaller German subsidiaries. Furthermore, total taxes and employee profit sharing amounted FF80 million (against FF81 million in 1993).

The Group share of earnings in affiliated companies accounted for by the equity method increased FF184 million (compared to FF160 million in 1993), reflecting mainly the increase in the Group share of Cofiroute's net income.

Among the most noteworthy items in the consolidated balance sheet and statements of change in financial position we note:

- cash-flow from operations improved from FF1,268 million in 1993 to FF1,664 million in 1994, thereby almost entirely covering the capital expenditure and financial investments of the year (FF1,676 million of which FF316 million represents financial investments);
- on the liability side of the balance sheet, stable provisions for liabilities and charges (FF5,271 million at year end 1994 against FF5,249 million one year before).
- Finally a further decrease in the Group's net financial indebtedness, with a net excess of about FF400 million in liquid assets net of total financial debts.

This improvement of close to FF1.1 billion in the year is due not only to the capital increase realized this year,

but also to the continuous efforts made to maintain working capital in surplus position, despite the growing requirements of the Berlin real estate operations.

The improvement in SGE's financial position, with total shareholders' equity (Group share) reaching FF4,109 million at year end 1994, reflected in the increase of almost 25% over the last two years in the consolidated book value of the shares.

Net income of the parent company SGE reached FF315,035,276.07, a clear improvement over 1993, especially since no capital gains were recorded in the year under review, mainly due to the significantly greater contribution to earnings brought by the operating subsidiaries organized as French «S.N.C.»'s or «commandite simple» (partnerships or limited partnerships).

The company's accounts record the impact of the capital increase realized in the course of 1994, with shareholders' equity reaching FF4,135 million, net indebtedness improving only by about FF450 million, as a portion of the capital increase was used to consolidate the financial structure of several subsidiaries.

PROPOSED ALLOCATION OF EARNINGS

The following allocation of earnings of 1994 is proposed for your approval, leaving an amount of FF317,828,039.46 allocated to retained earnings:

Net income for the year	315,035,276.07 F
Previous retained earnings available for distribution	164,533,822.39 F
Distributable total	479,569,098.46 F
Allocation to the legal reserve	15,751,764.00 F
Distribution to shareholders	145,989,295.00 F
Total allocated and distributed	161,741,059.00 F

The dividend proposed is FF5 for each of the 29,197,859 shares making up the authorized capital as of December

31, 1994. To this amount should be added the FF2.50 per share tax paid to the French Treasury Department, so that the total income amounts to FF7.50 per share.

It is proposed, as in past years, to give those shareholders who desire it the option of taking the dividend in the form of shares. The value of the new shares to be issued for this purpose will be set at 90% of the average of the opening price on the Paris Bourse during the 20 trading sessions preceding the day of the Annual Shareholders' Meeting, reduced by the net amount of the dividend and rounded up to the next higher franc. The shares will have an ex-date of January 1st, 1995.

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 per share	Total Dividend
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	24,543,375	5.00 F	2.50 F	7.50 F
1994 (Proposed)	29,197,859	5.00 F	2.50 F	7.50 F

Finally the expenses and charges referred to in Article 39.4 of the French General Tax Code amounted to FF125,810 in 1994.

EQUITY OWNERSHIP - QUOTATIONS

The share capital of your company as of December 31, 1994 was divided into 29,197,859 shares with a par value of FF85 (representing a total share capital of FF2,481,818,015). It increased in 1994 thanks to the May 1994 issue of 4,092,712 new shares, and to the exercise of stock options offered either as payment in shares of the 1994 dividends, or granted to certain employees of the Group.

A total of 50,377 options were exercised by the beneficiary employees, out of a total number of options granted amounting to 1,222,912 shares.

The Compagnie Générale des Eaux was holding 80.691% of the total number of shares of your company as of December 31, 1994.

Trading of the stock on the Paris Bourse fluctuated between a low of FF188.10 and a high of FF312.00 ending the year at FF197.5. Overall, the SGE shares moved with the market during the first part of the year but performed thereafter less positively, penalized among other things by the negative assessment made by the financial market of the construction sector.

The volume of trades, thus held back at 3,324,072 shares traded, behind the levels recorded in the preceding years.

PERSONNEL INFORMATION

The Group's number of employees averaged 63,366 during 1994 (against 63,073 in 1993).

In this total, the number of employees under European contracts was 53,933 and non-European based local employees 9,433.

Number of employees by business segment	1993	1994	Variance
General Construction	30,780	30,826	+ 46
Roadwork	11,677	11,187	- 490
Industrial and Technical Installations	8,406	8,607	+ 201
Germany	12,138	12,670	+ 532
Cancellations	72	76	+ 4
Total Group Personnel	63,073	63,366	+ 293

The variance includes the impact of the companies newly consolidated in 1994 for 2,400 people, thus reflecting at comparable scope, structural adjustments to the various markets that remain stagnant, when not regressing.

Using the authorization granted by the Extraordinary Shareholders' Meeting of March 7, 1994, your company established in February 1995 a Group Employee Savings

Plan, under which Group employees are able to subscribe to SGE shares: at the end of the present year, we will report to you the number of new shares thus created.

As it did in the preceding years, your Board would like to give in its own name and in yours, its sincerest thanks to all employees of the Group for the efforts made during the past year: it is obviously thanks to them that your company has been able to maintain its position in the top rank of European and worldwide construction and public works firms.

BOARD OF DIRECTORS

You are requested to ratify the appointment of Mr. Jean-Marie MESSIER as Director of your company. Mr. MESSIER was co-opted by the Board at its November 4, 1994 meeting, in replacement of Antoine JEANCOURT-GALIGNANI, who resigned.

Furthermore, since the resignation in early 1995 of Messrs. Jean-Marc OURY and François de WISSOQ, two seats remain vacant on the Board. We would like to propose to you the appointment of Messrs. Roland GÉNIN and Pierre TROTOT to replace them for six years.

Their mandate would expire at the General Shareholders Meeting which will be called to approve the accounts of the year 2000.

Finally, you are asked to amend, for simplification purposes Article 11 of the by-laws relating to the age limit applicable to members of the Board of Directors, thus cancelling the fifth paragraph and keeping only the general provisions of the company by-law limiting the number of Directors having reached the age of 70 to one-third of the Members of the Board.

STATUTORY AUDITORS

The appointment of your statutory auditors (Cabinet BERNARD MONTAGNE ANDRÉ AMIC ET ASSOCIÉS AND

SALUSTRO REYDEL) expires with the present meeting, as well as those of their alternates (Messrs. PAYER and SAMSON).

It is proposed to renew for six years the appointment of Cabinet Bernard MONTAGNE André AMIC et associés and SALUSTRO REYDEL and to nominate for the same period as alternates Messrs. François PAVARD and Jacques CONVERT.

Upon this occasion, we would like to thank Messrs. PAYER and SAMSON who for many years have contributed to your Group their unabated competence and rectitude.

AUTHORIZATION TO ISSUE COMPOSITE SECURITIES

We are requesting the renewal of the authorization granted last year to your Board to issue composite securities within the conditions already explained at the Ordinary and Extraordinary Shareholders Meeting of March 7, 1994.

CONSOLIDATED FINANCIAL STATEMENTS

PAST THREE YEARS

In millions of French francs

	1994	1993	1992
Net Sales	45,807	43,271	44,430
Of which foreign net sales	20,256	18,420	18,494
as a % of Total	44.2 %	42.6 %	41.6 %
Group's share in income before amortization of goodwill	393	391	484
Net Income (Group Share)	290	306	405
Shareholders' equity	4,109	2,982	2,690
Provisions for liabilities and charges	5,271	5,249	5,563
Net financial position	394	(687)	(1,043)
Cash flow from operations	1,665	1,268	1,221
Capital expenditure and acquisition of investments:			
Capital expenditure	1,360	1,206	1,564
Acquisition of investments	316	255	392
	1,676	1,461	1,956
Average number of employees	63,366	63,073	66,077

CONSOLIDATED BALANCE SHEET

In millions of French francs

ASSETS	Notes	1994	1993
Intangible assets other than goodwill	3	251.6	176.1
Goodwill	4	1,237.8	1,190.5
Property, plant and equipment	5	4,658.2	4,717.6
Financial assets			
Unconsolidated investments	6	1,634.1	1,617.4
Investments accounted for by the equity method	7	796.3	696.3
Other financial assets	8	473.4	449.1
		2,903.8	2,762.8
Deferred charges	9	307.8	342.9
TOTAL FIXED ASSETS		9,359.2	9,189.9
Inventories	10	5,540.2	5,795.7
Accounts receivable		13,987.8	12,748.1
Other receivables		3,823.4	4,787.8
Marketable securities and financial short-term receivables	12-15	4,115.1	3,555.8
Cash	15	1,179.7	1,268.6
TOTAL CURRENT ASSETS		28,646.2	28,156.0
TOTAL ASSETS		38,005.4	37,345.9

In millions of French francs

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	1994	1993
Shareholders' equity			
Capital stock		2,481.8	2,086.2
Retained earnings, before net income for the year		1,337.1	589.7
Net income for the year		290.4	305.7
		4,109.3	2,981.6
Minority interest	13	80.2	39.1
Elements of fixed assets financing			
Amortization of capital employed in publicly-owned utility networks		62.3	51.7
Grants related to assets		4.3	0.2
		66.6	51.9
Provisions for liabilities and charges	14	5,271.0	5,248.8
Long-term financial debt	15		
Subordinated debt		300.0	320.2
Bonds and debentures		111.4	115.1
Other long-term debt		2,212.6	1,905.3
		2,624.0	2,340.6
TOTAL CAPITAL EMPLOYED		12,151.1	10,662.0
Down-payments from clients		5,421.2	6,427.5
Accounts payable		9,837.7	8,898.1
Other payables		8,318.6	8,187.5
Short-term financial debt	15	2,276.8	3,170.8
TOTAL CURRENT LIABILITIES		25,854.3	26,683.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		38,005.4	37,345.9

CONSOLIDATED STATEMENTS OF INCOME

In millions of French francs

	Notes	1994	1993
Nets sales	16	45,806.6	43,271.2
Other revenue	17	2,170.7	1,811.9
Total revenues		47,977.3	45,083.1
Outside operating expenses	18	(45,660.2)	(43,306.1)
Adjustment to amortization and provisions	18	(1,822.9)	(1,238.8) ⁽¹⁾
OPERATING INCOME		494.2	538.2
Financial expense		(773.2)	(753.3)
Financial income		703.2	835.6
Financial provisions		(1.2)	(27.5)
NET FINANCIAL EXPENSE	19	(71.2)	54.8
OPERATING INCOME LESS NET FINANCIAL EXPENSE		423.0	593.0
Exceptional items		(492.4)	(494.5)
Adjustments to amortization and provisions		381.6	215.1 ⁽¹⁾
NET EXCEPTIONAL EXPENSE	20	(110.8)	(279.4)
Employee profit-sharing		(55.9)	(39.6)
Net income taxes	21	(24.3)	(42.3)
Amortization of goodwill		(102.7)	(85.4)
NET INCOME FROM CONSOLIDATED COMPANIES (BEFORE EQUITY INTEREST AND MINORITY INTEREST)		129.3	146.3
Equity in net earnings of affiliated companies		184.1	160.5
Minority interest		(23.0)	(1.1)
NET INCOME		290.4	305.7
EARNINGS PER SHARE (in French francs)		9.95	12.46
Number of shares outstanding as at December 31		29,197,859	24,543,375

(1) In order to make year-to-year comparison possible, a provision write-back for project risk amounting to FF88 million, which had been included as a net exceptional expense in the 1993 statement of income, has been posted this year in operating income.

CHANGES IN SHAREHOLDERS' EQUITY

In millions of French francs

Shareholders' equity	Capital Stock	Translation adjustment	Retained earnings	Total
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		5.5	(12.0)	(6.5)
Net income for the year			305.7	305.7
At December 31, 1993	2,086.2	(121.7)	1,017.1	2,981.6
Capital increase	395.6		568.3	963.9
Dividends			(122.7)	(122.7)
Translation		(1.1)	(2.8)	(3.9)
Net income for the year			290.4	290.4
At Decembre 31, 1994	2,481.8	(122.8)	1,750.3	4,109.3

The increase in SGE capital stock in the course of 1994 reflects:

- the net cash proceeds of the new share issue for an amount of FF851.3 million after issuing costs (Extraordinary Shareholders' Meeting of March 7, 1994),
- part of the 1993 dividend paid for inshares and the exercise of stock options for a total of FF112.6 million.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

In millions of French francs

	Notes	1994	1993
SOURCES			
Net income before equity interest and minority interest		129.3	146.3
Depreciation, amortization, and changes in provisions		1,454.6	1,127.1
Dividends from investments accounted for by the equity method		85.8	74.9
Cash flow		1,669.7	1,348.3
Less: net capital gains from disposals of fixed assets		(5.1)	(80.0)
Cash flow from operations		1,664.6	1,268.3
Proceeds from disposals and sales		235.4	776.3
Capital increases		964.0	112.3
Increase in other long-term liabilities		496.7	757.2
Net changes in other financial assets		(3.7)	10.5
I - TOTAL SOURCES		3,357.0	2,924.6
USES			
Capital expenditures and acquisition of investments			
Capital expenditures	5	1,360.3	1,205.9
Acquisition of investments	6	316.1	254.6
		1,676.4	1,460.5
Repayment of long-term debt		257.4	606.4
Other uses			
Expenses spread over several years		217.5	225.8
Dividends paid by the Parent Company		122.7	119.9
Dividends paid by subsidiaries to minority interest		2.7	0.4
		342.9	346.1
II - TOTAL USES		2,276.7	2,413.0
I-II - Uses in excess of sources		1,080.3	511.6
III - Effect of change in the scope of consolidation and of exchange rate fluctuation and other adjustments		239.5	(51.8)
I - II + III - Increase (decrease) in working capital		1,319.8	459.8
Decrease in working capital funding needs	11	(44.5)	(183.4)
Increase (decrease) in cash		1,364.3	643.2

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 FF10 million as well as those 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 are consolidated using the proportional method. Other jointly controlled entities and joint ventures are consolidated using the "semi-proportional" method, with consolidation only of income statement items.

1.2 - Translation of 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 for the year.

1.4 - Goodwill

► Excess of cost over net assets acquired from purchased 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 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 in the trade.

The time periods are the following:

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

The Group has not elected to capitalize property, plant and equipment financed through long-term leases.

1.6 - Unconsolidated investments

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

1.7 - Pension obligations

► The pension obligations relating to active employees and benefits payable upon retirement or commitments under supplementary pension schemes are carried as off-balance sheet items.

Pension benefits owed by the Group to retired employees are provisioned on the balance sheet, accor-

ding to the projected benefit valuation method. The actuarial cost resulting from these pension commitments is charged to income.

1.8 - Revenue recognition

► Revenues from long-term contracts of companies in General Contracting and Road Works are generally accounted for using the percentage-of-completion method.

Effective January 1, 1994, this method is now also applied in the German companies active in these sectors. The change does not have a material impact on 1994 operating income. The effect of this accounting change on opening shareholders' equity is explained in Note 20.

For certain contracts which do not meet the conditions required to apply the percentage of completion method, principally in the Industrial and Technical Installations 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 for the year corresponds to taxes 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

► The scope of consolidation has been enlarged to 444 companies at December 31, 1994 (425 companies at December 31, 1993), of which 39 are joint ventures or unlimited partnerships.

The breakdown is as follows:

Consolidation basis	France	Foreign	Total 1994	Total 1993
Fully consolidated companies	172	196	368	350
Proportionally consolidated companies	28	35	63	62
Companies accounted for by the equity method	5	8	13	13
Total	205	239	444	425

The important changes during the period were the consolidation of newly acquired German companies, mainly:

- Klee, a building construction company based in Mannheim, now 63% held since the complementary purchase of 25% of the shares on January 1, 1994.
- Controlmatic, an electric control instruments company based in Frankfurt, which was wholly acquired in April 1994 (consolidated over 8 months).

The effect of sales of the companies entering into the scope of consolidation for the first time was to the order of FF1.7 billion.

3 - INTANGIBLE ASSETS OTHER THAN GOODWILL

► The net change over the period can be analyzed as follows:

In millions of French francs	1994	1993
Net book value at beginning of the year	176	98
Acquisitions	92	88
Amortization	(26)	(26)
Disposals, reclassifications and changes in the scope of consolidation	10	16
Net book value at end of year	252	176

Intangible assets are composed primarily of individually acquired trademarks, goodwill, funds paid to local public authorities and relating to the management of utility networks. The latter represent the main part of the capital expenditures of the year.

4 - GOODWILL

► The changes during the period are as follows:

In millions of French francs	1994	1993
Goodwill at beginning of year	1,191	1,169
Goodwill acquired during the year	162	89
Amortization	(103)	(85)
Reduction in the scope of consolidation and translation adjustments	(12)	18
Goodwill at end of year	1,238	1,191

Goodwill acquired during the year relates mainly to the consolidation of the German companies mentioned at Note 2 above.

The net value of goodwill at year end related mostly to the British subsidiaries (FF534 million, or £63.9 million) and to the Moter group (FF152 million).

5 - PROPERTY, PLANT AND EQUIPMENT

► Net property, plant and equipment are as follows :

		1994		1993
In millions of French francs	Gross value	Acc.-depr.	Net value	Net value
Land	868	(55)	813	813
Buildings	1,544	(567)	977	1,034
Plant and equipment	4,803	(3,359)	1,444	1,478
Fixtures and other	2,826	(1,971)	855	846
Publicly-owned utilities	474	(12)	462	374
Construction in progress	107		107	173
	10,622	(5,964)	4,658	4,718

Investments over the period

In millions of French francs	1994	1993
Land	26	16
Buildings	76	65
Plant and equipment	656	647
Fixtures and other	397	307
Publicly-owned utilities	117	69
Construction in progress	(4)	14
	1,268	1,118
Intangible assets (cf. Note 3)	92	88
Total investments	1,360	1,206

Disposals during the period represented a net book value of FF226 million, and relate for the most part to operating equipment.

Analysis of property, plant and equipment by business segment

		1994		1993
In millions of French francs	Gross value	Acc.-depr.	Net value	Net value
General Contracting	5,310	(2,800)	2,510	2,459
Roadwork	2,807	(1,750)	1,057	1,062
Industrial and Technical Installations	562	(359)	203	221
Germany	1,943	(1,055)	888	976
	10,622	(5,964)	4,658	4,718

6 - UNCONSOLIDATED INVESTMENTS

► Unconsolidated investments include shares of listed companies reaching a total net value of FF1,133 million. The main component is the shares in Compagnie de Saint-Gobain for FF1,023 million, whose stock market value on December 31, 1994 was FF1,437 million.

Financial investment for the year represented a total of FF316 million. Besides transactions made as part of overall portfolio management, these included the acquisition of shares of the principal companies consolidated during the year (Controlmatic, Klee).

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	1994		1993	
	Total	of which Cofiroute	Total	of which Cofiroute
Net sales *	4,101	3,359	3,752	3,092
Shareholders' equity	2,604	2,514	2,285	2,197
Group share of shareholders' equity	796	754	696	657
Net income	584	552	506	475
Group share of net income	184	171	161	147

* not included in Group net sales

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

In millions of French francs	
Value at January 1, 1994	696
Group's equity in net earnings	184
Dividends distributed	(86)
Changes in scope of consolidation	2
Value at December 31, 1994	796

8 - OTHER FINANCIAL ASSETS

► This heading can be broken down as follows:

In millions of French francs	1994	1993
Net long-term loans	310	279
Deposits and guarantees	113	114
Other net long-term financial items	50	56
	473	449

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

9 - DEFERRED CHARGES

► Deferred charges consist primarily of:

- costs of site preparation on work, 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 life of the contracts.

10 - INVENTORIES

► This heading concerns mainly contracts for which the Group applies the completed contract method, that is Industrial and Technical Installations. It also includes the construction work in progress related to the Berlin projects, mainly the Lindencorso and Anthropolis projects, completion of which is scheduled for late 1995.

Inventories include:

In millions of French francs	1994	1993
Construction work in progress -		
property development	1,236	837
Other work in progress	3,751	4,227
Other operating inventories	773	894
Provisions for write downs	(220)	(162)
	5,540	5,796

11 - WORKING CAPITAL NEEDS

► Working capital needs changed as follows:

In millions of French francs	1994	1993	Variance
Inventories and work in progress	5,540	5,796	(256)
Accounts receivable	13,988	12,748	1,240
Other receivables	3,823	4,788	(965)
(I)	23,351	23,332	19
Down-payments from clients	5,421	6,428	(1,007)
Accounts payable	9,838	8,898	940
Other payables	8,318	8,187	131
(II)	23,577	23,513	64
Working capital needs (I-II)	(226)	(181)	(45)

12 - MARKETABLE SECURITIES AND OTHER SHORT TERM FINANCIAL RECEIVABLES

► Marketable securities and other short term financial receivables can be broken down as follows:

In millions of French francs	1994	1993
Short-term investments	408	399
Marketable securities	2,754	2,465
Other short-term financial receivables	953	692
	4,115	3,556

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 FF411 million.

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

The market value of quoted securities as of December 31, 1994 was not significantly different from their carrying value showing in the assets of the balance sheet.

13 - MINORITY INTEREST

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

In millions of French francs	1994	1993
Balance at beginning of year	39	38
Minority interest share of earnings	23	1
Changes in scope of consolidation, distributed dividends and other changes	18	
Balance at end of year	80	39

For companies whose net assets were negative at December 31, 1994, the Group has assumed the minority interest in the subsidiary's negative net assets.

14 - PROVISION FOR LIABILITIES AND CHARGES

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

	Initial Allocations	Releases	Other	Final	
In millions of French francs	balance		changes	balance	
• Operation risks:	3,503	1,784	(1,567)	98	3,818
- Suppl. pension scheme	523	139	(60)	21	623
- After-sales service	913	418	(350)	(55)	926
- Anticipated losses on contracts	394	308	(347)	47	402
- Other project risks	1,673	919	(810)	85	1,867
• Financial risks	229	36	(108)	(56)	101
• Other risks	1,517	562	(903)	176	1,352
	5,249	2,382	(2,578)	218	5,271

The heading "other changes" includes notably the change in the scope of consolidation of FF234 million, of which FF175 million is related to the consolidation of the German companies Controlmatic and Klee.

The item "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.

15 - GROUP FINANCIAL POSITION

► Having been a net borrower until the end of 1993, the SGE Group is for the first time in a cash surplus position amounting to FF394 million, which can be broken down as follows:

In millions of French francs	1994	1993
Long-term portion of long-term debt		
- Subordinated debt	(300)	(320)
- bonds and debentures	(111)	(115)
- Other long-term debt	(2,213)	(1,906)
Total long-term portion of long-term debt	(2,624)	(2,341)
Short-term portion of long-term debt	(794)	(1,034)
Gross financial debt	(3,418)	(3,375)
Bank overdrafts and other short-term debt	(1,483)	(2,136)
Marketable securities and financial short-term receivables	4,115	3,556
Cash	1,180	1,268
Net cash	3,812	2,688
Net financial position	394	(687)

Financial debt also includes the indebtedness related to property development undertaken by the Group in Berlin, totaling close to FF1 billion at the end of 1994. In the gross indebtedness figures, debt with fixed interest rates or interest rates capped through hedging mechanisms (swaps and related instruments), represented about FF1.8 billion at an average rate of about 7.3% in 1994 versus 8.85% in 1993.

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 issued by the parent company in an amount of FF80 million at December 31, 1994.

Foreign-currency indebtedness

Foreign-currency indebtedness includes mainly financial debts denominated in deutschmark for FF670 million and pound sterling for FF690 million.

They relate for the most part to debts of foreign subsidiaries without any exchange risk.

Maturities of the long-term portion of long-term debt

In millions of French francs	
Maturities over one year and up to two years	115
Maturities over two years and up to five years	1,645
Maturities over five years	776
Term unspecified	88
	2,624

Debts secured by assets are as follows:

As of December 31, 1994, the following financial debts were secured by assets:

In millions of French francs	1994	1993
Bonds and debentures	91	97
Bank borrowings	758	542
Other borrowings	11	19
	860	658

16 - NET SALES

► The consolidated net sales figure excludes certain incidental income items, reclassified in other revenue (see Note 17), as well as services provided to unconsolidated joint ventures, now deducted from the operating expenses.

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

Furthermore, the net sales figure takes into account the changes in the scope of consolidation (see Note 2) and in exchange rates.

With the same scope of consolidation, and after correction for exchange rate variations, net sales increased by 1.8%, as shown below:

In millions of French francs	1994	1993
Net sales for the year	45,807	43,271
of which:		
- Net sales of newly consolidated companies	(1,834)	
- Net sales of companies no longer consolidated		(130)
Impact of exchange rate fluctuations		39
Net sales at comparable consolidation and accounting methods	43,973	43,180

Breakdown of net sales by business line and by geographic area

In millions of French francs	Geographic area				
Line of business	France	Europe	Other	Total	%
General Contracting	11,873	5,685	4,479	22,037	48 %
Roadwork	9,057	208	94	9,359	20 %
Industrial and					
Technical Installations	4,939	426	144	5,509	12 %
Germany	2	9,195	34	9,231	20 %
Intracompany sales	(320)	(9)		(329)	-1 %
	25,551	15,505	4,751	45,807	100 %
	56 %	34 %	10 %	100 %	

The percentage of net sales earned outside of France has reached FF20,256 million and represents an increasing share of total net sales 44.2% in 1994 versus 42.6% in 1993.

17 - OTHER REVENUE

In millions of French francs	1994	1993
Share in net earnings of unconsolidated joint ventures	141	38
Transfer of operating costs	215	210
Other income and miscellaneous services	1,766	1,522
Income from property management	49	42
	2,171	1,812

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 (see Note 9).

18 - OPERATING EXPENSES

► These are broken down as follows:

In millions of French francs	1994	1993
Purchases	12,995	12,290
Outside services	17,060	15,671
Wages and social security costs	13,190	12,924
Other operating expenses	2,415	2,421
	45,660	43,306

Operating amortization and provisions

► The amortization charge is analyzed below:

In millions of French francs	1994	1993
Depreciation:		
Intangible assets	26	26
Property, plant and equipment	1,173	1,209
Portion of deferred charges charged to income	249	108
Depreciation for obsolescence	11	9
	1,459	1,352
Provisions :		
Write-downs of assets	147	170
Operating liabilities and charges	217	(284)
	364	(114)
	1,823	1,238

19 - NET FINANCIAL EXPENSE

► Net financial expense breaks down as follows:

In millions of French francs	1994	1993
Net interest expense	(81)	(156)
Dividends received	82	87
Gains and losses on sales of securities		191
Net foreign exchange gains and losses	(8)	30
Net changes in financial provisions	(50)	(109)
Other	(14)	12
	(71)	55

The 1993 net financial expense took into account the capital gains realized on the sale of shares from the investment portfolio.

Furthermore, the decrease in net interest expense is the result of the overall decrease of short-term rates of interest as well as of the reduction of the Group's net indebtedness brought about among other items by the capital increase of the Parent Company.

20 - EXCEPTIONAL ITEMS

► These include:

In millions of French francs	1994	1993
Net capital gains from disposal of fixed assets	5	80
Exceptional income and expenses	(456)	(472)
Net change in exceptional provisions	340	113
	(111)	(279)

The exceptional items include mainly additional restructuring expenses amounting to FF151 million against FF268 million in 1993.

It also incorporates for FF31 million the positive impact upon opening of shareholders equity of the income recognition method used by the German building construction and roadwork subsidiaries (see Note 1.8).

Finally, the income receivables from other companies

of the Compagnie Générale des Eaux Group following the group tax relief settled in 1992 in Great Britain amounted to FF59 million in 1994 (FF57 million in 1993).

21 - INCOME TAX

► Income tax expense for the year breaks down as follows:

In millions of French francs	1994	1993
Current income tax expense	(53)	(39)
Deferred income tax expense	29	(3)
	(24)	(42)

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

On December 31, 1994 the total deferred taxes represented an asset of FF6 million.

22 - OFF-BALANCE SHEET COMMITMENTS

In millions of French francs	Contingent obligations	
	1994	1993
Guarantees	14,446	13,322
Supplemental pension schemes	586	568
Retirement benefits	252	237
Joint and several guarantees provided in unconsolidated partnerships	1,017	1,438
Other commitments	237	292
	16,538	15,857

► The large size of the commitments is mainly due to guarantees given on major contracts, essentially covering advance payments and performance obligations.

The Group has also received guarantees amounting to FF1,417 million at December 31, 1994 (FF1,256 million at December 31, 1993).

23 - FINANCE LEASE COMMITMENTS

► Uncapitalized property, plant and equipment financed through finance leases amounted to FF1,119 million on December 31, 1994.

Future payments in respect to these finance lease arrangements amount to FF1,474 million, of which FF975 million represent the principal portion.

The repayment schedule is as follows:

In millions of French francs		
Repayment	within one year	150
	between 2 and 5 years	467
	over 5 years	857

24 - COMMITMENTS RELATED TO FINANCIAL DEBT AND LEASE OBLIGATIONS

► As part of its financing and interest rate risk policy, the Group makes use of financial instruments like swap and interest rate insurance contracts.

Outstanding swap commitments, covering both financial debts and lease commitments, amounted at year's end to FF1.2 billion with tenors between 2 and 7 years.

25 - NUMBER OF EMPLOYEES

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

	1994	1993
Managerial	4,999	5,029
Supervisory staff	5,588	6,363
Clerical and Technical	10,067	8,477
Workers	42,712	43,204
	63,366	63,073

Payroll costs are disclosed in Note 18.

THE GROUP'S MAIN CONSOLIDATED COMPANIES 1994

	Consolidation method	% owned by the Group		Consolidation method	% owned by the Group
1/ General Contracting			FREYSSINET		
SOGEA *	F	99.92	FREYSSINET France	F	100.00
SICRA	F	99.92	EUROPE ETUDES GECTI	F	99.92
SOGEA Normandie	F	99.92			
SOGEA Ile de France	F	99.92	FREYSSINET FAR EAST (Hong Kong)	F	100.00
SOGEA Sud-Ouest	F	99.92	PSC FREYSSINET (Great Britain)	F	100.00
SOGEA Sud-Est	F	99.92	FREYSSINET DE MEXICO (Mexico)	F	59.98
SOGEA Est	F	99.92	FREYSSINET (Spain)	F	60.00
SOGEA Atlantique	F	99.92	SHW BRÜCKENTECHNIK GmbH (Germ.)	F	100.00
SOGEA Languedoc Roussillon	F	99.92			
SOGEA Bretagne	F	99.92			
SOGEA Rhône-Alpes	F	99.92			
SOGEA Centre	F	99.92			
LAMY	F	99.92			
DODIN Sud	F	99.92			
			2/ Roadwork		
SATOM and subsidiaries	F	98.66	COCHERY BOURDIN CHAUSSE	F	100.00
SBTPC (La Réunion)	F	85.50	MOTER BTP	F	99.44
DODIN Guadeloupe	F	99.92	GERCIF-EMULITHE	F	100.00
SOGEA Martinique	F	99.92	ROLLISTER	F	100.00
SOGEA Réunion	F	99.92	TSS	F	100.00
SOGEA Guadeloupe	F	99.92	SAEC	F	100.00
			ROUTIÈRE DU MIDI	F	100.00
DENYS and subsidiaries (Belgium)	F	99.92	CARRIÈRES ROY	P	50.00
			LALITTE TP.	F	100.00
BRITISH SUBSIDIARIES	F	100.00	ROL Normandie	F	100.00
NORWEST HOLST LTD and subsidiaries	F	100.00	STP L'ESSOR	F	100.00
SOGEA PROPERTIES UK and subsidiaries	F	100.00	ROUTIÈRE BOURDARIOS	F	99.42
			GRIZACO (Belgium)	F	90.17
CAMPENON BERNARD SGE	F	100.00			
DESCHIRON	F	100.00	VIAFRANCE	F	100.00
VALERIAN	F	100.00	VALENTIN	F	99.99
SOCASO	P	66.67	CARRIÈRES DE CHAILLOUÉ	F	98.95
CAMPENON BERNARD Régions	F	100.00	STÉ DE T.P. RÉGIONALE	F	99.78
EMCC	F	100.00	ROUSSEY	F	99.96
PARENCE	F	100.00	PAILHES TP SNC	F	100.00
EDIF	F	100.00	SEC TP.	F	99.94
URBAN BTP	F	100.00	LES PAVEURS DE MONTROUGE	F	99.95
BOTTE BTP	F	100.00			
CAMPENON BERNARD Bâtiment	F	100.00	COFIROUTE	E	30.88
OLYMPIA BAU GmbH and subsidiaries (Germ.)	F	100.00			
OSTSÄCHSISCHE BAU GmbH (Germ.)	F	100.00			
CB SGE HOCH-UND TIEFBAU (Germ.)	F	100.00			
HAGEN (Portugal)	F	99.95			

* After a compulsory withdrawal following a public withdrawal offer both completed in May 1995, the stake of SGE Group in Sogea increased to 100%.

	Consolidation method	% owned by the Group
3/ Industrial and Technical Installations		
SAUNIER DUVAL ELECTRICITE	F	100.00
CONTROLMATIC GmbH (Germany)	F	100.00
ELECTRO NAVALE	F	100.00
SELT	F	100.00
TOUTE LA TÉLÉPHONIE MODERNE	F	99.70
TUNZINI	F	100.00
WANNER	F	100.00
TUNZINI PROTECTION INCENDIE	F	100.00
TUNZINI THERMIQUE ENVIRONNEMENT	F	100.00
ITASA (Spain)	F	83.86
FROMONT	F	100.00
SGBC (La Réunion)	F	91.00
LEFORT FRANCHETEAU	F	100.00
SAGA ENTREPRISE	F	100.00
SONEX	F	100.00

	Consolidation method	% owned by the Group
4/ Germany		
G+H MONTAGE	F	100.00
ISOLIERUNGEN LEIPZIG	F	100.00
G+H BRÜNN (Austria)	F	100.00
SCHUH	F	100.00
KITSON'S INSULATION		
CONTRACT (Great Britain)	F	100.00
L+V ISOLATIE (Netherlands)	F	100.00
NICKEL	F	100.00
DECHOW	F	100.00
THÜRINGER LÜFTUNGS UND KLIMATECHNIK	F	100.00
SGE OLYMPIA BAU UNION	F	100.00
VBÜ	F	100.00
STRASSENBAU WEIMAR	F	100.00
STRASSENBAU POSTDAM	F	100.00
MLTU	F	100.00
ERD-, TIEF-UND WASSERBAU	F	100.00
ELKAWE TRANSPORT	F	51.00
KLEE KG	F	63.92
EHRENFELS KG	F	63.92
KLEE EHRENFELS MAINTENANCE GmbH	F	63.92
PROPERTY COMPANIES		
LINDENCORSO GRUNDSTÜCK GmbH	P	50.00
ANTHROPOLIS Gbr	P	50.00
WARTBERLIN Gbr	P	75.00
EPE ET 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

FOR THE YEAR ENDED DECEMBER 31, 1994

Gentlemen,

In accordance with the terms of our appointment by your Shareholders' Meeting, we submit our report:

- on our audit of the annual 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, 1994,

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.

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 1994 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, May 15, 1995

The Auditors

Bernard MONTAGNE, André AMIC et Associés
DELOITTE TOUCHE TOHMATSU

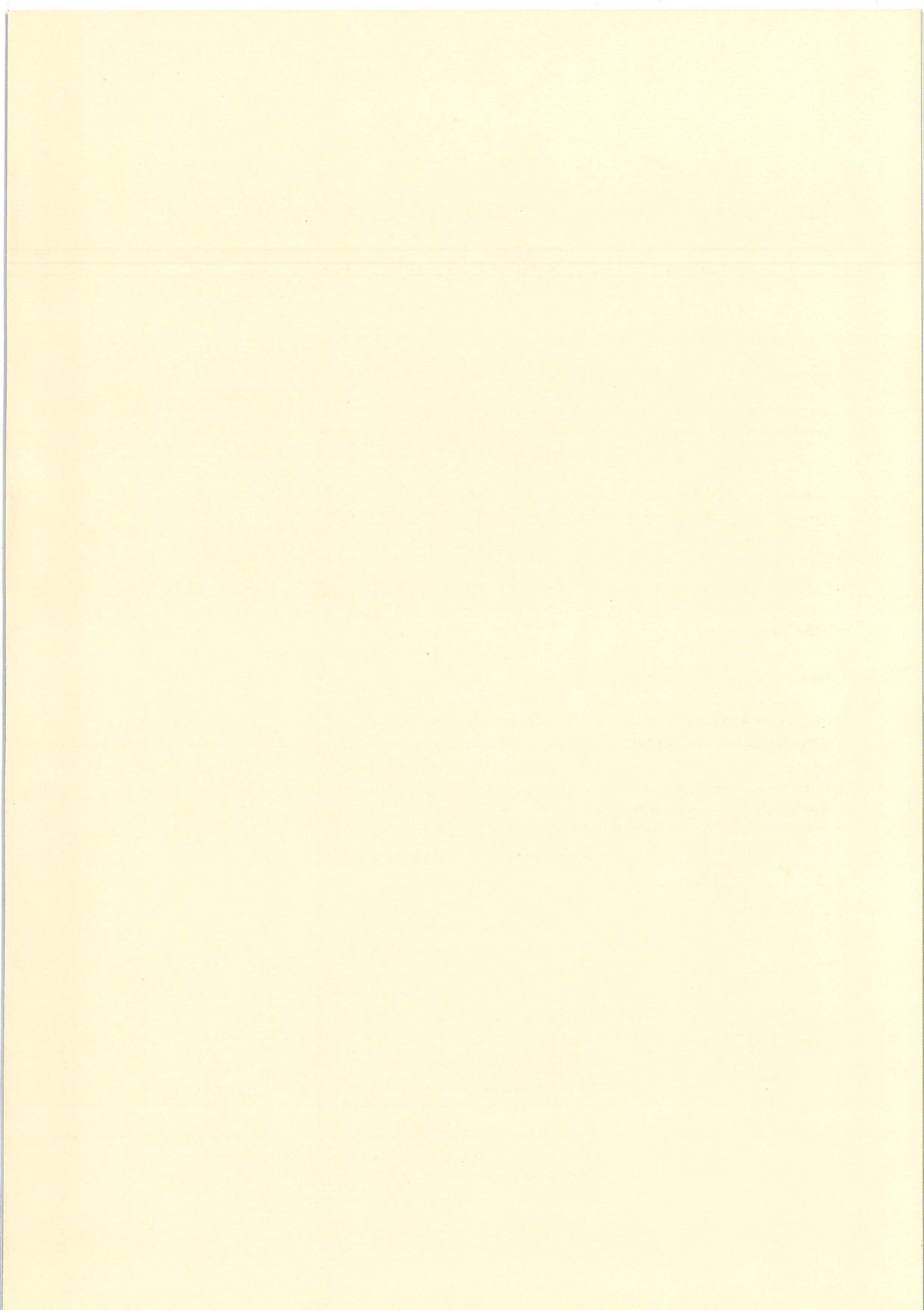
SALUSTRO REYDEL

Bernard MONTAGNE

Michel BOUSQUET

Bernard CATTENOZ

Benoît LEBRUN



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