

# Change of accounting policy: consolidation by equity method of jointly controlled entities

## 1. Accounting principles

To improve its financial information, the VINCI Group has elected to apply, as from the financial year ended 31 December 2010, the option offered by IAS 31 “Interests in Joint Ventures”, which enables jointly controlled entities to be consolidated using the equity method. This option, already used by other European groups operating in the construction and concessions sector, is a better reflection of VINCI’s business model in the field of public-private partnerships carried out through jointly owned project companies and financed using non-recourse financing. It is consistent with the IASB’s recent decision to eliminate the proportionate consolidation method for jointly controlled entities and, in particular, the draft standard on Joint Arrangements that is expected to be published in 2011.

IAS 31 distinguishes between three categories of joint ventures:

- Jointly controlled operations;
- Jointly controlled assets;
- Jointly controlled entities (for which the standard proposes the option of consolidation using the equity method).

The first two categories, mainly joint ventures and consortiums in the Contracting business lines, are accounted for on the basis of the Group’s share in controlled assets, incurred liabilities, income and expenses.

### Consequences of the change of accounting policy on the Groups’ consolidated financial statements

Jointly controlled entities previously consolidated using the proportionate consolidation method are now accounted for using the equity method.

They are consolidated in the line “Investments in equity-accounted companies” of the balance sheet, in “Profit/(loss) of equity-accounted companies” of the income statement, and in “Share of profit/(loss) of equity-accounted companies, dividends received from unconsolidated companies and profit or loss from operations classified as held for sale” of the cash flow statement.

The main entities concerned by this change are joint-venture project companies in Concessions and DEME in Contracting.

At 31 December 2009, the number entities impacted by the change of accounting policy was as follows:

(number of companies)	Total	France	Foreign countries
<b>Concessions</b>	<b>33</b>	<b>10</b>	<b>23</b>
<b>Contracting</b>	<b>197</b>	<b>27</b>	<b>170</b>
Energy	4	3	1
Eurovia	18	11	7
Construction	175	13	162
<b>Real estates</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Total</b>	<b>231</b>	<b>38</b>	<b>193</b>

The impacts of the change of accounting policy on the Group’s financial statements are given in Note 2, “Impact of the change of accounting policy”.

## 2. Impact of the change of accounting policy

In accordance with IAS 8, this change of accounting policy has been applied retrospectively from 1 January 2009. Equity at the beginning of the period and the comparative annual data presented have been restated.

### 2.1. Income statement

(in € millions)	31/12/2009 Published	Impact of change of accounting policy	31/12/2009 Restated
<b>Revenue</b>	<b>32,459.6</b>	<b>(1,282.0)</b>	<b>31,177.7</b>
of which:			
Revenue - excluding construction by third parties of new infrastructure under concession	31,927.6	(1,186.7)	30,740.9
Revenue - construction by third parties of new infrastructure under concession	532.0	(95.3)	436.7
Revenue from ancillary activities	201.5	(8.6)	192.8
Operating expenses	(29,468.6)	1,198.2	(28,270.4)
<b>Operating profit from ordinary activities</b>	<b>3,192.5</b>	<b>(92.3)</b>	<b>3,100.1</b>
Share-based payment expense (IFRS 2)	(62.9)		(62.9)
Goodwill impairment expense	(11.8)		(11.8)
Profit/(loss) of equity-accounted companies	27.1	57.8	84.9
<b>Operating profit</b>	<b>3,144.8</b>	<b>(34.5)</b>	<b>3,110.4</b>
Cost of gross financial debt	(829.6)	32.4	(797.2)
Financial income from cash management investments	86.2	(2.8)	83.4
<b>Cost of net financial debt</b>	<b>(743.4)</b>	<b>29.6</b>	<b>(713.8)</b>
Other financial income	164.8	(7.3)	157.5
Other financial expenses	(123.4)	(0.0)	(123.4)
Income tax expense	(744.7)	17.4	(727.3)
<b>Net profit from continuing operations</b>	<b>1,698.2</b>	<b>5.1</b>	<b>1,703.3</b>
Profit after tax from discontinued activities (halted or sold)	-	-	-
<b>Net profit for the period</b>	<b>1,698.2</b>	<b>5.1</b>	<b>1,703.3</b>
Net profit for the period attributable to non-controlling interests	102.2	5.1	107.3
<b>Net profit for the period attributable to owners of the parent</b>	<b>1,596.0</b>	<b>(0.0)</b>	<b>1,596.0</b>
<b>Earnings per share attributable to owners of the parent</b>			
Earnings per share (in €)	3.27		3.27
Diluted earnings per share (in €)	3.21		3.21

The main impacts related to the change of accounting policy are detailed below:

31/12/2009					
(in € millions)		Revenue	Operating profit from ordinary activities	Profit / (loss) of equity-accounted companies	Cost of net financial debt
Published data		32,459.6	3,192.5	27.1	(743.4)
Concessions	I	(104.7)	20.2	(18.5)	13.5
Contracting	II	(1,162.2)	(112.6)	76.4	16.1
Energy		(7.0)	(0.8)	0.6	(0.0)
Eurovia		(151.8)	(9.9)	6.5	0.5
Construction		(1,003.4)	(101.8)	69.2	15.5
Holdings & other activities	III	(15.0)	(0.0)	0.0	0.0
Impact of change of accounting policy	I + II + III	(1,282.0)	(92.3)	57.8	29.6
Restated data		31,177.7	3,100.1	84.9	(713.8)

## 2.2. Statement of comprehensive income

(in € millions)	31/12/2009 Published	Impact of change of accounting policy	31/12/2009 Restated
<b>Net profit for the period (including non-controlling interests)</b>	<b>1,698.2</b>	<b>5.1</b>	<b>1,703.3</b>
Financial instruments of controlled entities: changes in fair value	(52.1)	10.6	(41.5)
of which:			
Available-for-sale financial assets	14.4		14.4
Cash flow hedge	(66.5)	10.6	(55.9)
Financial instruments of equity-accounted companies: changes in fair value	(7.7)	(12.7)	(20.5)
Currency translation differences	39.4	(0.4)	39.0
Tax	11.5	0.6	12.1
<b>Income and expenses for the period recognised directly in equity</b>	<b>(9.0)</b>	<b>(1.9)</b>	<b>(10.9)</b>
<b>Total comprehensive income for the period</b>	<b>1,689.3</b>	<b>3.2</b>	<b>1,692.5</b>
of which:			
Attributable to owners of the parent	1,584.3	(1.3)	1,583.0
Attributable to non-controlling interests	104.9	4.5	109.4

## 2.3. Balance sheet

	31/12/2009			01/01/2009		
(in € millions)	Published	Impact of change of accounting policy	Restated	Published	Impact of change of accounting policy	Restated
<b>Assets</b>						
Concession intangible assets	24,223.8	(291.5)	23,932.2	24,059.2	(62.1)	23,997.1
Goodwill, net	3,638.2	(39.6)	3,598.6	3,578.9	(39.4)	3,539.6
Other intangible assets	184.3	(16.0)	168.3	177.3	(16.4)	160.9
Property, plant and equipment	4,614.0	(623.4)	3,990.5	4,582.9	(536.1)	4,046.7
Investment property	49.9	(8.2)	41.7	42.8	(0.1)	42.6
Investments in equity-accounted companies	214.1	426.2	640.3	165.9	347.3	513.3
Other non-current financial assets	892.6	(242.2)	650.5	622.4	(81.7)	540.7
Deferred tax assets	144.6	(26.9)	117.7	143.8	(15.9)	127.9
<b>Total non-current assets</b>	<b>33,961.4</b>	<b>(821.7)</b>	<b>33,139.7</b>	<b>33,373.2</b>	<b>(404.5)</b>	<b>32,968.7</b>
Inventories and work in progress	755.7	(88.4)	667.3	786.4	(60.5)	725.8
Trade and other operating receivables	10,369.9	(400.3)	9,969.5	11,561.5	(463.0)	11,098.5
Other current assets	368.1	(12.9)	355.2	325.6	(36.4)	289.2
Current tax assets	64.6	(12.6)	52.0	91.5	(0.2)	91.3
Other current financial assets	242.9	0.7	243.6	246.9	(16.5)	230.3
Cash management financial assets	1,116.7	20.7	1,137.3	338.6	17.6	356.2
Cash and cash equivalents	5,556.9	(143.3)	5,413.7	5,068.5	(124.6)	4,944.0
<b>Total current assets</b>	<b>18,474.8</b>	<b>(636.2)</b>	<b>17,838.6</b>	<b>18,419.0</b>	<b>(683.6)</b>	<b>17,735.3</b>
<b>Total assets</b>	<b>52,436.1</b>	<b>(1,457.8)</b>	<b>50,978.3</b>	<b>51,792.2</b>	<b>(1,088.1)</b>	<b>50,704.0</b>
<b>Liabilities</b>						
Share capital	1,302.4	0.0	1,302.4	1,240.4	0.0	1,240.4
Share premium	5,749.6	0.0	5,749.6	5,162.7	0.0	5,162.7
Treasury shares	(1,108.2)	0.0	(1,108.2)	(1,247.5)	0.0	(1,247.5)
Other equity instruments	490.6	0.0	490.6	490.6	0.0	490.6
Consolidated reserves	2,040.9	(0.0)	2,040.9	1,436.1	0.3	1,436.4
Currency translation reserves	(75.4)	(0.4)	(75.8)	(113.6)	(0.5)	(114.2)
Net profit for the period attributable to owners of the parent	1,596.0	(0.0)	1,596.0	1,591.4	(0.4)	1,591.0
Amounts recognised directly in equity	(187.6)	2.7	(184.8)	(139.7)	4.3	(135.4)
Non-controlling interests	631.5	24.9	656.4	605.3	23.2	628.6
<b>Total equity</b>	<b>10,439.9</b>	<b>27.2</b>	<b>10,467.1</b>	<b>9,025.8</b>	<b>26.9</b>	<b>9,052.7</b>
Non-current provisions	994.8	36.8	1,031.6	905.3	1.1	906.5
Bonds	5,318.7	0.0	5,318.7	3,958.7	0.0	3,958.7
Other loans and borrowings	12,895.9	(558.1)	12,337.7	13,813.6	(352.6)	13,461.0
Other non-current liabilities	133.6	(12.0)	121.6	114.2	(15.1)	99.1
Deferred tax liabilities	2,364.6	(7.5)	2,357.1	2,478.5	(3.8)	2,474.7
<b>Total non-current liabilities</b>	<b>21,707.6</b>	<b>(540.9)</b>	<b>21,166.7</b>	<b>21,270.4</b>	<b>(370.3)</b>	<b>20,900.1</b>
Current provisions	2,842.2	(19.2)	2,823.0	2,672.4	(14.3)	2,658.1
Trade payables	6,233.6	(357.6)	5,876.1	6,803.8	(376.3)	6,427.5
Other current payables	8,507.8	(435.8)	8,071.9	8,574.0	(188.6)	8,385.3
Current tax payables	222.2	(13.1)	209.1	123.7	(25.7)	98.0
Current borrowings	2,482.8	(118.4)	2,364.3	3,322.0	(139.7)	3,182.3
<b>Total current liabilities</b>	<b>20,288.6</b>	<b>(944.2)</b>	<b>19,344.5</b>	<b>21,495.9</b>	<b>(744.6)</b>	<b>20,751.3</b>
<b>Total liabilities</b>	<b>52,436.1</b>	<b>(1,457.8)</b>	<b>50,978.3</b>	<b>51,792.2</b>	<b>(1,088.1)</b>	<b>50,704.0</b>

The main impacts related to the change of accounting policy are detailed below:

31/12/2009				
(in € millions)		Concession intangible assets	Investments in equity-accounted companies	Net financial debt
<b>Published data</b>		<b>24,223.8</b>	<b>214.1</b>	<b>(13,684.1)</b>
<b>Concessions</b>	<b>I</b>	<b>(291.5)</b>	<b>31.1</b>	<b>271.8</b>
<b>Contracting</b>	<b>II</b>	<b>(0.1)</b>	<b>395.2</b>	<b>278.8</b>
Energy			0.8	(1.5)
Eurovia			39.8	(1.4)
Construction		(0.1)	354.6	281.7
<b>Holdings &amp; other activities</b>	<b>III</b>		<b>0.0</b>	<b>3.8</b>
<b>Impact of change of accounting policy</b>	<b>I + II + III</b>	<b>(291.5)</b>	<b>426.2</b>	<b>554.4</b>
<b>Restated data</b>		<b>23,932.2</b>	<b>640.3</b>	<b>(13,129.7)</b>

## 2.4. Cash flow statement

(in € millions)	31/12/2009 Published	Impact of change of accounting policy	31/12/2009 Restated
<b>Consolidated net profit for the period (including non-controlling interests)</b>	<b>1,698.2</b>	<b>5.1</b>	<b>1,703.3</b>
Depreciation and amortisation	1,814.0	(85.5)	1,728.5
Net increase/(decrease) in provision	163.4	(18.1)	145.2
Share-based payments (IFRS 2) and other restatements	(30.6)	(0.0)	(30.6)
Gain/(loss) on disposals	(29.5)	0.3	(29.2)
Change in fair value of financial instruments	7.3	3.1	10.4
Share of profit/(loss) of equity-accounted companies, dividends received from unconsolidated entities and profit or loss from operations classified as held for sale	(41.2)	(57.6)	(98.8)
Capitalised borrowing costs	(105.4)	6.2	(99.2)
Cost of net financial debt recognised	743.4	(29.6)	713.8
Current and deferred tax expense recognised	744.7	(17.4)	727.3
<b>Cash flows (used in) / from operations before tax and financing costs</b>	<b>4,964.2</b>	<b>(193.5)</b>	<b>4,770.7</b>
Changes in working capital requirement and current provisions	608.8	(85.0)	523.8
Income taxes paid	(689.6)	45.8	(643.8)
Net interest paid	(783.8)	21.5	(762.3)
Dividends received from equity-accounted companies	0.0	46.7	46.7
<b>Net cash flows (used in) / from operating activities I</b>	<b>4,099.6</b>	<b>(164.5)</b>	<b>3,935.2</b>
Purchases of property, plant and equipment, and intangible assets	(893.0)	187.5	(705.5)
Proceeds from sales of property, plant and equipment, and intangible assets	95.3	(5.3)	90.0
<b>Net investments in operating assets</b>	<b>(797.7)</b>	<b>182.2</b>	<b>(615.5)</b>
<b>Operating cash flow</b>	<b>3,301.9</b>	<b>17.7</b>	<b>3,319.6</b>
Purchases of concession fixed assets (net of grants received)	(1,051.8)	54.0	(997.8)
Financial receivables (PPP contracts and others)	(175.2)	129.2	(46.0)
<b>Investments in concessions and PPP contracts</b>	<b>(1,227.0)</b>	<b>183.1</b>	<b>(1,043.9)</b>
Purchases of shares in subsidiaries and associates (consolidated and unconsolidated)	(185.5)	(2.8)	(188.4)
Proceeds from sales of shares in subsidiaries and associates (consolidated and unconsolidated)	69.5	(9.5)	60.0
Net effect of changes in scope of consolidation	5.7	(4.2)	1.5
<b>Net financial investments</b>	<b>(110.3)</b>	<b>(16.6)</b>	<b>(126.9)</b>
Dividends received from unconsolidated entities <sup>(*)</sup>	33.6	(19.7)	13.9
Other	(40.1)	(5.1)	(45.2)
<b>Net cash flows (used in)/from investing activities II</b>	<b>(2,141.6)</b>	<b>323.9</b>	<b>(1,817.6)</b>
Changes in share capital	648.8	0.0	648.8
Changes in treasury shares	(2.5)	0.0	(2.5)
Non-controlling interests in share capital increases of subsidiaries	5.1	(0.0)	5.1
Dividends paid			
- to shareholders of VINCI SA	(816.0)	0.0	(816.0)
- to non-controlling interests	(57.0)	(2.6)	(59.5)
Proceeds from new borrowings	1,489.5	(39.8)	1,449.7
Repayment of borrowings and changes in other current financial debt	(1,996.5)	(131.9)	(2,128.4)
Change in cash management assets	(813.7)	(2.5)	(816.2)
<b>Net cash flows (used in)/from financing activities III</b>	<b>(1,542.2)</b>	<b>(176.7)</b>	<b>(1,718.9)</b>
<b>Change in net cash I+II+III</b>	<b>415.9</b>	<b>(17.3)</b>	<b>398.6</b>
<b>Net cash and cash equivalents at beginning of period</b>	<b>4,513.4</b>	<b>(117.3)</b>	<b>4,396.1</b>
Other changes	26.9	0.0	26.9
<b>Net cash and cash equivalents at end of period</b>	<b>4,956.3</b>	<b>(134.6)</b>	<b>4,821.7</b>
Increase/(decrease) of cash management financial assets	813.7	2.5	816.2
(Proceeds from)/repayment of loans	507.0	171.6	678.7
Other changes	(76.9)	27.2	(49.7)
<b>Change in net debt</b>	<b>1,686.7</b>	<b>184.0</b>	<b>1,870.7</b>
<b>Net debt at beginning of period</b>	<b>(15,370.8)</b>	<b>370.4</b>	<b>(15,000.4)</b>
<b>Net debt at end of period</b>	<b>(13,684.1)</b>	<b>554.4</b>	<b>(13,129.7)</b>

(\*) After reclassification of "Dividends received from equity-accounted companies" in net cash flow (used in)/from operating activities.

The main impacts related to the change of accounting policy are detailed below:

		31/12/2009		
(in € millions)		Cash flows (used in) / from operations before tax and financing costs	Net investments in operating assets	Investments in concessions and PPP contracts
<b>Published data</b>		<b>4,964.2</b>	<b>(797.7)</b>	<b>(1,227.0)</b>
<b>Concessions</b>	<b>I</b>	<b>2.6</b>	<b>1.6</b>	<b>138.6</b>
<b>Contracting</b>	<b>II</b>	<b>(196.1)</b>	<b>180.6</b>	<b>44.5</b>
Energy		(0.6)	(0.2)	0.0
Eurovia		(16.4)	7.0	0.0
Construction		(179.1)	173.8	44.5
<b>Holdings &amp; other activities</b>	<b>III</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Impact of change of accounting policy</b>	<b>I + II + III</b>	<b>(193.5)</b>	<b>182.2</b>	<b>183.1</b>
<b>Restated data</b>		<b>4,770.7</b>	<b>(615.5)</b>	<b>(1,043.9)</b>