



ANNUAL REPORT 1997

CAMPENON
BERNARD
SGE



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Executive Committee

Henri Stouff
Chairman and Chief Executive Officer

Patrick Bonnetain
Deputy General Manager,
Building, France and Europe

Pierre Linden
Deputy General Manager,
Building, Export and Development

Bernard Lozé
Deputy General Manager,
International

Jean-Étienne Treffandier
Deputy General Manager,
Civil engineering, France and Europe

Olivier Caplain
Technical Manager

Jean-Marie Lambert
Human Resources Manager

Christian Simon
Finance Manager

Arnaud Vercken
Secretary General

Guy-Jacques Barlet
Civil Engineering Manager, France

Charles Lénès
Civil Engineering Manager, International

Jean-Marc Médico
Maritime and Inland Waterway Works Manager

Jacques Mimran
Earthworks Manager

Jean Volff
Export Building Manager

Editorial



Campenon Bernard SGE manages Groupe SGE's major projects in France and around the world.

Through the absorption in 1997 of most of Groupe CBC's business it has consolidated its role as a general building contractor. It has

also broadened its geographic base. Company activities are now evenly divided between civil engineering and building and between major projects and agency operations. Within the company, every project enjoys the support of strong and innovative technical management able to capitalise on new competencies that are developed and shared throughout the organisation. Whether it be quality, price or completion times, Campenon Bernard SGE's values remain focused on delivering commitments. The new bridge over the Tagus, the Stade de France and the Myslbek office and shopping complex in Prague all constitute the best possible illustration of this determination.

In 1997, civil engineering was badly hit by the ever greater cut-backs in public investment, but was supported by the continuing strong demand from concession operators, both private and semi-public. This area of business produced very satisfactory results, just like last year.

With the exception of major functional buildings on export markets – which generated a positive contribution – building has produced very heavy losses. Very poor market conditions in general, and in housing and public building in particular, have made refocusing and substantial descopeing necessary. In Germany, where a decision was taken to terminate operations in Berlin and to close a company, operating losses have been compounded by substantial provisions for restructuring.

The reorganisation measures that have been taken go along with a shift towards private sector customers, especially in industry, and the growth of renovation and maintenance works, as part of design and build operations. A return to profits in building depends upon it.

In the field of civil engineering, the crisis affecting Southeast Asia will have no effect on the company, which has little on-going business there but which is considering certain developments in the energy and transportation sector. The current weakness of European markets is expected to be offset starting in 1998 by a recovery in the Near and Middle East, in the field of large-scale facilities and transportation infrastructure, a field very much within Campenon Bernard SGE's core competencies.

The company can look to the future with confidence; the ability, acknowledged by all, of the women and men who work in it is the best guarantee that we will succeed.

A large, stylized handwritten signature in black ink, appearing to be 'H. Stoff'.

HENRI STOFF
Chairman and Chief Executive Officer

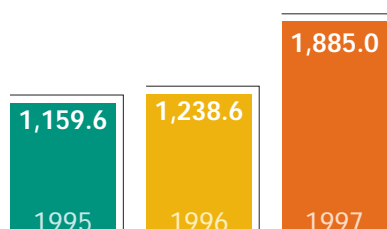
Key Figures

NET SALES BY LINE OF BUSINESS (reconstituted consolidation scope - in millions of French Francs)

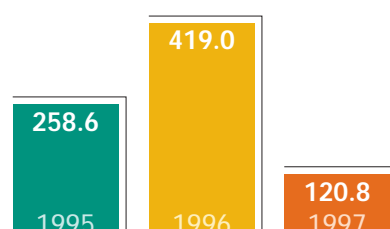
	1995	1996	1997
Building			
New housing	1,636	1,733	1,575
Private non-residential	2,655	2,538	2,254
Public non-residential	1,454	859	711
Renovation	1,024	1,189	1,228
Sub-total	6,769	6,319	5,768
Civil engineering			
Power generation	602	266	65
Environment	712	1,024	975
Transportation	3,181	3,223	3,352
Large-scale facilities	395	1,145	531
Sub-total	4,890	5,658	4,923
TOTAL	11,659	11,977	10,691

FINANCIAL DATA (actual consolidation scope - in millions of French Francs)

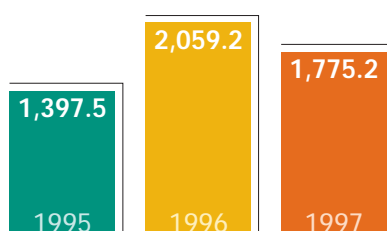
Provisions for liabilities and charges



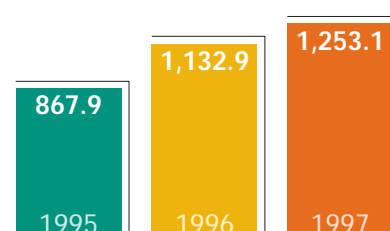
Cash flow from operations



Cash



Working capital



	1995	1996	1997
Net assets	618.5	760.5	357.9
Capital expenditures and acquisition of investments	294.1	196.8	401.7
Net income	12.7	110.6	(236.4)

NET SALES BY GEOGRAPHIC AREA (actual consolidation scope - in millions of French Francs)

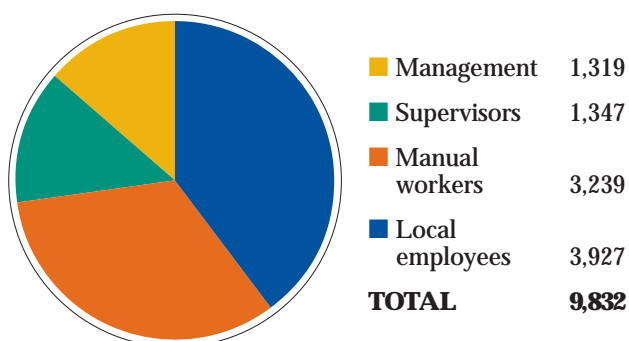
	1995	1996	1997
France	3,935	4,285	6,393
Germany	1,183	1,188	1,983
Europe (other)	950	853	1,778
Africa	395	330	231
Middle East	42	108	150
America	3	-	-
Asia	892	996	156
TOTAL	7,400	7,760	10,691

ORDERS RECEIVED BY GEOGRAPHIC AREA (in millions of French Francs)

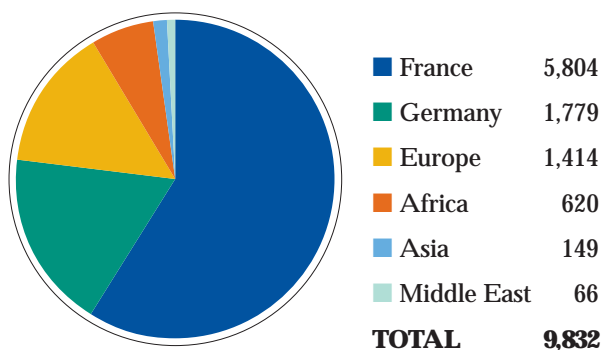
	1995	1996	1997
France	4,087	5,124	6,039
Germany	1,024	807	1,290
Europe (other)	1,235	1,188	1,399
Africa	552	267	156
Middle East	206	102	228
America	-	35	-
Asia	686	308	236
TOTAL	7,790	7,831	9,348

NUMBER OF EMPLOYEES AS AT 31 DECEMBER 1997

Breakdown by category



Breakdown by geographic area



Highlights of 1997

JANUARY

■ On the Vasco da Gama Bridge in Lisbon, Campenon Bernard SGE begins laying the deck of the cable-stay bridge ■ Campenon Bernard SGE begins work on the Mornas and Mondragon viaducts on the Mediterranean TGV line ■ Edmond Hervé, Mayor of Rennes, inaugurates work on the light railway project that Campenon Bernard SGE will build ■

FEBRUARY

■ Campenon Bernard SGE completes the shell construction of the Stade de France stadium ■ Bateg



is selected by the Caisse des Dépôts et Consignations for the structural renovation of an office building on Quai Anatole France in the 7th *arrondissement* of Paris ■ The Kwai Chung viaduct (3.5 kilometres) is officially opened by the Hong Kong government ■ In Qatar, Campenon Bernard SGE

builds a third 140,000 cu. metre liquefied natural gas storage tank ■



MARCH

■ Campenon Bernard Construction completes the renovation of the "Le Ponant" building for pay-TV company Canal + in the 15th *arrondissement* of Paris ■ The fourth and last unit

of the Hub River thermal power station (1,300 MW) in Pakistan is handed over to Hubco ■

APRIL

■ Campenon Saigon Builders kicks off work on the extension of the Phu My deep water port in Vietnam ■ Campenon Bernard Régions starts civil engineering work at the Pertuiset purification plant in central France ■

MAY

■ In Vietnam, Campenon Bernard SGE is chosen to build another Heineken brewery near Hanoi, after

the first one in Ho Chi Minh ■ Campenon Bernard SGE completes excavation of the 3,680 metre long Orelle tunnel on the A43 Maurienne motorway ■

JUNE

■ On line 2 of the Cairo underground, the second section of the first phase



- 3.5 kilometres and four stations – is handed over to the client, meeting to the day the deadline in the initial contract signed on 12 February 1993 ■ MCB signs the contract to renovate the commercial court in Nice ■

JULY/AUGUST

■ The Rambiz floating crane lays the 150th and last 2,000 tonne beam making up the central viaduct of the Vasco da Gama Bridge in Lisbon 13 days ahead of schedule ■ After successfully completing the first under-river crossing of the Nile (110 metres), the

tunnelling machine on line 2 of the Cairo underground enters El Gezira station, to be greeted by numerous Egyptian VIPs ■ BPC receives final acceptance of the building for the European Parliament in Brussels ■

SEPTEMBER

■ Campenon Bernard SGE starts laying the 9,600 pieces of turf for the pitch at the Stade de France ■ At the Ventabren viaduct on the Mediterranean TGV, Campenon Bernard SGE



rotates the first beam of the central deck into position above the A8 motorway ■ Campenon Bernard SGE is selected to design and build the Istanbul Olympic stadium ■

OCTOBER

■ On line 2 of the Athens underground, the tunnelling

machine reaches Akademia station, after coming through unstable terrain that required prior consolidation ■

NOVEMBER

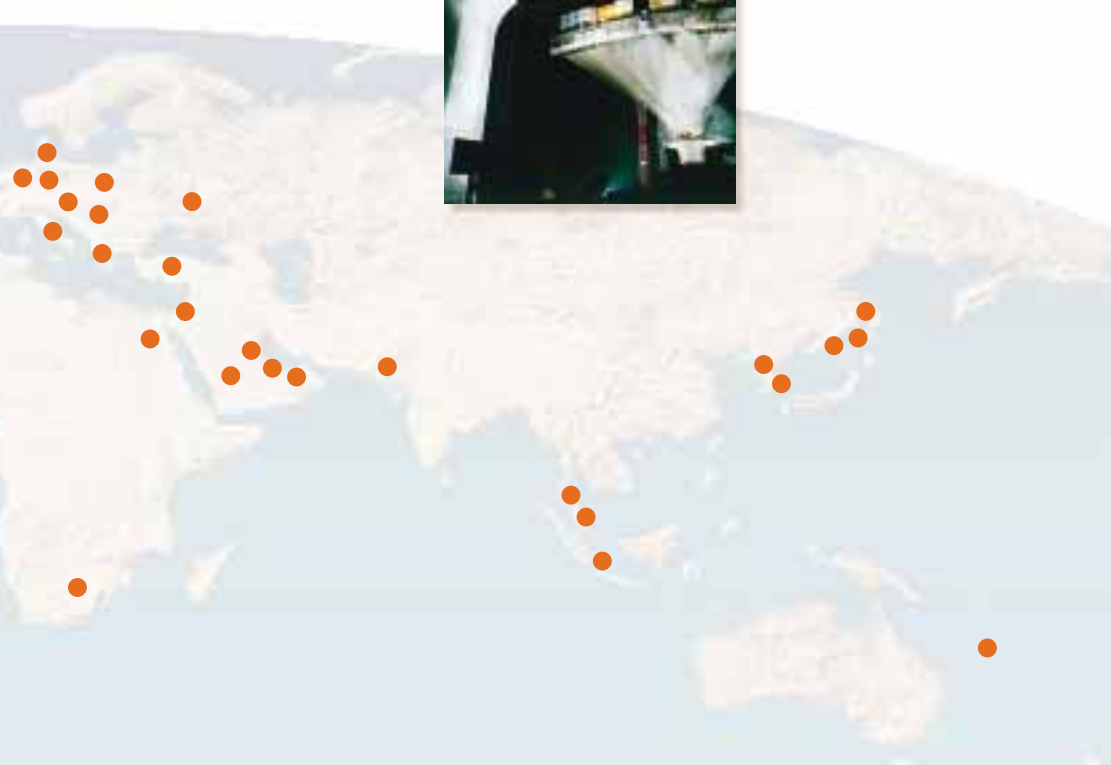
■ Campenon Bernard SGE is chosen for the Monaco Cultural and Exhibition Centre construction project ■ Campenon Bernard SGE keys the deck of the Vasco da Gama cable-stay bridge in Lisbon ■ Warbud, the Polish subsidiary, is chosen to design and build the fifteenth underground station in Warsaw as a turnkey operation ■

DECEMBER

■ In Lesotho, Campenon Bernard SGE finishes the Muela dam ■



Campenon Bernard SGE is selected to build a bridge and perform maritime operations near Abu Dhabi ■



INTERNATIONAL



WITH NET SALES OF FF 4,298 MILLION, BUSINESS ACTIVITY OUTSIDE FRANCE DECLINED CONSIDERABLY IN 1997. THIS DROP CAN BE ATTRIBUTED TO THE COMPLETION OF MAJOR INTERNATIONAL PROJECTS SUCH AS THE KWAI CHUNG VIADUCT, A MORE SELECTIVE APPROACH TO CONTRACTS, AND A DELIBERATE REDUCTION IN THE VOLUME OF BUSINESS HANDLED BY THE GERMAN SUBSIDIARIES. FOLLOWING INTEGRATION OF CBC ACTIVITIES IN POLAND, THE CZECH REPUBLIC, BELGIUM AND GERMANY, THE PROPORTION OF EUROPEAN OPERATIONS IN TOTAL SALES ROSE BY 84%. PROJECT FINANCING AND SELL AND BUILD OPERATIONS OF NON-RESIDENTIAL BUILDINGS GREW BY A SIGNIFICANT AMOUNT, BOTH IN THE NET SALES FIGURE FOR 1997 AND ON THE ORDER BOOKS.



The Vasco da Gamma bridge, inaugurated and commissioned on 29 March'98, 2 months before the opening of Expo 98 in Lisbon.



The Jin Mao tower, one of the tallest in Asia, designed by Skidmore, Owings and Merrill.

FAR EAST

Campenon Bernard SGE sales in Asia amounted to FF 156 million in 1997. The company is now operating essentially in Vietnam and China.

HONG KONG

The Kwai Chung viaduct, on the road to the new airport, was opened to traffic in March 1997, following the official ceremony attended by the Prime Minister of Hong Kong on 19 February.

After work was stopped on construction of the 25 kilometres of drainage tunnels, and the contract lapsed following the refusal of the Hong Kong authorities to take account of the consequences of major water infiltration, the legal action to protect the rights of the consortium led by Campenon Bernard SGE and the

procedure aimed at demonstrating that it was impossible to continue working both took their course in 1997.

VIETNAM

In Hanoi, one of the project financing operations resulting from the arrival of CBC in the company was the construction of a 286-room Hilton hotel on the Place de l'Opéra (architect: Art'ur). This design and build turnkey project is progressing very satisfactorily, and in line with the works schedule specifying hand-over early in 1999.

The two joint ventures formed by Campenon Bernard SGE with Vietnamese partners, Vietnamese French Corporation and Campenon Saigon Build-

ers, have worked on various factory construction projects for foreign investors such as Heineken, Siemens, Crown Cork, Les Potasses d'Alsace and Marubeni. The Phu My deep water port was handed over, and work began on its extension in 1997. The Ana Mandara holiday club at Nha Trang was opened for business.

In 1998, however, there will be a downturn due to a decline in investments and a tendency towards postponement of projects, with a more uncertain economic and political mood in general.

CHINA

Camponon Bernard SGE continued to provide technical assistance for the Jin Mao tower project in Shanghai designed by architects Skidmore, Owings & Merrill, as part of a Chinese-Japanese-French consortium.

Fittings and finishings made considerable progress in 1997, meaning that hand-over will be possible in August of 1998. On the Changzhou combined cycle thermal power station project, Camponon Bernard SGE is supplying a turnkey management service for Sithe, the electricity generation utility.

The architecture of the Hilton Hotel in Hanoi takes inspiration from the Paris Opera house.



The 3.5 km-long Kwai Chung viaduct, completed in a record 45 months.



The Jin Mao tower in Shanghai : 420 m and 88 storeys high.

INDONESIA

The company has tendered a bid for the turnkey construction of Ujung Pandang airport. This contract, that would be financed by a government-backed credit agreement, had not been finalised by the end of the year, and

was then further delayed by the Asian finance crisis.



Boring of the tunnels for line 2 of the Cairo underground progressed strictly on schedule.

AFRICA/MIDDLE EAST

The Group's operations on the African continent were mainly focused on the major Cairo underground and Lesotho tunnel projects. In the Middle East, the marketing effort was concentrated on the Arabian Peninsula and the Emirates.

LESOTHO

The tunnels for the Lesotho water project, designed to supply South Africa, were handed over in March, after the concrete lining was installed in the galleries along 45 km of the total length of 66 km. Works on the Muela dam and hydro-electric power station, which will supply the energy requirements of the Kingdom of Lesotho, were completed in the middle of the year, and the project

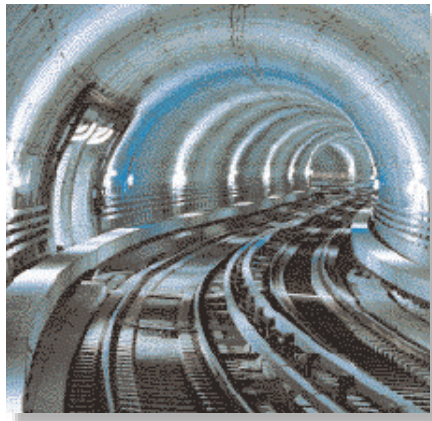
as a whole was officially opened at a ceremony attended by King Lestie III of Lesotho, and the President of the Republic of South Africa Nelson Mandela. The group of contractors that carried out this operation was not selected for the extension scheduled to begin in early 1998.

EGYPT

The civil engineering operations on the Cairo underground, currently being performed by a consortium led by Campenon Bernard SGE, have continued to progress to the customer's satisfaction. The first section of line 2 has been officially opened, while work on the extension towards Gizeh has advanced smoothly, despite the technically

difficult task of driving the tunnel under the two branches of the Nile. A further project extension involving viaduct construction has been awarded by the customer, the National Authority for Tunnels, after direct negotiation with the consortium in charge of civil engineering. This part of the contract should be completed in 1999, probably about eight months ahead of the agreed works schedule.

Crossing beneath the Nile, a feat of technical prowess on the extension of line 2 of the Cairo underground.



EMIRATES

Drawing on the experience from its long-established presence in the Emirates, Campenon Bernard SGE has maintained a high commercial profile, in particular with industries linked to the petroleum and gas sector.

In Qatar, where the company had been awarded the contract to build two 140,000 cu. metre liquefied natural gas storage tanks, it secured the order for the third unit in February, when the option included in the contract was exercised. Work is progressing in line with the specifications of a very tight schedule.

In the United Arab Emirates, the company was chosen at the end of 1997 to build a bridge on the outskirts of Abu



The Lesotho water project, an undertaking of gigantic scale to supply water to South Africa.



The outer shell of one of the three gas storage tanks in Qatar.

Dhabi and to carry out various maritime works. A considerable number of operations, both medium-sized and major civil engineering and building projects, were in the design and planning stage at the end of the year.

The last unit in the Reinhardstrasse office complex in Berlin will be handed over in October 1998.



EUROPE

Europe is Campenon Bernard SGE's main operating region, whether in terms of ongoing major projects or of its network of subsidiaries, which in 1997 received a new boost with the contribution by CBC of its Belgian, German and Eastern European subsidiaries .

GERMANY

The dominant features of the German market are still ferocious competition and shrinking business volumes, due to strict control over public finances and investment budgets, a far cry from the hopes raised by German reunification and the analysis of infrastructure requirements at the time. The eastern German building market collapsed in 1997. As a result Campenon Bernard SGE has ter-

minated all business in Berlin. At the same time, Urban Bau the subsidiary of Campenon Bernard SGE, which had been set up in order to develop the company's cross-border business, was closed after taking very heavy losses. Campenon Bernard SGE's entire German operations are now based on four regional hubs.

Berlin

SGE Hoch-und Ingenieur Bau and OBG posted net sales of DM 64 million in 1997. Business was badly hit by exceptionally unfavourable conditions on the Berlin market, which remained dominated by contractors tendering abnormally low bids. SGE Hoch-und Ingenieurbau handed over the first unit of the Reinhardstrasse

office complex (architects: Bellmann & Böhm). The second unit (architects: Bellmann & Böhm and KSV), which includes offices, shops and the rehearsal facility for the Deutsches Theater, should be handed over by the last quarter of 1998.

OBG completed two housing projects, one on the Branitzerplatz (architects: Golan & Zareh), and the other being the first phase of the Parkstrasse project (architect: Stocker), located in the Weisensee district of the city. The second phase of this operation is scheduled for completion in the first half of 1998.

Given that Campenon Bernard SGE has pulled out of the Berlin market, the only operations in 1998 will consist of the completion of ongoing projects.

Saxony

The market in Saxony has not been as depressed as in Berlin, and OBAG was able to sustain a satisfactory volume of business in housing, office buildings and even civil engineering. There were also several structures built on the A4 motorway between Dresden and the Polish border and the start-up of the underground car-park project in Bautzen, where, in addition, the company handed

The Reinhardstrasse office complex project in central Berlin.



The Zehlendorf school to the south of Berlin (architects: BDA Bassenge, Puhan-Schulz, Heinrich and Schreiber).



The Friedrichsheim housing units in Berlin, designed by GMP.

over a residential complex and several non-residential buildings. OBAG is the first medium-sized undertaking to have obtained ISO 9001 certification in 1997 for its quality assurance system.

Brandenburg

UBG, a subsidiary operating near the

Polish border, was able to keep up a regular and balanced volume of business, some of the more notable projects being a housing and office complex at Basdorf (architects: Adam & Partner) and a clinic at Birkenwerder (architects: Vamed Hospital-Plan GmbH) to the north of Berlin.

This housing estate in the Weissensee district of Berlin will be handed over in May 1998.



The five star Hilton hotel in Frankfurt was designed by John Seifert and Alberto Priolo (top).

The European Parliament Building in Brussels was built over the train station without any disruption of rail traffic (bottom).

Baden-Württemberg

The Klee activities absorbed into the management scope in 1997 enjoyed mixed fortunes. The traditional building operations division within Klee KG basically completed its process of restructuring and refocusing on the Mannheim-Stuttgart area. Since the end of 1995 the workforce has been halved and business volumes reduced one third. The main features of Klee KG's business year were the completion of the shell construction on the first phase of the Tübingen hospital extension (architect: Karl Schmucker), and the kick-off of the extension to the Roland Ernst technology park in Heidelberg (architects: Kuhlmann).

SKE GmbH & Co. KG and Ehrenfels KG, the two Klee subsidiaries that have framework contracts lasting several years for upkeep and maintenance operations for the US Army, were able to improve their performance, boosting their market share by more than 20% in 1997 compared with 1996. Despite increasingly tough competition, good profitability was sustained. In particular, maintenance operations at the Darmstadt military base and the rebuilding of three buildings belonging to the American Embassy in Frankfurt/Main have helped to raise this area of activity from a little over one third in 1995 to two thirds of Klee's total business in 1997, the ultimate goal being to expand maintenance operations to industry and local authorities.

North Rhine-Westphalia

Based in Duisburg, Brüggemann, a company that was added in the process of integrating CBC businesses into Campenon Bernard SGE on 1 January 1997, had a difficult year, both because of the recession prevailing on its traditional building market and because of specific difficulties encountered in kicking-off certain projects and in some loss-making operations in the Berlin area.

Brüggemann has begun its restructuring process, shifting its focus back to its traditional bases, by setting up an agency in the Ruhr district at Dortmund and making a reappearance on the Hamburg market with the start of construction in June 1997 of a six storey office building (architect: Bauten Plus). Thanks to the finalisation of several contracts in mid-1997, Brüggemann has strengthened its position in the renovation market, the only profitable building sector in 1997.

Hessen

Campenon Bernard SGE is currently building a 345-room Hilton hotel in Frankfurt/Main under a turnkey contract. This operation is the result of a competition organised by the city of Frankfurt, and has been entirely conceived, financed and executed by Campenon Bernard SGE. It involves simultaneously purchasing the land, concluding a thirty year lease with the Hilton corporation and signing a sell and build contract with the property investment fund of the Deutsche Bank. The project is due for completion in November 1998.

The Vasco da Gama Bridge in Lisbon: in the background can be seen the two 150 metre high pylons of the cable-stay bridge that crosses the Tagus.



PORTUGAL

In Lisbon, work on the Vasco da Gama Bridge, a design and build operation under a BOT arrangement in which SGE has a 25% interest, maintained a rapid rate of progress despite contract problems, adverse weather conditions, and a tragic accident. The cable-stay bridge was keyed in November, completing the river-crossing by the 13 kilometre long deck above, while fitting and finishing operations moved onward towards completion. The opening ceremony was thus able to take place on 29 March 1998, two months before Expo'98, in compliance with the exceptionally short build time of 40 months stipulated in the contract.

The Portuguese subsidiary Hagen benefited from the allocation of European

funds to stimulate growth in Portugal.

The company increased its net sales by 49% to exceed the FF 300 million mark. In addition to its substantial volume of traditional building business, Hagen was able to boost its civil engineering activities, with major road interchanges for the Tagus River bridge and the Frielas purification station project in partnership with Sogea and OTV.

ITALY

Despite winning the Treviso hospital extension contract (architects: T. Scarpa, A. Lagrecacolonna, U. Perini and G. Cocco), Campenon Bernard SGE was unable to establish a foothold on the major infrastructure project market, where abnormally low price levels still prevail.

BELGIUM

The new affiliates, BPC in Brussels and its Flemish subsidiary ABEB in Antwerp, which posted net sales of FF 490 million in 1997, enabled Campenon Bernard SGE to expand its European presence. Operating on a Belgian market hit both by shrinking volumes and very fierce competition, BPC managed to boost its net sales thanks to considerable growth in business in Flanders.

In April BPC handed over the 270,000 sq. metres of office space built to accommodate Members and administrative staff of the European Parliament (architects: Atelier d'architecture de Genval, Cerau, Marc Vanden Bossche and CRV). It also handed over an 8,000 sq. metre building to Mons-Hainaut University (architect: Pierre Farla), as well as 42,000 sq. metres

of office space in Brussels for the Environment and Infrastructure ministries of the Flemish Community (architects: M. Jaspers and J. Eyers).

Among the more noteworthy orders booked in 1997 mention should be made of the 13,000 sq. metres of office space in the Espace Nord complex in Brussels which will house the World Customs Office (architects: M. Marijnissen and M. Jaspers) and the continuation of the "Jardins de la Couronne" project, designed by A2RC.

By diversifying into areas other than office building, the company should be able to capitalise on its design and build capability, and thus limit the decline in net sales resulting from a weak economy and maintain a positive contribution to corporate profits.

GREECE

By the end of the year, three-fourths of the construction work on the two lines and the 21 stations of the Athens underground had been completed. After action was taken to strengthen the terrain, the tunnelling machine on line 2 was able to advance as far the station connecting with line 3, making partial service possible on lines 2 and 3 by the end of 1999. Negotiations to finalise the design as well as the technical and financial conditions for project completion had not reached a conclusion at the end of 1997.

CZECH REPUBLIC

The outstanding event in the year for the subsidiary FFC was the completion of

The Myslbek shopping centre located in historic central Prague.



A model of the future Istanbul Olympic stadium (top).

The Polish radio broadcasting centre, one of Campenon Bernard SGE's many references in Warsaw (bottom).

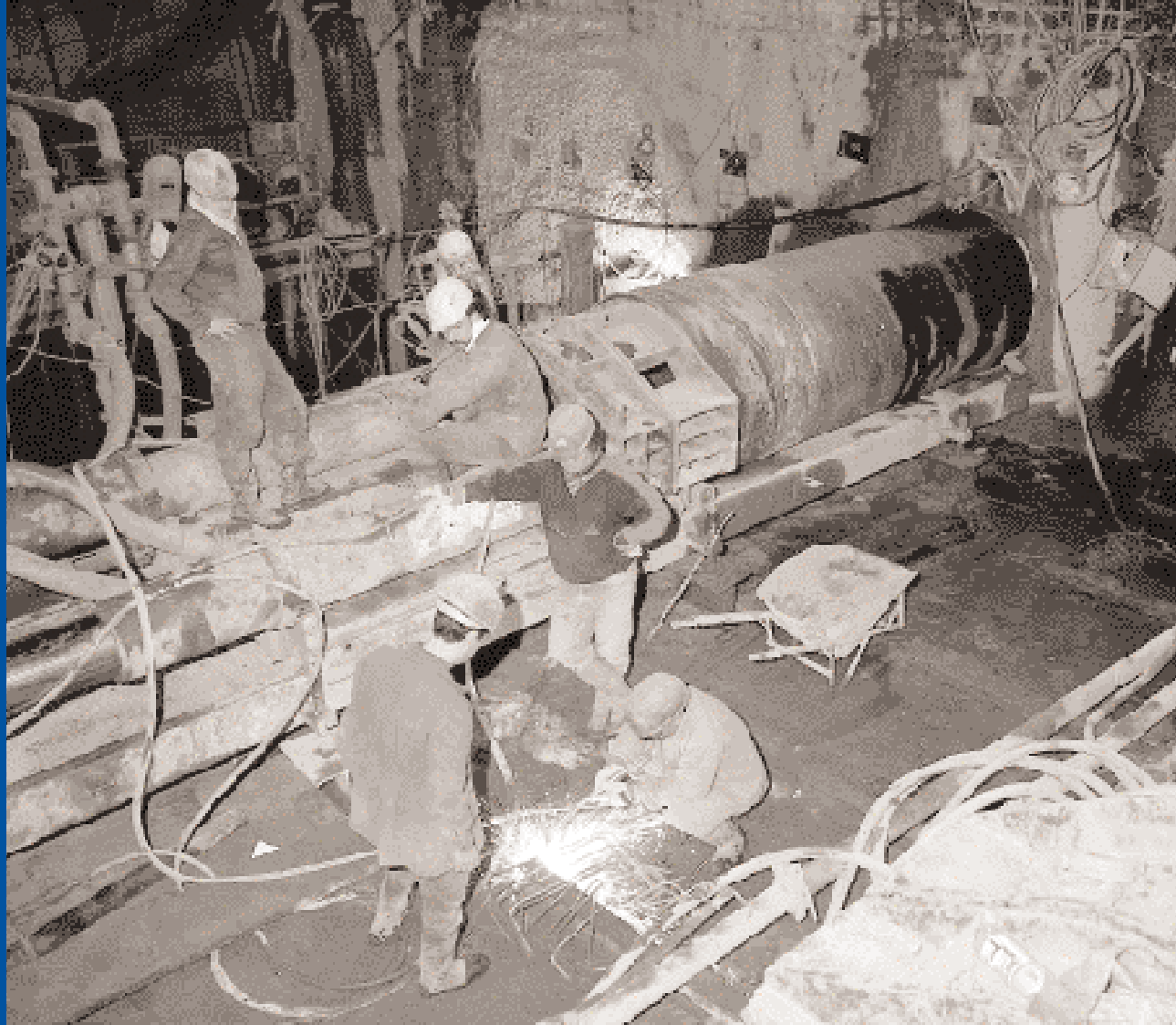
the Myslbek major project in the historic centre of Prague (architects: C.Parent and Architect Hölzel Kerel). This is an office and shop complex commissioned as a design and build turnkey project by the Caisse des Dépôts et Consignations. The Group was given responsibility not only for project management, but also for selling the commercial space.

During the same period, there was an increase in industrial building operations for foreign investors, with projects for Leroy Sommer, Schneider and BSN. The renovation of the French school in Prague (architects: Brante and Vollenweider), plus a number of projects involving bringing hotels up to international standards, along with various new building and housing operations, not only kept FFC busy throughout the year, but also substantially replenished its order books. These projects illustrate the Group's development plans, designed to boost major project activity in coming years.

POLAND

Business in 1997 for Warbud, Campenon Bernard SGE's Polish subsidiary, was especially satisfactory, registering a sharp increase both in sales and in orders taken. In Warsaw it completed the Sienna Center project, an office building for a Belgian developer (architect: Projekt).

Economic growth in Poland and the fast pace of business in the capital open attractive prospects for development in both office and housing projects.



The Monastiraki station in the Athens underground, where lines 1 and 3 meet.

In parallel there is growth in civil engineering, with major infrastructure projects such as the underground for which Warbud will be involved in building one of the stations.

Complementing Warbud's achievements, Campenon Bernard SGE Polska's experience on this market, where it has built a bridge over the Oder and the Zielona Góra purification plant, will be very useful to the Group in focusing its efforts on major projects.

UKRAINE

Following on from the studies performed as part of the "Resolution" and subsequently "Alliance" projects to make the damaged unit of the Chernobyl power station safe, Campenon Bernard SGE achieved pre-qualification for the call for

tender organised by the G7 for reinforcing the sarcophagus. In addition, Campenon Bernard SGE and Framatome tendered a bid for the construction of on-site fuel storage facilities at the Chernobyl plant.

TURKEY

The major commercial effort undertaken in Turkey resulted in the Istanbul Olympic stadium project, with its capacity for 80,000 spectators. The foundation stone of this structure, the design and build contract for which was won in partnership with architects M. Macary and A. Zublena, was laid by the President of Turkey towards the end of the year.

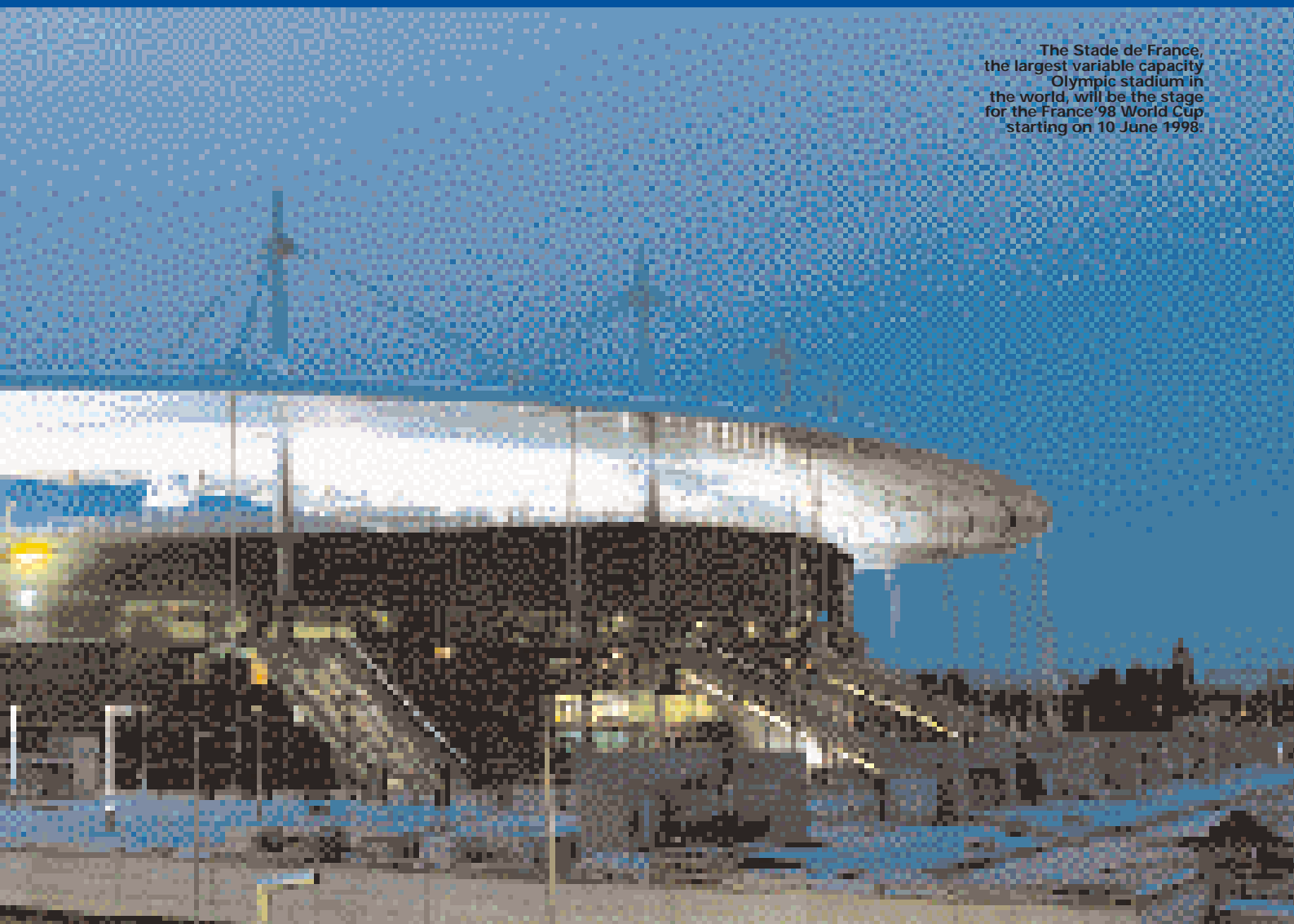
Other bids tendered by the Group should produce new contracts in 1998.

FRANCE



BUSINESS VOLUME IN FRANCE INCREASED BY 49% IN 1997, AMOUNTING TO A TOTAL OF FF 6,393 MILLION, ATTRIBUTABLE TO A CYCLICAL UPSWING IN MAJOR PROJECTS, WHERE NET SALES ROSE FROM FF 932 MILLION TO FF 1,100 MILLION WITH LARGE RAIL AND ROAD INFRASTRUCTURE OPERATIONS. EARTHWORKS POSTED A FURTHER INCREASE FOR THE SAME REASONS, REACHING FF 1,325 MILLION IN 1997 AGAINST FF 1,107 MILLION IN 1996. IN AND AROUND PARIS HOWEVER BUSINESS WAS MUCH LOWER, AS IS REFLECTED IN THE NET SALES FIGURE POSTED BY THE ILE-DE-FRANCE CIVIL ENGINEERING DEPARTMENT, DOWN BY 23%. THERE WAS VERY SUBSTANTIAL GROWTH IN BUILDING AND CIVIL ENGINEERING WORKS PERFORMED BY SUBSIDIARIES, DUE TO THE ADDITION TO CONSOLIDATED SCOPE OF THE CBC SUBSIDIARIES IN ILE-DE-FRANCE, RHÔNE-ALPES, BURGUNDY, AUVERGNE AND PROVENCE-ALPES-COTE D'AZUR REGIONS. COMPARING LIKE WITH LIKE, THE NET SALES FIGURE FOR BUILDING AND CIVIL ENGINEERING IN FRANCE FELL BY 4%, FROM FF 3,200 MILLION IN 1996 TO FF 3,073 MILLION IN 1997.

The Stade de France, the largest variable capacity Olympic stadium in the world, will be the stage for the France '98 World Cup starting on 10 June 1998.



The Ventabren viaduct will be the longest structure (1,730 metres) on the future Mediterranean TGV line.



MAJOR PROJECTS FRANCE

Net sales in the Major Projects France Division rose in 1997 by 18%,

pushed up to considerable extent by the Stade de France, Mediterranean TGV and motorway projects. Work on the Marseilles tunnel, that is being blasted over a distance of more than 5.4 kilometres in a large section, has forged ahead at a furious pace at its three attacks, and the final heading should take place in the first half of 1998.

A few kilometres to the north, the Ventabren railway viaduct (architect: Charles Lavigne) now sits astride the A8 motorway, without the building of it ever having obstructed traffic. The technical challenge consisting of building the two beams

of the viaduct parallel to the motorway and then rotating them round into place was successfully overcome in the autumn of 1997. Also on the route of the Mediterranean TGV, the Mornas and Mondragon viaduct projects (architect: Jean-Pierre Duval), were the scene of very busy activity throughout 1997.

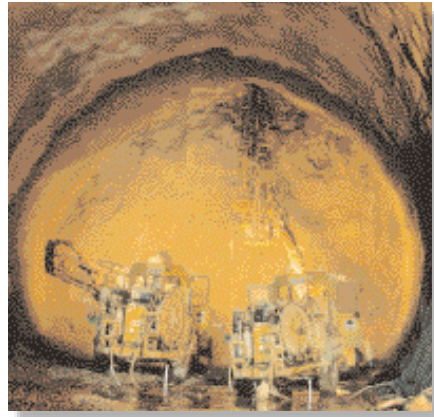
On the Stade de France construction project at Saint-Denis, operations involved installation of the roof and all the fittings and finishings. The completion in 31 months of this design and build project, in collaboration with architects M. Macary, A. Zublena, C. Constantini and M. Regembaal, under the consortium

that also has responsibility for financing and operating the facility, displays more visibly than other less spectacular projects Campenon Bernard SGE's ability to manage major projects with a guarantee of cost, quality and deadlines. Handed over in November 1997 on schedule, the Stade de France was officially opened on 28 January 1998 with the football match between France and Spain, attended by all those who had a part in its construction.

In the area of motorways, the Major Projects Division France began construction work on the Crozet viaduct (architects : Jourda et Peraudin Architectes) on the A51 south of Grenoble. It completed the viaducts on the by-pass around Amiens, and sustained a good rate of progress with the tunnel-blasting operations at Orelle in the Alps on the A43 motorway; tunnel heading was completed in the autumn. The A28 motorway project, linking Alençon, Le Mans and Tours, got under way, starting with bridge and viaduct construction. The first section of the A85 motorway between Angers and Tours as far as Vivy was opened to traffic. Finally, the group of contractors under Campenon Bernard SGE was awarded the contract to build the Barrails viaduct on the A89 motorway designed by Berdj Mikaelian & Sons.

The construction of the underground section of the A86 completing the link between Rueil and Versailles was an extremely busy work site in 1997. The cancellation early in 1998 of the government decision awarding the concession

The Marseilles tunnel: 5,414 metres have been driven using traditional blasting techniques.



The piers of the incrementally launched north bridge of the Ventabren viaduct.



The Orelle tunnel, 3,680 metres in length, on the A43 Maurienne motorway.

to Cofiroute, following on from the adjournment of the decision on the Lyons western ring-road and the A63 project to convert to motorway standards the RN10 main road between Bordeaux and Bayonne, put a stop to work on the A86 and has seriously clouded the prospects for BOT growth in France.

The Rennes light railway forged ahead at an intense pace, and will continue to do so in 1998. Conversely at La Hague, Cogema's decision to cut back investments led to a loss of business that will result in the closure of Campenon Bernard SGE's specialised agency. The department in charge of dismantling

and clearance operations continues to do good business and has excellent prospects in the nuclear power station field, with its subsidiary Salvarem and the dismantling of the Brennilis power station in Brittany.



Construction of the drinking water plant at Méry-sur-Oise.

CIVIL ENGINEERING ILE-DE-FRANCE

With the market still very much depressed in the Paris region, Campe-non Bernard SGE's Ile-de-France Division was not able to maintain its business volumes. The net sales figure of FF 374 million was down 23% compared with 1996, essentially as a result of the completion, on schedule, of the civil engineering works at the Colombes purification plant. This facility, whose architecture was designed by Jean-Robert Mazaud, is the lynchpin of the waste water processing system in the region around Paris and will become operational in October 1998.

While the market holds little encouraging prospect of replenishing the order

books, the focus of environment-related operations shifted to the Méry-sur-Oise plant and to various maintenance and sanitation projects.

In the field of transport infrastructure, a number of structures were built on the A86 motorway, such as the Bréguet roofing in Hauts-de-Seine, the Drancy viaduct in Seine-Saint-Denis (architect: Fressynet & Lacroix) and one section of the A14 motorway interchange. In addition to these there were a number of projects in Seine-et-Marne on the A77 motorway, plus maintenance work for the Paris transport authority, RATP, under multi-year lease arrangements.

The Underground Works Division also found it hard going replenishing its order books, with underground projects in the fields of transportation and sanitation very few and far between. The main highlights of 1997 were the tunnelling machine operations for the second Espérances drainage collector in the north of Paris (section 10), the completion in record time of the VL 10 collectors between Cachan, Villejuif and Charenton and the Kellermann rain-water collector in Eaubonne.

The Paris-based division, which was awarded ISO 9001 certification in 1997 by the French Association for Quality Assurance, does not anticipate any improvement in demand on civil engineering markets likely to give business a new boost. For this reason it was decided in 1997 to implement reorganisation and restructuring measures with regard to both production resources and the sales force.

In addition, at the beginning of 1998, the Ile-de-France Civil Engineering Division was brought together with the Major Projects France Division, under the Civil Engineering France Division.

A bridge on the A77 motorway crossing over the Paris to Clermont-Ferrand railway line.



The Cachan-Charenton waste water collector was excavated with a tunnelling machine.



Initial testing of the partially below-ground purification plant at Colombes took place early in 1998.

The start of construction work on the third Philip Morris tower at La Défense.



REGIONAL SUBSIDIARIES

Extensive transferring of subsidiaries into and out of Campenon Bernard

SGE took effect as of 1 January 1997: Sogea received the companies in the west of France - Gauchoux in Bordeaux, Bourdarios in Montauban and Campenon Bernard Ouest in Nantes and Rennes, and Campenon Bernard SGE absorbed the Sogea subsidiaries in the Rhône-Alpes and Auvergne regions and the companies contributed by CBC - mainly Bateg and CBC Ile-de-France in the Paris region, C3B in Burgundy, SCB and Enbatra in Rhône-Alpes and MCB in the south-east. The change in scope were sufficient justification for the restructuring measures taken, that were all the more far-reaching because of the continuing

slump on the whole of the French market, and the further worsening in building in and around Paris.

CAMPENON BERNARD CONSTRUCTION

The existence side by side on the Paris region market of contractors with similar profiles but different customer bases was the underlying rationale for merging CBC Ile-de-France, Edif and Campenon Bernard Bâtiment into Campenon Bernard Construction. Drawing on the complementarity of its component parts, the newly formed entity posted sales of FF 716 million in 1997, down by 28% if one compares with the equivalent 1996 structure, but the orders bo-

ked so far suggest that business volumes will remain stable in 1998. At the beginning of the year, Edif handed over the new GEC Alsthom Transports headquarters in Saint-Ouen, a design and build project completed to a very tight schedule (architect: Jean-Paul Viguier). It also completed the structural renovation of the Doumer building in Courbevoie for Agimo (architect: Arconcept). In the Danton section of La Défense, the company handed over the structural work of the T4 tower and Le Colisée building to CGIS, which also placed an order for the T2 tower at the same location (architects: Conceptua, M. Andrault and N. Ayoub).

The Saint-Ouen middle school, a design and build operation (architect: Cabinet Ricciotti), was handed over before the end of the summer holidays. By November 1997, the next school building project had already started - the Paul-Vaillant-Couturier 900 middle school at Champigny-sur-Seine (architect: Cabinet Rousselot).

Campeon Bernard Bâtiment handed over the ninth phase of renovation works at the Honoré-de-Balzac middle school in Paris (architect: Cabinet Lair et Royette), housing units in Puteaux (architect: Cabinet Alliaume) and the fitting out of 10,000 sq. metres of office space in the 15th *arrondissement* of Paris for the pay-TV channel Canal+ (architect: Cabinet Cygma). Among the more noteworthy orders booked during the year there was the Bel Air urban residential and shopping complex in Saint-Germain-en-

The futuristic Esso service station at Villeroy on the A19 motorway 130 kilometres south-east of Paris.



The Renault Technocentre, a huge complex devoted to automotive research and development.



The Prisma tower at La Défense is 25 storeys high.

Laye (architects: Sarea - A. Sarfati and D. Lacombe) and the 79 subsidised housing units in south-west Paris (architect: Catherine Furet).

In the course of the year, CBC Ile-de-France completed the Renault Technocentre at Guyancourt (architects: Valode and Pistre), a project that lasted from July 1993 to November 1997. It also handed over the Monthyon waste processing plant (architect: Jean-Robert Mazaud) and the Meaux transit centre (architect: M. Farcy).

The METP contract for the renovation of the Louis-le-Grand secondary school (architects: Cabinet Noel and M. Vich-

nievsky), worth FF 327 million, has entered its final phase before hand-over early in 1998.

The highlights of the year for CBC Service included the renovation of several schools for the municipal authorities of Paris, Clichy and La Garenne, a part of the reconstruction of the Crédit Lyonnais head office in Paris that had been gutted by fire (architect: Cabinet Lainé-Perrot), renovation of the central office of the French Socialist Party on rue de Solferino (architect: Cabinet Emmanuel Robin), and renovation of the Banque de France in Versailles (architect: Cabinet Dekonink-Kuhn).

BATEG

Bateg enjoyed significant growth in sales in 1997, thanks to its determined policy of better balancing its business mix.

Bateg handed over the shell construction of the Prisma tower at Courbevoie to SARI (architect: Bruno Willerval), and an apartment complex (architect: Cabinet Cacoub) in the 15th *arrondissement* of Paris.

The year's more notable projects included the structural renovation – of quite considerable technical difficulty – of an office building on Quai Anatole France in the 7th *arrondissement* of Paris for the Caisse des Dépôts et Consignations (architect: Jougleux-Di Fiore). Another renovation project that has just been kicked off and will keep the company busy in 1998 was the contract for the future headquarters of Médéric Prévoyance (architects: Cabinet Delaage and Tsaropoulos and Cabinet Setra), on rue Lafitte in the 9th *arrondissement*.

In housing, orders have been taken for the refurbishment of more than 1,200 subsidised housing units for a number of different housing management authorities in the Paris region. The orders for new private housing placed by Cogedim, Coprim, Ufimmo, Constructa, Nouveaux Constructeurs, Fininmad, Promopierre and Pitch Promotion are evidence that Bateg has succeeded in shifting its focus towards new market segments to offset the impact of the general recession on its traditional lines of business.

Redevelopment of the archbishop's theatre in the archiepiscopal palace in Aix-en-Provence.



The UGC centre at the Cité Internationale in Lyons (top).

The arch-shaped viaduct at Le Crozet on the future A51 between Grenoble and Sisteron (bottom).

CAMPENON BERNARD
SUD-EST

With the absorption at the beginning of the year of the CBC subsidiary MCB, Campenon Bernard SGE complemented the customer base and business portfolio of Campenon Bernard Sud in the region of southern France - Provence-Alpes-Côte d'Azur. The two companies were brought together into a joint head office, where they share staff services, as part of the rationale of optimising and promoting internal synergies. For Campenon Bernard Sud, the outstanding features of the year included handing over the Cap Sicié purification plant near Toulon (architect: Nothhelfer), as well as substantial involvement in works on the Mediterranean TGV line, jointly with the Major Projects France Division on the Marseilles tunnel and the Ventabren, Morناس and Mondragon viaducts, and independently for structures on the Avignon by-pass. The current volume of orders suggests a probable decline in civil engineering operations in 1998. Conversely, a healthy volume of building orders was taken in 1997, thanks to the SGS Thomson project at Rousset (architect: CH2M Hill IDC), near Aix-en-Provence, the La Valentine cinema complex (architects: R. Isnardon, F. Lacube and J. Redondo) in Marseilles, and the contract for the Monaco Cultural and Exhibition Centre (architects: F. Notari and F. Genin), signed in November. Social housing schemes were badly hit in the south-east of France, as in the rest

The Le Crozet viaduct has been designed to safely survive an earth quake.



of the country, by postponements or even cancellations, resulting in operations being shifted into 1998.

CAMPENON BERNARD REGIONS

Campenon Bernard Régions, along with its associated subsidiaries in the Rhône-Alpes, Burgundy, Franche-Comté and Auvergne regions, increased its business volume in 1997 as a result of the change in consolidation scope, with the inclusion of the net sales realised by Sogea and the CBC subsidiaries in these four regions. On a like-to-like basis, business volume remained stable, thanks to the success of the move to a highly decentralised form of organisation.

The Crozet viaduct and a number of standard structures on the Mediterra-

nean TGV line accounted for the bulk of civil engineering operations, along with the Aix-les-Bains purification plant (architect: Guillermont), plus two others at Pertuiset (architect: Atelier 7-M. Sabatier) and Autun (architects: P. Heuillart and R. Moulin), and the refurbishment of the Fréjus tunnel ventilation shaft at Modane. Industrial building operations for clients such as Saint-Gobain at Chalon-sur-Saône, Bongrain in the Loire region, Michelin at Clermont-Ferrand or Sithe in Publier managed to offset the overall downturn in the area of subsidised housing. In fact the only projects in this field were experimental, carried out in conjunction with the *Plan Construction Architecture* scheme, such as in Mâcon, Lyons and Beaune.

Building of the Hilton hotel in the Cité internationale in Lyons (architect: Renzo Piano) was kicked off in 1997 and will continue into 1998, as is also the case with the Laboratory for Geo-physics (architects: O. Brenac & X. Gonzalez), the University of Clermont-Ferrand (architects: A. Chatelin, P. Faye et M. Tournaire), and the Cité scolaire complex at Yseure in central France (architects: Cabinet Dottelonde and Cabinet Gaillard).

Earthworks
near Avignon
on the future
Mediterranean
TGV line.



EARTHWORKS

Operating on a domestic market that was both very depressed and

highly competitive, Deschiron and Vale-rian were able to increase both their net sales and their contribution to corporate profits. With a net sales figure of over FF 1,325 million, Campenon Bernard SGE's earthworks operations leapt up by some 30%. The quantity of orders booked so far suggest that activity will be sustained in 1998.

DESCHIRON

The large-scale earthworks on the A83 (Fontenay-Oulmes), A20 and A85 (Angers-Tours) motorways came to an end in 1997, while work continued on another stretch of the A20 (La Chapelle Auzac to Brive), several sections

of the A29 (Yvetot to Saint-Saens) and the A16 (Boulogne by-pass), as well as widening in several places of the A11 (La Ferté-Bernard). The earthworks on formation levels of the Mediterranean TGV advanced at a good pace on sections 11 and 12. These references further enhance Deschiron's track record after its participation in the building of the South-East and Northern TGV lines. The world rail speed records that SNCF now hold have been set on formation levels with earthworks by Deschiron.

Deschiron kicked off in 1997 the operations that will provide most activity in 1998, such as the A77, the A89 between Les Bergères and Le Sancy, the

A28 between Le Mans east and Ecomoy, and the fourth runway at Roissy Charles de Gaulle airport.

In 1997 Sotramines, a Deschiron subsidiary, continued work on a multi-year contract, which runs until 2003, covering open-pit coal mining for the Houillères de Bassin du Centre et du Midi.

VALERIAN

Following on from growth in 1996, Valerian posted a further increase in net sales in 1997, attributable to expansion of major projects. Notable operations in this area include the completion of earthworks on the A20 motorway between Montauban and Caussade and the A83 between Fontenay and Oulmes, and additional works on the A29 between Yvetot and Saint-Saens. Other projects were formation levels in sections 22 and 31 of the Mediterranean TGV line, which will continue into 1998, just like the A77 motorway from Dordives to Cosne-sur-Loire, and the A89 between Coutras and Montpont.

Earthworks on the A20 between Montauban and Caussade.



Earthworks on the future A29 motorway that will link Amiens and Le Havre.



The A20, one of the motorways linking Toulouse and Paris.



An office block in Paris, built inside a 7 metre high wall.

SPECIALISED SUBSIDIARIES

The specialised subsidiaries of Campenon Bernard SGE operate in the fields of maritime and inland waterway works, special foundations and sanitation, completing the Group's broad range of engineering expertise.

EMCC

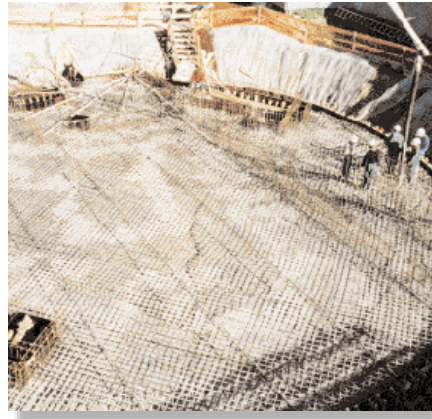
EMCC, specialising in maritime and inland waterway projects, posted net sales of FF 327 million in 1997, an increase of 10% that is attributable to operations on the Mediterranean TGV line that more than made up for the doldrums on the agency market. In fact EMCC was contracted to build the foundations for three of the four

bridges taking the railway line over the Rhône.

Underwater operations enjoyed good growth and posted net sales of close to FF 50 million. The outstanding event of the year in this area was the use of a robot to scrape the sea outfall pipe of the nuclear waste processing plant at La Hague.

Without any new major projects - following the cancellation of the Rhine-Rhône canal - the company's efforts to extend its national coverage, which have generated some business along the north coast of France, in particular in Dunkirk and Boulogne, should make it

Open rainwater collection pool at Orly.



possible to keep its drop in net sales within bounds. EMCC can continue to push forward in 1998 with the aim of entering the high-potential markets of Belgium and the Netherlands.

BOTTE BTP

This subsidiary specialising in foundation work, underground cut-off walls, piles and grouting operations for civil engineering increased its sales in 1997 by 18% to FF 127 million, on the strength of substantial projects such as the l'Hay-les-Roses rainwater control pool, the ground-retaining walls of the interchange on the A86 motorway at Rueil for Socatop, quarry consolidation at Châtillon and the piles for the water reservoir at Choisy-le-Roi.

Botte BTP's marketing efforts should enable the company to reinforce its presence outside Paris in 1998 and thus further boost net sales.

PAR.EN.GE

Despite the scarcity of civil engineering projects related to water, Par.En.Ge managed to maintain net sales at over FF 100 million in 1997.



Construction of the bridge foundations for the Mornas and Mondragon viaducts north of the town of Orange, on the future Mediterranean TGV line.



Botte BTP built the foundations for an office complex in the 14th *arrondissement* of Paris.

Maintenance contracts and sewer renovations, and also new works, underground operations and horizontal boring projects, nonetheless enabled Par.En.Ge to enhance its reputation as a subsidiary specialising in sanitation works.

ACANTHE BTP

Acanthe BTP once again achieved its target sales figure in 1997, thanks to a shift of focus, operationally, towards smaller projects and, geographically, towards the south of Seine-et-Marne and into Yonne where a contract was signed at the end of the year to fit out a hospital at Sens.

Names and addresses of the main subsidiaries

BUILDING AND CIVIL ENGINEERING SUBSIDIARIES, FRANCE

ACANTHE BTP

338, avenue Pasteur - BP 29
77551 Moissy-Cramayel Cedex
Tel.: 01 60 60 62 63 - Fax: 01 64 88 62 63
Chairman: Jean-Marc Médico
Managing Director: Jean-Louis Gérault

BATEG

24, boulevard des Iles
92442 Issy-les-Moulineaux Cedex
Tel.: 01 40 93 73 00 - Fax: 01 41 08 93 47
Chairman: Jean de Rodellec

BONINO

La Garonne - Grange Neuve - BP 77
26702 Pierrelatte Cedex
Tel.: 04 75 96 33 20 - Fax: 04 75 98 82 85
Chairman: Yves Périllat
Managing Director: Jean-Louis Sibeud

CAMPENON BERNARD CONSTRUCTION

204, rond-point du Pont-de-Sèvres, Tour Vendôme
92516 Boulogne-Billancourt Cedex
Tel.: 01 55 20 67 00 - Fax: 01 47 61 14 64
Chairman: Patrick Bonnetain
Managing Director: Jean-René Labonne

CAMPENON BERNARD RÉGIONS

92, rue Alexandre-Dumas
69120 Vaulx-en-Velin
Tel.: 04 72 15 61 61 - Fax: 04 72 15 61 62
Chairman: Yves Périllat

CAMPENON BERNARD SUD

Les Docks - Atrium 10.4 - BP 183
10, place de la Joliette
13474 Marseille Cedex 02
Tel.: 04 91 99 63 00 - Fax: 04 91 91 99 24
Chairman: Yves Chatard

COFEX RÉGIONS

Allée de Bourgogne - ZI Sud
26300 Bourg-de-Péage
Tel.: 04 75 05 37 70 - Fax: 04 75 05 37 71
Chairman: Yves Périllat
Managing Director: Paul Courand

COFFRAMAT

ZI Lann Sevelin - BP 22
56850 Caudan
Tel.: 02 97 76 42 98 - Fax: 02 97 76 00 82
Chairman: Jean de Rodellec
Managing Director: Jean-François Le Besque

COMOFI

5, cours Ferdinand-de-Lesseps
92851 Rueil-Malmaison Cedex
Tel.: 01 47 16 31 89 - Fax: 01 47 16 36 30
Chairman: Patrick Bonnetain
Managing Director: Christian Trognon

C3B

Immeuble Le Richelieu
10, boulevard Carnot
21000 Dijon
Tel.: 03 80 66 65 10 - Fax: 03 80 31 80 34
Chairman: Jean-Pierre Anquetil

ENBATRA

9 bis, avenue de la Falaise
38360 Sassenage
Tel.: 04 76 85 93 93 - Fax: 04 76 26 19 80
Chairman: Jean-Paul Galland

EXPERTISES ET TRAVAUX

7, chemin du Caillou
69630 Chaponost
Tel.: 04 78 56 40 40 - Fax: 04 78 56 07 80
Chairman: William Baudry

GILETTO

Route de la Dranse - BP 619
74506 Amphion-les-Bains
Tel.: 04 50 70 04 61 - Fax: 04 50 70 84 55
Chairman: Yves Périllat
Managing Director: Mohandass Aroq

LAMY

13, place Jean-Berry - BP 40
69702 Givors Cedex
Tel.: 04 72 49 23 80 - Fax: 04 78 07 19 80
Chairman: Robert Chausse
Managing Director: Michel Bena

MCB

Les Docks - Atrium 10.4 - BP 180
10, place de la Joliette
13304 Marseille Cedex 02
Tel.: 04 91 13 14 15 - Fax: 04 91 56 53 74
Chairman: Michel Normand

MERLE

24, rue Parmentier
43300 Langeac
Tel.: 04 71 77 69 20 - Fax: 04 71 77 01 63
Chairman: Yves Périllat
Managing Director: Antoine Francis

PATEU & ROBERT

ZI de Trépillot
26, rue Albert-Thomas
25000 Besançon
Tel.: 03 81 48 54 85 - Fax: 03 81 47 05 79
Chairman: Jean-Pierre Anquetil
Managing Director: Lionel Landry

SAINRAPT ET BRICE INTERNATIONAL

5, cours Ferdinand-de-Lesseps
92851 Rueil-Malmaison Cedex
Tel.: 01 47 16 35 57 - Fax: 01 47 16 33 60
Chairman and Chief Executive Officer: Jean-Etienne Treffandier

SCB

Route de Brignais
69630 Chaponost
Tel.: 04 78 56 70 80 - Fax: 04 78 56 54 18
Managing Director: Jacky Perrin

SOBEA AUVERGNE

10, rue des Frères-Lumière
ZI du Brézet
63050 Clermont-Ferrand Cedex 2
Tel.: 04 73 91 91 40 - Fax: 04 73 91 90 08
Chairman: Robert Chausse
Managing Director: Jean-Paul Pillaud

SOCIÉTÉ DE CONSTRUCTION DES AUTOROUTES DU SUD ET DE L'OUEST (SOCASO)

12, rue de la Renaissance
92160 Antony
Tel.: 01 46 74 16 00 - Fax: 01 46 66 40 52
Chairman: Jean-Claude Dayant

SRC (RITOU CONSTRUCTION)

13, avenue Morane-Saulnier - BP 266
78147 Vélizy Cedex
Tel.: 01 30 67 66 70 - Fax: 01 30 67 66 68
Chairman: Jacques Colin

URBAN BTP

19, route d'Eschau
67400 Illkirch-Graffenstaden
Tel.: 03 88 40 56 10 - Fax: 03 88 67 26 70
Managing Director: Jean-Marc Servelle

VERAZZI

350, rue des Frères-Lumière - BP 90
39003 Lons-le-Saunier
Tel.: 03 84 87 61 80 - Fax: 03 84 43 15 44
Chairman: Yves Périllat
Managing Director: Martial Francoz

VERDOIA

3, rue Augereau
77000 Melun
Tel.: 01 64 10 42 80 - Fax: 01 64 10 42 81
Chairman: Jean de Rodellec

SPECIALISED SUBSIDIARIES

BOTTE BTP

21, rue du Pont-des-Halles
Delta 112 - 94536 Rungis Cedex
Tel.: 01 49 61 48 00 - Fax: 01 49 61 48 01
Chairman: Jean-Marc Médico
Deputy Managing Director: Jean-Claude Albrecht

DESCHIRON

1, rue du Docteur-Charcot - BP 10
91421 Morangis Cedex
Tel.: 01 69 10 16 10 - Fax: 01 69 10 16 56
Chairman: Jacques Mimran

EMCC

21, rue du Pont-des-Halles
Delta 101 - 94536 Rungis Cedex
Tel.: 01 49 61 71 00 - Fax: 01 49 61 71 01
Chairman and Chief Executive Officer: Jean-Marc Médico

GESPACE FRANCE

13, rue Madeleine Michelis
92200 Neuilly-sur-Seine
Tel.: 01 41 43 02 02 - Fax: 01 41 43 02 20
Chairman: Jean-Pierre Combe
Managing Director: André Boulet

INFRASTRUCTURES URBAINES ET ROUTIÈRES (IUR)

1, rue du Docteur-Charcot - BP 33
91421 Morangis Cedex
Tel.: 01 69 10 27 60 - Fax: 01 64 48 10 86
Chairman: Dominique Michel

PAR.EN.GE

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Delta 107 - 94536 Rungis Cedex
Tel.: 01 41 73 10 00 - Fax: 01 41 73 10 01
Chairman: Jean-Marc Médico
Deputy Managing Director: Fayez Boulos

PARIDRO

89, rue Paul-Bert - BP 74
94290 Villeneuve-le-Roi
Tel.: 01 49 61 71 10 - Fax: 01 45 97 29 11
Chairman: Jean-Marc Médico

SALVAREM

ZI Les Malalannes - BP 199
26702 Pierrelatte Cedex
Tel.: 04 75 96 31 38 - Fax: 04 75 98 96 06
Chairman: Jean-Louis Le Mao
Managing Director: Gilles Piquereau

SGE SYSTEME RAIL

1, rue du Docteur-Charcot - BP 10
91420 Morangis
Tel.: 01 69 10 16 10 - Fax: 01 69 10 16 56
Managing Director: Jacques Mimran

SOTRAMINES

735, rue des Fouthiaux
71410 Sanvignes-les-Mines
Tel.: 03 85 57 90 00 - Fax: 03 85 57 95 00
Managing Director: Jacques Mimran

VALERIAN

708, route de Caderousse - BP 12
84350 Courthézon
Tel.: 04 90 70 22 61 - Fax: 04 90 70 70 65
Chairman: Daniel Boisson

VIPP TRAVAUX

21, rue du Pont-des-Halles
Delta 112 - 94536 Rungis Cedex
Tel.: 01 49 61 71 11 - Fax: 01 49 61 48 01
Chairman: Jean-Marc Médico
Managing Director: Jean-Claude Albrecht

INTERNATIONAL SUBSIDIARIES

ABEB

Franklin Rooseveltplaats 12
2060 Antwerp, Belgium
Tel.: (32 3) 213 91 91 - Fax: (32 3) 233 63 18
Chairman: Philippe Auffray
Managing Director: Patrick Dua

BÂTIMENTS ET PONTS CONSTRUCTION

171, chaussée de la Hulpe
1170 Brussels, Belgium
Tel.: (32 2) 663 60 00 - Fax: (32 2) 672 42 50
Chairman: Ado Blaton
Managing Director: Philippe Auffray

BRÜGGEMANN

Waterkampstraße 15
D-47169 Duisburg, Germany
Tel.: (49 20) 35 00 50 - Fax: (49 20) 35 00 51 74
Co-Managers: Jürgen Kaiser, Kurt von Riesen

CAMPENON BERNARD SGE GMBH

Wartenberger Straße 24
D-13053 Berlin, Germany
Tel.: (49 30) 9862 50 20 - Fax: (49 30) 9862 50 03
Chairman: Raoul Dessaigne

CAMPENON BERNARD SGE POLSKA

5, rue Szymczaka
01-227 Warsaw, Poland
Tel.: (48 22) 632 32 91 - Fax: (48 22) 632 10 61
Chairman of the Executive Committee: Zbigniew Miziniak

CAMPENON SAIGON BUILDERS

163, Hai Ba Trung Street, District 3
9th floor - IDC Building
Hô Chi Minh Ville, Vietnam
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Comments on the consolidated financial statements

Assets

Intangible assets

Intangible assets changed over the year as follows, in millions of French Francs:

Acquisitions	9.8
Depreciation allowance	(10.1)
Exchange adjustments and changes in scope of consolidation	3.2
Net increase	2.9

Tangible assets

Tangible assets changed over the year as follows, in millions of French Francs:

Acquisitions	197.0
Depreciation allowance	(198.1)
Net disposals	(75.9)
Exchange adjustments and changes in scope of consolidation	90.6
Net increase	13.6

Financial assets

The net value of non-consolidated investments increased by FF 24.2 million.

Deferred charges

This item did not vary significantly in the course of the last financial year.

Current assets

Current assets increased from FF 6,099 million on 1 January to FF 8,293.7 million on 31 December. This substantial 36% rise was essentially due to changes in the scope of consolidation, connected with the acquisition of the subsidiaries CBC and Klee.

Liabilities

Provisions for liabilities and charges

Total provisions for liabilities and charges stand at FF 1,885 million, for a net allocation of FF 646.4 million, breaking down as follows, in millions of French Francs:

Allocation to operating provisions	77.7
Allocation to financial provisions	10.8
Allocation to exceptional provisions	90.9
Impact of changes in methodology	78.6
Variations in scope of consolidation and other adjustments	388.4
Net allocation	646.4

Operating provisions essentially pertain to disputes with customers and end-of-contract losses. Financial and exceptional provisions relate to foreign subsidiary risks.

Current liabilities

The overall increase in the various current liabilities items amounts to FF 2,074.4 million.

This increase is mainly due to changes in the scope of consolidation, associated with the addition of the subsidiaries CBC and Klee.

Statement of income

The statement of income shows a net sales figure of FF 10,691 million.

Of this total business, 60% was done in France, 35% in the rest of Europe and 5% internationally.

Operating income stands at FF 2.9 million, after depreciation allowances and allocations to operating provisions of FF 286.2 million.

Financial income, amounted to FF 50.2 million. It includes a net allocation to financial provisions of FF 18.7 million to cover international risks. The exceptional expense figure, of FF 313.6 million, is mainly the result of allocations to provisions for exceptional risks abroad and for restructuring costs.

A loss of FF 236.5 million is posted in the statement of income.

Consolidated balance sheet

at 31 December 1997

Assets

(in thousands of French Francs)	Notes	Gross amount	Depreciation	1997 net amount	1996 net amount
Intangible assets	3	63,171	32,621	30,550	27,674
Goodwill	4	168,906	37,995	130,911	84,500
Tangible assets	5	1,695,947	1,129,315	566,632	553,072
Financial assets					
- Non-consolidated investments	6	128,945	29,489	99,456	75,274
- Equity method investments		2,290	-	2,290	3,126
- Other financial assets	7	240,660	22,611	218,049	168,352
Deferred charges	8	5,985	-	5,985	5,544
Total fixed assets		2,305,904	1,252,031	1,053,873	917,542
Inventories and work in progress	9	613,172	14,693	598,479	62,916
Customer and other accounts receivable		5,486,884	221,115	5,265,769	3,632,973
Short-term financial receivables	10	1,736,339	20,212	1,716,127	1,878,616
Marketable securities	10	374,802	-	374,802	429,793
Quick assets		338,642	115	338,527	94,709
Total current assets		8,549,839	256,135	8,293,704	6,099,007
TOTAL ASSETS		10,855,743	1,508,166	9,347,577	7,016,549

Liabilities

(in thousands of French Francs)	Notes	1997 net amount	1996 net amount
Capital stock		505,750	505,750
Premiums		39,349	39,349
Group share of consolidated reserves		49,310	104,797
Group share of income for the year		(236,452)	110,585
Shareholders' equity	11	357,957	760,481
Minority interests	12	46,701	27,774
Provisions for liabilities and charges	13	1,885,038	1,238,588
Long- and medium-term debt	14		
- Bonds and debentures		-	10,050
- Other long-term debt		17,325	13,532
Total capital employed		2,307,021	2,050,425
Advance payments received		732,047	328,703
Supplier and other accounts payable		5,654,283	4,293,514
Short-term debt		654,226	343,907
Total current liabilities		7,040,556	4,966,124
TOTAL LIABILITIES		9,347,577	7,016,549

Consolidated statement of income

(in thousands of French Francs)	Notes	1997	1996
OPERATING REVENUE			
Net sales	15	10,690,980	7,759,967
Other revenue (*)	16	763,879	486,911
Operating revenue		11,454,859	8,246,878
Operating expenses	17	(11,451,992)	(8,019,344)
Operating income		2,867	227,534
Financial revenue		129,082	112,260
Financial expenses		(60,119)	(39,616)
Net allocations to provisions		(18,717)	(5,789)
Financial income	18	50,246	66,855
Current income		53,113	294,389
Non-recurring items		(218,081)	(118,594)
Non-recurring depreciation and provisions		(95,497)	(64,911)
Exceptional expense	19	(313,578)	(183,505)
Employee profit sharing		(15,691)	(11,139)
Net taxes	20	(12,636)	(7,909)
Net (expense)/income of fully consolidated companies before amortisation of goodwill		(288,792)	91,836
Amortisation of goodwill		(9,132)	(5,967)
Net (expense)/income of fully consolidated companies		(297,924)	85,869
Earnings from equity method companies		(836)	(905)
Net consolidated expense/income		(298,760)	84,964
Share of minority interest		62,308	25,621
GROUP SHARE OF NET EXPENSE/INCOME		(236,452)	110,585

(*) and transfers of operating expenses

Table of changes in financial position

(in thousands of French Francs)	1997	1996
RESOURCES		
Net income of fully consolidated companies	(297,924)	85,869
Depreciation, allowances and changes in provisions	418,763	333,105
Cash flow	120,839	418,974
Net capital gains from disposals of assets	(9,862)	(575)
Cash flow from operations	110,977	418,399
Disposals of assets	124,526	36,796
Share of third parties in capital increases of subsidiaries	(897)	-
Increase in long-term debt	4,421	2,551
Repayment of other financial assets	40,901	6,551
TOTAL RESOURCES	279,928	464,297
USES		
Investments		
Acquisition of tangible and intangible assets	206,792	190,462
Acquisition of portfolio investments	194,941	6,339
Total investments	401,733	196,801
Allocation of parent company earnings	83,146	(30,967)
Allocation of earnings to minority holders	(30,458)	(23,031)
Repayment of long-term debt	183,272	36,634
Deferred expenditure commitments	16,277	21,616
Increase in other financial assets	57,988	33,554
TOTAL USES	711,958	234,607
Surplus (deficiency) of resources over uses	(432,030)	229,690
Effect of changes in scope of consolidation, exchange and other adjustments	552,295	35,303
Change in net working capital	120,265	264,993
Change in the working capital requirement	404,246	(396,714)
Change in cash	(283,981)	661,707

Analysis of changes in shareholders' equity

(in thousands of French Francs) Group share of equity	Capital stock	Additional paid-in capital	Exchange adjustments	Reserves and earnings	Total
At 31 December 1995	505,750	39,349	(1,689)	75,082	618,492
Allocation of parent company earnings				30,967	30,967
Exchange adjustments			1,197	(760)	437
Group share of net income for the year				110,585	110,585
At 31 December 1996	505,750	39,349	(492)	215,874	760,481
Allocation of parent company earnings				(83,146)	(83,146)
Exchange adjustments			(4,339)	(12)	(4,351)
Impact of changes in methodology				(78,575)	(78,575)
Group share of net income for the year				(236,452)	(236,452)
At 31 December 1997	505,750	39,349	(4,831)	(182,311)	357,957

Notes to the consolidated financial statements

At 31 December 1997 (in thousands of French Francs)

1. Consolidated accounting policies

The consolidated financial statements of Campenon Bernard SGE, which are included in the consolidated financial statements of Société Générale d'Entreprises, have been prepared in accordance with French accounting standards, as set out in the French chart of accounts, the Act dated 3 January 1985 on consolidation and the Decree dated 17 February 1986.

1.1 Consolidation principles

The consolidated financial statements group together the financial statements of companies with net sales greater than FF 10 million, as well as subsidiaries with smaller net sales figures, when their impact on the Group's financial statements is significant.

The companies over which Campenon Bernard SGE has majority control are fully consolidated. Those over which Campenon Bernard SGE exercises substantial influence are consolidated by the equity method.

Proportional consolidation is reserved for joint ventures making a significant contribution to the Group's net sales and balance sheet, and for companies controlled jointly by Campenon Bernard SGE and other partners.

For joint ventures not requiring long-term financing, the proportional consolidation is limited to the statement of income.

1.2 Conversion of the financial statements of companies and establishments outside France

The financial statements of consolidated companies and establishments outside France are converted at the exchange rate prevailing at year end.

Gains and losses in this respect are entered in an account entitled «exchange adjustments» and included in consolidated reserves.

1.3 Items denominated in foreign currencies

Consolidated balance sheet items denominated in foreign currencies are converted at the exchange rate prevailing at year end. Only the resulting unrealised exchange losses are charged against the year's net income.

1.4 Goodwill

The principle is to allocate the first consolidation variation, representing the difference between the cost of acquisition of shares in a consolidated company and the equity share corresponding to the date of acquisition, to the various assets and liabilities items of the acquired company's balance sheet. The unallocated balance is entered under the «goodwill» heading of the consolidated balance sheet, and depreciated over a period not exceeding 20 years, except for special cases justifying accelerated amortisation.

Goodwill items not exceeding FF 1,000,000 are fully depreciated within the year.

1.5 Fixed assets

Tangible assets

Property, buildings and equipment are valued at their cost of acquisition.

The depreciation method applied is either straight line or diminishing balance, depending on the expected useful life. The periods used are those generally applied in the industry, namely:

Buildings	from 20 to 30 years
Construction equipment	from 3 to 10 years
Motor vehicles	from 3 to 5 years
Fixtures	from 5 to 10 years
Office furniture and equipment	from 3 to 10 years

The Group did not avail itself of the option of restating assets financed by leasing contracts. The amount of the restatement involved would have been negligible.

Intangible assets (start-up costs, goodwill, franchises, patents, software, etc.)

Intangible assets are valued at their cost of acquisition.

Financial assets

The gross value of non-consolidated investments corresponds to their cost of acquisition. If this value is greater than the current value, then a depreciation provision is set aside for the difference.

The current value of investments is based on the share in equity of the companies concerned, adjusted as appropriate, for recently acquired companies, to allow for their value to the Group and their capital gains and growth potential.

Long-term loans are not discounted to present value, remaining on the balance sheet at their nominal value.

1.6 Pension commitments

Pension commitments, including end-of-career benefits and supplementary pension plans, are provisioned on the balance sheet for both working staff and retirees (see Note 2.1 Change in methodology).

These commitments are estimated by the prospective actuarial method known as the «projected credit unit» method.

1.7 Income recognition

Income from long-term contracts is determined by the percentage-of-completion method, on the basis of the merits of the situation under the contract.

For some work sites that do not meet the conditions for application of percentage of completion, the completed-contract method is used. In such cases, probable losses corresponding to work completed at year end give rise to depreciation of work in progress.

In the event that a final negative income is foreseen, an end-of-contract loss provision is set aside whatever the accounting method, with possible allowance for prudently and reasonably estimated additional revenue or successful claims.

1.8 Income from disposals of site equipment

Income from disposals of site equipment is entered under the «other operating revenue» heading.

1.9 Corporate income tax

Given the legal status of Campenon Bernard SGE (a general partnership not having opted for the status of business corporation), its net income is reported exclusive of the impact of corporate income tax.

2. Noteworthy events during the year

2.1 Change in methodology

In 1997, the Group started to set aside balance sheet provisions to cover pension commitments to the entire staff.

These commitments include contractual end-of-career benefits and certain supplementary pension plan commitments the Group has in Germany.

These commitments were estimated by the prospective actuarial method recommended by international rules (projected credit unit method).

In accordance with the principles currently in force, the impact of this change in methodology was determined retrospectively on the basis of commitments outstanding at 1 January of the financial year. The amount charged as a result against shareholders' equity at the beginning of the year stands at FF 78,575 thousand.

Application of the new method resulted in the reporting of a net adjustment for the year of FF 3,885,000.

2.2 Changes in the structure of the Group

Acquisition of subsidiaries of CBC

After having taken, in December 1996, a 40% holding in CBC, a subsidiary of Compagnie Générale des Eaux, SGE acquired an additional 50% stake as of 1 January 1997.

Following this operation, CBC sold to Campenon Bernard SGE, as of 1 January 1997, its French subsidiaries located in the Ile-de-France, Rhône-Alpes and Sud regions, as well as its foreign subsidiaries located in Germany, Belgium, Poland and the Czech Republic. Moreover, a joint venture was set up between CBC and Campenon Bernard SGE for the purpose of completing work outstanding as of 1 January 1997 on the construction sites of the Hilton Hotel in Frankfurt, the Hilton Hotel in Hanoi, the Sienna Center office building in Warsaw and the Myslbek office and shopping complex in Prague. These asset disposals from CBC to Campenon Bernard SGE were accompanied by an assets and liabilities guarantee for a total amount of FF 240 million. This amount was fully taken up during the financial year to cover:

- operating losses of the subsidiaries amounting to FF 90 million;
- restructuring costs amounting to FF 72 million;
- various non-recurring losses for the balance.

Acquisition of subsidiaries of the Klee Group

As of 1 January 1997, SGE Deutsche Holding sold to Campenon Bernard SGE its 64% stake in the Klee Group, including Klee KG, Ehrenfels and SKE Maintenance.

Acquisition of subsidiaries in the Rhône-Alpes and Auvergne regions

As of 1 January, Sogea sold to Campenon Bernard SGE its subsidiaries Lamy and Sogea Auvergne, and transferred its Sogea Rhône-Alpes civil engineering business to Campenon Bernard Régions, by a partial contribution in kind of assets.

Disposals of companies

Campenon Bernard SGE sold to Sogea the shares it held in the companies Bourdarios, Gauchoux and Campenon Bernard Ouest, and to Générale de Santé its shares in Hôpital Action Service.

2.3 Scope of consolidation

Changes in the scope of consolidation over the financial year can be summarised as follows:

	French companies	Foreign companies	1997 total	1996 total
Full consolidation	43	22	65	46
Proportional consolidation (including joint ventures)	10	13	23	24
Equity method		1	1	1
Total	53	36	89	71

3. Intangible assets

The following table shows net changes in the financial year:

(in thousands of French Francs)	1997	1996
Net balance at the beginning of the year	27,674	22,718
Acquisitions minus disposals	(3,954)	8,741
Reclassifications and changes in scope of consolidation	7,082	367
Amortisation and provisions	(252)	(4,152)
Total	30,550	27,674

Intangible assets consist mainly of computer software.

4. Goodwill

All goodwill items with a gross value exceeding FF 1,000,000 are amortised over 20 years, with the exception of particular cases of justified accelerated amortisation.

Changes over the year were as follows:

(in thousands of French Francs)	1997	1996
Net goodwill at the beginning of the year	84,500	87,849
Goodwill recorded during the year	55,543	2,618
Amortisation allocations over the year	(9,132)	(5,967)
Total	130,911	84,500

Excluding amortisation allocations, the changes in the year broke down as follows:

Acquisition of Klee shares	40,752
Acquisition of CBC subsidiaries	31,639
Disposals of Gauchoux and Bourdarios	(16,755)
Other	(93)
Total	55,543

5. Tangible assets

The following tables show the movements of tangible assets during the year:

5.1 Changes over the year

(in thousands of French Francs)	1997	1996
Net balance at the beginning of the year	553,072	633,941
Acquisitions minus disposals	(103,070)	(128,512)
Reclassifications and changes in scope of consolidation	90,549	4,838
Depreciation and provisions	26,081	42,805
Total	566,632	553,072

5.2 Breakdown by type of asset

(in thousands of French Francs)	Gross value	Depreciation	1997 net value	1996 net value
Land	59,480	(1,421)	58,059	50,115
Buildings	139,541	(63,369)	76,172	68,953
Plant and equipment	1,074,629	(776,795)	297,834	331,427
Fixtures and miscellaneous	376,825	(286,135)	90,690	91,937
Assets under BOT contracts	7,957	(1,595)	6,362	6,548
Under construction	37,515		37,515	4,092
Total	1,695,947	(1,129,315)	566,632	553,072

5.3 Capital expenditure in the year

	1997	1996
Land	3,771	113
Buildings	2,782	537
Plant and equipment	104,300	136,988
Fixtures and miscellaneous	46,501	37,691
Under construction	39,662	5,052
Total	197,016	180,381

6. Non-consolidated investments

Non-consolidated investments are reported at the value appearing in the financial statements of the company concerned.

(in thousands of French Francs)	1997	1996
Gross value of non-consolidated investments	128,945	99,631
Depreciation provisions	(29,489)	(24,357)
Total	99,456	75,274

This item includes shares in non-consolidated companies controlled by the Group, but without a significant impact on its sales or income.

The main non-consolidated companies at 31 December 1997 were:

Name	Holding as %	Net value of stock
SCI Clichy	100.00	28,640
Sogea Limitada - Chile	99.00	9,487
SMTPC	11.48	5,373
SCBA - Portugal	100.00	3,730
IUR	99.90	2,959
Campenon Bernard SGE Indonesia	99.90	2,845
Cofframat	99.83	2,812
Sablères Sainte-Hélène	100.00	2,810
SGE Système Rail	99.94	2,265
Saturg 2000	22.40	2,240
Gespace	49.98	1,755
City Center Building	100.00	1,504
Campenon Bernard Guyane	100.00	1,499
SCI les Fontois	100.00	1,434

7. Other financial assets

This item comprises long-term loans and receivables of a financial nature, as well as deposits and performance bonds, with the following net values:

(in thousands of French Francs)	1997	1996
Long-term loans and financial receivables	60,581	31,373
Deposits and other financial assets	141,157	120,826
Other long-term securities	16,311	16,153
Total	218,049	168,352

8. Deferred Charges

Charges to be spread over several years include the costs of tendering, of specialised equipment and of site installations, which are depreciated over the period of execution of the works.

9. Inventories and work in progress

The «inventories and work in progress» item breaks down as follows:

(in thousands of French Francs)	1997	1996
Inventories (net value)	51,504	62,916
Work in progress	546,975	-
Total	598,479	62,916

Work in progress on the balance sheet at 31 December 1997 mainly pertains to the Frankfurt Hilton Hotel project, treated in the accounts as a turn-key sale upon delivery of the building.

10. Short-term financial receivables and other marketable securities

The short-term financial receivables and other marketable securities item breaks down as follows, in net values:

(in thousands of French Francs)	1997	1996
Marketable securities	374,802	429,793
Other short-term financial receivables	1,716,127	1,878,616
Total	2,090,929	2,308,409

The «marketable securities» item mainly consists of tradable debt certificates, and of shares in mutual funds and money market funds.

The market value of these securities, based on Stock Exchange quotations of 31 December 1997, is not substantially different from the book value as it appears on the assets side of the balance sheet.

Short-term financial receivables include the current financial accounts of several non-consolidated companies, as well as current cash accounts with SGE (FF 1,458,837,000 on 31 December 1997).

11. Changes in shareholders' equity

(in thousands of French Francs)

Shareholders' equity Group share	Capital stock	Additional paid-in capital	Exchange adjustments	Reserves and income	Total
At 31 December 1995	505,750	39,349	(1,689)	75,082	618,492
- Allocation of parent company income				30,967	30,967
- Exchange adjustments			1,197	(760)	437
- Group share of the year's income				110,585	110,585
At 31 December 1996	505,750	39,349	(492)	215,874	760,481
- Allocation of parent company income				(83,146)	(83,146)
- Exchange adjustments			(4,339)	(12)	(4,351)
- Impact of changes in accounting methods				(78,575)	(78,575)
- Group share of the year's income				(236,452)	(236,452)
At 31 December 1997	505,750	39,349	(4,831)	(182,311)	357,957

On 31 December 1997, the capital stock of the parent company was made up of 5,057,500 shares with a par value of FF 100 each. In accordance with currently prevailing accounting rules, the impact on the balance at 1 January due to the change in method of accounting for pension commitments was charged against consolidated shareholders' equity, amounting to FF 78,575,000.

12. Minority interests

Minority interests changed in the course of the year as follows:

(in thousands of French Francs)	1997	1996
Balance at the beginning of the year	27,774	31,128
Scope of consolidation and other changes	49,880	(764)
Financing by minority interests	31,355	23,031
Share of minority interests in the year's net income	(62,308)	(25,621)
Balance at year end	46,701	27,774

For companies whose shareholders' equity, including the year's earnings, was negative, the Group assumed the share of equity belonging to minority interests.

13. Provisions for contingencies and losses

(in thousands of French Francs) Type of provision	At the beginning of the year	Consolidation and other changes	Impact of changes in method ⁽¹⁾	Allowances in the year	Releases in the year	At year end
Operating provisions						
- After-sales service	178,165	150,868	-	134,308	104,023	359,318
- Litigation	206,257	90,013	-	165,368	107,970	353,668
- End-of-contract losses	273,534	40,417	-	292,760	201,511	405,200
- Other provisions	209,940	128,150	78,575	108,959	210,232	315,392
Sub-total	867,896	409,448	78,575	701,395	623,736	1,433,578
Financial provisions	138,753	(12,017)	-	29,564	18,717	137,583
Non-recurring provisions ⁽²⁾	231,939	(9,031)	-	214,156	123,187	313,877
TOTAL	1,238,588	388,400	78,575	945,115	765,640	1,885,038

(1) Impact of accounting at the beginning of the financial year for pension commitments (see Note 2.1).

(2) The «non-recurring provisions» item consists of provisions covering risks of a non-recurring or exceptional nature, in particular restructuring costs.

14. Financial indebtedness

At the end of the financial year, the Group's net indebtedness was FF 1,818,486,000, broken down as follows:

(in thousands of French Francs)	1997	1996 restated	1996
Long-term financial receivables	60,581	31,373	-
Total long-term financial receivables	60,581	31,373	-
Long-term portion of bonded debt	-	(10,050)	(10,050)
Other long-term loans and debt	(17,325)	(13,532)	(13,532)
Total long- and medium-term debt	(17,325)	(23,582)	(23,582)
Short-term portion of long-term debt	(148,997)	(23,674)	(23,674)
Bank overdrafts and other short-term debt	(505,229)	(320,233)	(320,233)
Gross financial debt	(610,970)	(336,116)	(367,489)
Marketable securities	374,802	429,793	429,793
Short-term financial receivables	1,716,127	1,878,616	1,878,616
Quick assets	338,527	94,709	94,709
Net financial position	1,818,486	2,067,002	2,035,629

Short-term financial receivables consist largely, amounting to FF 1,458,837,000, of an investment with the parent company, that is remunerated as a function of open market rates.

Maturity dates of long-term financial debt at 31 December 1997:

Maturity in 1999	4,832
Maturity between 2000 and 2002	1,494
Maturity in 2003 or later	24
Indeterminate maturity	10,975
Total	17,325

Debts guaranteed by collateral

None.

15. Breakdown of net sales

Consolidated net sales exclude miscellaneous goods and services, as well as services to non-consolidated companies, which are classified as other operating revenue.

The change in net sales is also affected by the change in scope of consolidation.

When this effect is eliminated, net sales stand as follows:

(in thousands of French Francs)	1997	1996
Net sales in the financial year	10,691.0	7,760.0
of which		
- Sales of newly consolidated companies	(4,269.2)	-
- Sales of previously consolidated companies	-	(206.4)
Net sales at constant scope of consolidation	6,421.7	7,553.6

On a like-to-like consolidation basis, the net sales figure is down by 15% compared to the previous financial year.

Breakdown by geographic area

France	6,390.6	4,281.9
Europe	3,761.2	2,041.1
Africa	231.4	330.4
Asia	156.0	996.0
Middle East	150.4	107.4
Elsewhere	1.5	3.2
Total	10,691.0	7,760.0

16. Other revenue

(in thousands of French Francs)	1997	1996
Income from joint operations	46,698	5,027
Operating subsidies	1,224	6,236
Other management revenue	669,680	454,032
Transfers of operating charges	16,277	21,616
Total	763,879	486,911

The «other management revenue» item includes revenue not directly related to the business, such as equipment rentals, insurance reimbursements, sales of merchandise, etc.

Transfers of operating charges pertain exclusively to deferred charges posted during the financial year.

17. Operating expenses

Operating expenses, totalling FF 11,451,992,000, break down as follows:

(in thousands of French Francs)	1997	1996
Purchases	2,125,673	1,334,623
External services	6,241,569	4,155,444
Salaries, wages and social security	2,561,193	2,081,257
Other operating expenses	237,362	208,992
Net depreciation and provision allowances	286,195	239,028
Total	11,451,992	8,019,344

Net depreciation and provision allowances break down as follows:

Net depreciation allowances

(in thousands of French Francs)	1997	1996
Intangible assets	10,031	5,369
Tangible assets	192,817	238,080
Franchised assets	186	186
Deferred charges	15,773	23,561
Total depreciation allowances	218,807	267,196

Net provision allowances

(in thousands of French Francs)	1997	1996
Asset depreciation	(10,271)	13,328
Operating liabilities and losses	77,659	(41,496)
Total provision allowances	67,388	(28,168)
Total depreciation and provision allowances	286,195	239,028

Allocations in the year to provisions for operating liabilities and losses mainly pertain to construction end-of-contract losses.

18. Financial income

This item breaks down as follows:

(in thousands of French Francs)	1997	1996
Income from financing	56,177	53,096
Dividends	951	6,833
Exchange gains or losses	1,157	10,264
Other net financial charges and revenue	(8,039)	(3,338)
Total	50,246	66,855

19. Non-recurring income / (expense)

Non-recurring income includes items of an exceptional nature, such as restructuring costs, costs associated with disposals, the impact of disposals of assets (except when they are an integral part of the business), the cost of closing companies or work sites, abandonment of receivables, and the impact of guarantees extended to the company when they are exercised.

It breaks down as follows:

(in thousands of French Francs)	1997	1996
Net gains from disposals	9,863	575
Exceptional gains and losses from management operations	(227,944)	(119,169)
Provisions for exceptional depreciation or liabilities	(95,497)	(64,911)
Total	(313,578)	(183,505)

Net gains from disposals include FF 8,910,000 of capital gains from disposals of fixed assets (FF 811,000 in 1996), and FF 953,000 in gains from the sale of securities (against a capital loss of FF 236,000 in 1996).

The «exceptional losses» item includes restructuring costs amounting to FF 107,599,000.

Non-recurring income includes exceptional costs and provisions for Urban Bau amounting to FF 117,113,000. These losses led to the decision, taken in the course of the year, to close this company.

20. Net taxes

Net taxes comprise current taxes payable by French corporations and branches abroad.

Given the legal status of Campenon Bernard SGE, deferred tax credits and liabilities have not been taken into consideration.

21. Off balance sheet commitments

Guarantees extended in connection with major contracts, which represent the greater part of the «performance bonds and guarantees» item, covering advances received and end-of-contract performance guarantees, explain the substantial size of these commitments.

(in thousands of French Francs)	Commitments given	Commitments received
Performance bonds and guarantees	3,837,237	669,917
Joint guarantees for non-consolidated partnerships	68,495	2,883,606
Other commitments	128,253	91,054
Total	4,033,985	3,644,577

21.1 Commitments related to pensions, retirement and comparable benefits

Retirement related commitments were restated for both financial years on the basis of the consolidation at the end of 1997, and of the actuarial method applied under the change in method described in Note 2.1.

(in thousands of French Francs)	1997	1996
Commitments of French companies	74,690	78,575
Commitments of foreign companies	45,317	-
Total commitments covered by provisions	120,007	78,575

Retirement related commitments at the end of 1996 of foreign companies appear in the scope of consolidation changes under the «other operating provisions» item.

21.2 Commitments related to leasing arrangements

Assets financed by leasing arrangements are not significant in value.

22. Payroll costs and number of employees

Given the large number of employees under fixed term contracts in this line of business, it is more appropriate to provide statistics for the average number of employees over the year.

The average weighted number of employees stood at:

	1997	1996
Management and professional	1,481	1,234
Supervisory	2,030	1,691
Salaried employees	1,105	922
Manual workers	4,989	4,157
Total number of employees	9,605	8,004

The total payroll costs of all the companies of the Group amount to FF 2,561,193,000 for 1997, against FF 2,081,257,000 for 1996. The number of people on the payroll at the end of the year stood at 9,710, against 7,893 at the end of December 1996. The increase was mainly due to changes in the scope of consolidation over the financial year (+3,060).

On a like-to-like consolidation basis, the number of employees would have declined by about 1,200 over the year.

23. List of main consolidated companies

as of 31 December 1997

	Country	% holding
1. Parent company		
Campenon Bernard SGE SNC		100.00
2. Fully consolidated subsidiaries in the building and civil engineering sector		
ABEB NV	Belgium	94.73
Acanthe BTP SNC		100.00
Armor SA		100.00
Bateg SNC		100.00
Bâtiments et Ponts Construction	Belgium	94.99
Bonino SNC		100.00
Botte BTP SNC		100.00
Brüggemann GmbH	Germany	90.00
C 3 B SNC		100.00
Campenon Bernard Bâtiment SNC		100.00
Campenon Bernard Construction SNC		100.00
Campenon Bernard Régions SNC		100.00
Campenon Bernard Sud SNC		100.00
Cofex Régions SNC		100.00
Deschiron SNC		100.00
Edif SNC		100.00
Ehrenfels	Germany	63.92
EMCC		100.00
Enbatra SNC		100.00
Expertises et travaux SNC		100.00
FCC	Czech Republic	100.00
Giletto SNC		100.00
Hagen SA	Portugal	99.95
Klee	Germany	63.92
Lamy SNC		100.00
MCB SNC		100.00
Merle SA		99.97
OBG	Germany	70.00
OBAG	Germany	70.00
PAR.EN.GE SNC		100.00
Pateu et Robert SNC		100.00
Pierrot BTP SNC		100.00
SCB SA		99.97
SKE	Germany	63.92
SRC SARL		100.00
Salvarem		100.00
SGE Hoch-und Ingenieurbau	Germany	70.00
Sobeau Auvergne SNC		100.00
Sotramines SA		89.98

	Country	% holding
UBG	Germany	70.00
Urban BTP Bau GmbH	Germany	100.00
Urban BTP SNC		100.00
Valerian SA		100.00
Verazzi SNC		100.00
Verdoia SNC		100.00
Warbud SA	Poland	70.02

3. Proportionally consolidated subsidiaries in the building and civil engineering sector

Batipont Immobilier	Belgium	47.50
Campenon Saigon Builders LTD	Vietnam	50.00
Socaso SARL		66.67
Socatop		33.33
Vietnamese French Corporation	Vietnam	50.00

4. Proportionally consolidated joint ventures and inter-company partnerships created for major projects

Méto d'Athènes	Greece	25.00
Méto du Caire - Ligne 2	Egypt	23.70
Pont sur le Tage	Portugal	23.00
Stade de France		33.33
Station d'épuration de Colombes		35.20
Tunnel de Marseille		37.50
Tunnel d'Orelle		30.00
Tunnels du Lesotho	Lesotho	20.50
Val de Rennes		42.50
Viaduc de Ventabren		50.00
Viaducs de Mornas - Mondragon		40.00

Report of the Statutory Auditors on the consolidated financial statements

Year ended 31 December 1997

In compliance with the assignment entrusted to us by your Shareholders' General Meeting, we have audited the accompanying consolidated financial statements of Campenon Bernard SGE for the year ended 31 December 1997.

The Campenon Bernard SGE's management is responsible for the preparation of the consolidated financial statements. It is our responsibility to express an opinion based on our audit on these consolidated financial statements.

We conducted our audit in accordance with French professional standards. Those standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evalua-

ting the overall consolidated financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above give a true and fair view of the Group's financial position, and its assets and liabilities at 31 December 1997, and the results of operations of the companies included in the consolidation for the year then ended.

Without qualifying the above opinion, we draw your attention to Note 2.1 to the consolidated financial statements which sets out a change in the method used to account for pension commitments.

We have also carried out the verification of the information given on the management of the Group. We have no comment to make as to its fair presentation and conformity with the consolidated financial statements.

Paris, 6 April 1998
The Statutory Auditors

Hubert Luneau

Salustro Reydel
Bernard Cattenoz

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