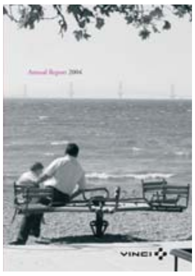
Annual Report 2004

Contents

Cover, left and page 1: the Charilaos Trikoupis bridge (Rion–Antirion) over the Gulf of Corinth in Greece.



VINCI, world leader in concessions, construction and related services[1]

VINCI has used the complementary nature of its traditional concessions and construction activities as a platform for growth, building its leading position[1] across the full spectrum of construction, roadworks and electrical works business lines. A close-knit network of 2,500 profit centres, located primarily in Europe, supports its operations. The Group's strong roots on each of its markets are reinforced by the decentralisation, individual empowerment, entrepreneurship and networking that form the bedrock of its management model. Combined with a stringent risk control policy, this model has enabled VINCI to achieve profitability levels that make it the benchmark in its sector.

VINCI Concessions

Drawing on its expertise in project design, financing, turnkey construction and engineering, VINCI Concessions builds transport infrastructure (motorways, road structures, car parks, airports), and then operates them under long-term contracts. This dual competency also applies to major public facilities, such as the Stade de France.

VINCI Energies

VINCI Energies is market leader[1] in France and a major player in Europe in energy and information technology. The company operates in four complementary business lines (engineering, systems integration, implementation, maintenance), providing services to the energy infrastructure, manufacturing, service and telecommunications sectors. In all these sectors, the VINCI Energies network of 700 business units develops solutions that are both local and global.

Eurovia

Eurovia builds, renovates and maintains road and motorway infrastructure, carries out urban, industrial and retail development projects and is expanding into the ancillary environmental and service business lines. Eurovia's 210 quarries, 520 production sites and 110 recycling facilities make it one of the leading French producers of road construction materials.

VINCI Construction

VINCI Construction, market leader[2] in France and a major player in the world market, brings together an unparalleled combination of capabilities in building, civil engineering, hydraulic engineering, multi-technical maintenance and services. With strong roots in its local markets in France, Europe and Africa, the company also holds a leading role in the world market for major design and build projects – both facilities and infrastructure – and specialised civil engineering.

1. – Source: Moniteur *magazine, December 2004 (basis 2003 net sales).*

2. – See "VINCI Construction's competitive position in its main markets", page 74.

A group targeting performance, agility, innovation and responsibility

Our awareness of our responsibilities towards our customers and partners, our employees and the community at large is illustrated in the way we conduct our business: at VINCI, economic success goes hand in hand with social and environmental performance.

A message from the Chairman

Our Group ended 2004 with excellent results. Year after year, the steady improvement in our performance reflects a clear and unwavering strategy. VINCI's net sales rose 8%, with operating and net income up 18% and 35% respectively, demonstrating once again that we can maintain success over the long haul. The 50% rise in the VINCI share price over the year, the best performance in the CAC 40 index, clearly shows that investors are confident that the pace of this growth is sustainable.

This year, all four of our business lines improved their performance, with Construction, the largest contributor to the Group's net income, doing particularly well. VINCI is now operating profitably in all its business areas. This we owe to the 128,000 employees across the Group's 2,500 business units, who have worked tirelessly to implement and enhance our growth model, in which rigour, selective order-taking, decentralised organisation and a culture of responsibility and trust have blended to make our Group a benchmark in its sector.

VINCI will continue to expand on this basis, building on strong organic growth – as evidenced by the 17% year-on-year increase in our order backlog – considerable potential for acquisitions in all our businesses and the Group's sound balance sheet. Development will be further boosted by the growing trend towards public-private partnerships in our various European markets. These offer significant opportunities for leveraging our longstanding expertise in concessions and construction, as does the recently-launched business partnership with ASF, in which VINCI is the largest private-sector shareholder.

As we grow, we will further tighten the synergies that drive our network of business units, as we also step up sustainable development at all levels. VINCI is making a major contribution to the amenity of today's urban environment; we are also one of the main private-sector employers in France. This means we have responsibilities towards our customers and partners, our employees and the community at large. Our awareness of these responsibilities shows in the way we conduct our business: at VINCI, economic success is predicated on social and environmental performance. Our employee savings scheme, under which 44,000 employees have a stake in the overall success of the Group, is a case in point. Likewise, the commitment of all business units to improving employee safety, on the road as on the worksite, and our constant efforts to protect the environment are in keeping with this principle of corporate responsibility.

With our sights firmly set on performance, agility, innovation and responsibility, our Group will continue on its present course of steady growth and ever better results.

Antoine Zacharias
Chairman

Corporate management structures

Board of Directors

Chairman
Antoine Zacharias,
Chairman and CEO of VINCI

Vice-Chairman
Bernard Huvelin,
Adviser to the Chairman of VINCI

Directors
Dominique Bazy,
Vice-Chairman of UBS Investment Bank

François David,
Chairman of Coface

Quentin Davies,
UK Member of Parliament

Guy Dejouany,
Honorary President of Vivendi Universal

Alain Dinin,
Chairman and CEO of Nexity

Patrick Faure,
Chairman and CEO of Renault Sport and Chairman of the Board of Renault F1 Team Ltd

Dominique Ferrero,
Vice-Chairman of Merrill Lynch Europe

Serge Michel,
Chairman of Soficot

Alain Minc,
Chairman and CEO of AM Conseil and Chairman of the Supervisory Board of Le Monde

Henri Saint Olive,
Chairman and CEO of Banque Saint Olive

Yves-Thibault de Silguy,
Executive Vice-President of Suez

Willy Stricker,
Senior Banker at the Caisse Nationale des Caisses d'Epargne

Denis Vernoux,
Member of the Board representing employee shareholders

Executive Committee

The Executive Committee is responsible for managing VINCI (see photo opposite).

Antoine Zacharias,
Chairman and CEO of VINCI, Chairman of VINCI Concessions

Bernard Huvelin,
Vice-Chairman of the Board of VINCI, Adviser to the Chairman of VINCI

Xavier Huillard,
Co-Chief Operating Officer of VINCI, Chairman of VINCI Energies

Roger Martin,
Co-Chief Operating Officer of VINCI, Chairman of Eurovia

Philippe Ratynski,
Chairman of VINCI Construction

Christian Labeyrie,
Vice-President and Chief Financial Officer

Pierre Coppey,
Vice-President, Corporate Communications, Human Resources and Synergies

Management and Co-ordination Committee

The Management and Co-ordination Committee brings together the members of the Executive Committee and senior executives of VINCI. Its remit is to ensure broad discussion of the company's strategy and development.

Antoine Zacharias,
Chairman and Chief Executive Officer of VINCI, Chairman of VINCI Concessions

Bernard Huvelin,
Vice-Chairman of the Board of VINCI, Adviser to the Chairman

Xavier Huillard,
Co-Chief Operating Officer of VINCI,Chairman of VINCI Energies

Roger Martin,
Co-Chief Operating Officer of VINCI, Chairman of Eurovia

Bruno Angles,
CEO of VINCI Energies

David Azéma,
CEO of VINCI Concessions

Renaud Bentegeat,
Managing Director of CFE

Pierre Berger,
CEO of VINCI Construction Grands Projets

Pierre Coppey,
Vice-President, Corporate Communication, HR and Synergies

Bruno Dupety,
Chairman of Freyssinet

Richard Francioli,
Chairman of VINCI Construction Filiales Internationales

Denis Grand,
Chairman of VINCI Park

Robert Hosselet,
Chairman of GTM Construction

Christian Labeyrie,
Vice-President and Chief Financial Officer of VINCI

Jean-Yves Le Brouster,
Co-Chief Operating Officer of VINCI Energies

Patrick Lebrun,
Executive Vice-President of VINCI Energies, Managing Director of VINCI Assurances

Jean-Louis Marchand,
Co-Chief Operating Officer of Eurovia

Jean-Pierre Marchand-Arpoumé,
Chairman of VINCI Services Aéroportuaires

Jean-Luc Pommier,
Vice-President, Business Development of VINCI

Philippe Ratynski,
Chairman of VINCI Construction

Daniel Roffet,
Executive Vice-President, Eurovia International

Jean Rossi,
Chairman of Sogea Construction

John Stanion,
Chairman of VINCI plc

Henri Stouff,
Chairman of Cofiroute

Philippe Touyarot,
Executive Vice-President of VINCI Energies

Guy Vacher,
Executive Vice-President, Eurovia France

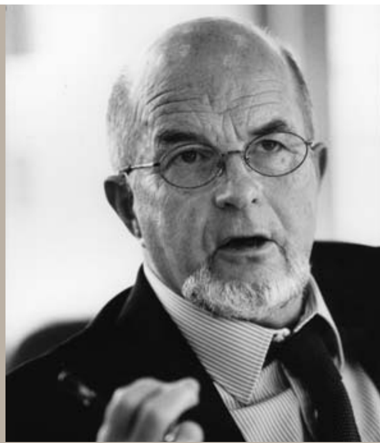
See also "Corporate governance", page 130.

Executive Committee

The Executive Committee:
Antoine Zacharias,

(1st row, left to right):
Bernard Huvelin,
Xavier Huillard,
Roger Martin,

(2nd row, left to right):
Philippe Ratynski,
Christian Labeyrie,
Pierre Coppey.



Robust and prolonged growth in results

VINCI milestones

1891. Formation of Grands Travaux de Marseille (GTM).

1899. Formation of Girolou by Alexandre Giros and Louis Loucheur. This company built electrical generating stations and networks. Its first concession was the Lille-Roubaix-Tourcoing tramway.

1908. Formation, as part of Girolou, of Société Générale d'Entreprises (SGE).

1908-1918. SGE experienced rapid growth until World War I and participated in the war effort and then in post-war reconstruction. It became renowned for major projects such as the building of dams and power stations.

1918-1946. SGE developed its activities mainly in electricity until the sector was nationalised in 1946, at which time it redeployed into building and civil engineering.

1966. Compagnie Générale d'Électricité acquired a controlling interest in SGE.

1970. SGE participated in the formation of Cofiroute, which financed, built and now operates the A10 (Paris to Orleans) and A11 (Paris to Le Mans) motorways.

1984. Compagnie de Saint-Gobain became SGE's majority shareholder. Road building (through Bourdin Chaussé and Cochery) and electrical and air conditioning equipment became two important activities.

1988. Saint-Gobain sold its interest in SGE to Compagnie Générale des Eaux, which contributed its construction and civil engineering subsidiaries Campenon Bernard and Freyssinet, as well as roadworks company Viafrance.

The 1990s. Several acquisitions gave SGE a Euro-pean dimension.

1996. SGE was reorganised into four core businesses: concessions, energy, roads, and construction.

1997. SGE sold its household waste treatment and water distribution activities to Compagnie Générale des Eaux, and (in exchange) acquired electrical engineering companies GTIE and Santerne and construction company CBC.

1999. The Group made a successful friendly bid for Sogeparc, the leading French car park operator.

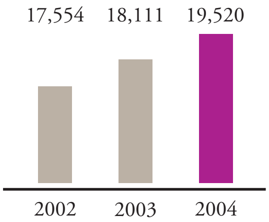
2000. Vivendi disposed of its holding in SGE, which changed its name to VINCI. VINCI made a friendly bid for GTM with a view to a merger and Suez contributed its majority shareholding. The merger of the two groups formed the world's leading group in concessions, construction and related services.

2002. VINCI entered the CAC 40 index of the 40 leading companies listed on the Paris market and acquired 17% of ASF.

2003-2004. VINCI increased its holding in ASF to 23%.

VINCI is heir to many hundreds of businesses whose names, since the 19th century, have been associated with the most ambitious of construction projects, in France and throughout the world.

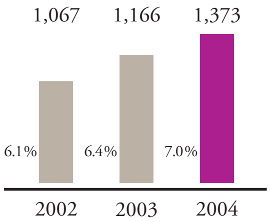
Net sales(1)



+8 % in 2004

Growth in net sales is particularly marked in France (10%) and Central and Eastern Europe (13%).
On a constant consolidation scope and exchange rate basis, growth was 7%.

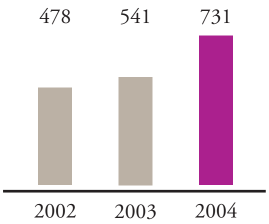
Operating income(2)



+18 % in 2004

All VINCI business lines improved their operating performance.
The growth recorded by VINCI Construction (57%) and VINCI Energies (40%) is outstanding.

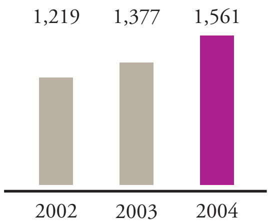
Net income(1)



+35 % in 2004

The growth in net income is attributable to all VINCI business lines. VINCI Construction remains the biggest contributor to Group net income, ahead of VINCI Concessions.

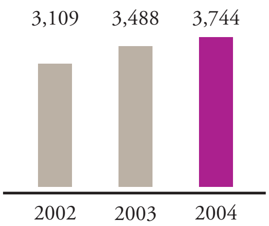
Cash flow from operations(1)



+13 % in 2004

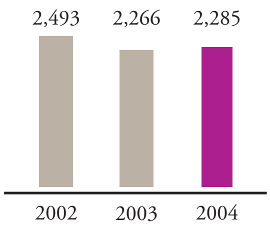
There was a further significant increase in cash flow from operations. The engineering business lines (construction, roads and energy) accounted for 60% of the total cash flow.

Shareholders' equity and minority interests(1)



VINCI's financial structure was strengthened in 2004, with equity up from €3.5 billion to €3.7 billion and a gearing ratio (net debt/equity) of 61%, compared with 65% in 2003.

Net debt(1)

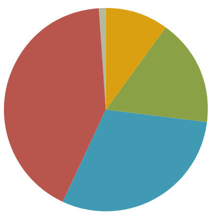


The cash flow generated by operations enabled VINCI to maintain its net debt at €2.3 billion in spite of growth investments in concessions and the increase in cash distributed to shareholders.

1. – In millions of euros.
2. – In millions of euros and as a percentage of net sales.

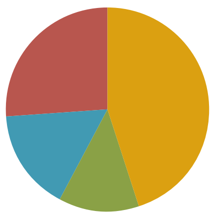
Four complementary business lines, operating mainly in Europe

2004 net sales by business line



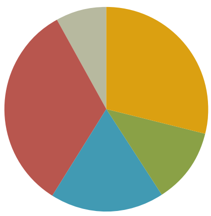
Concessions & services	10%
Energy	17%
Roads	30%
Construction	42%
Others	1%
Total	100%

2004 operating income by business line



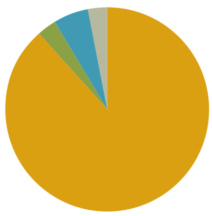
Concessions & services	45%
Energy	13%
Roads	16%
Construction	26%
Total	100%

2004 net income by business line



Concessions & services	29%
Energy	12%
Roads	18%
Construction	33%
Others	8%
Total	100%

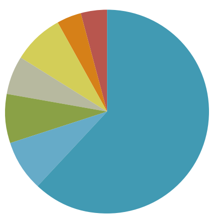
Capital employed at 31 Dec. 2004 by business line



Concessions & services	93%
Energy	3%
Roads	6%
Construction	-5%
Others	3%
Total	100%

VINCI has a balanced portfolio of four business lines, which are very complementary from a financial viewpoint:
– Concessions are capital intensive during the investment phase, but they generate recurring sales and income, offering good future visibility;
– Engineering business lines (construction, roads and energy), which are much less capital intensive, are cash flow generators and generally have short operating cycles.

2004 net sales by geographical area

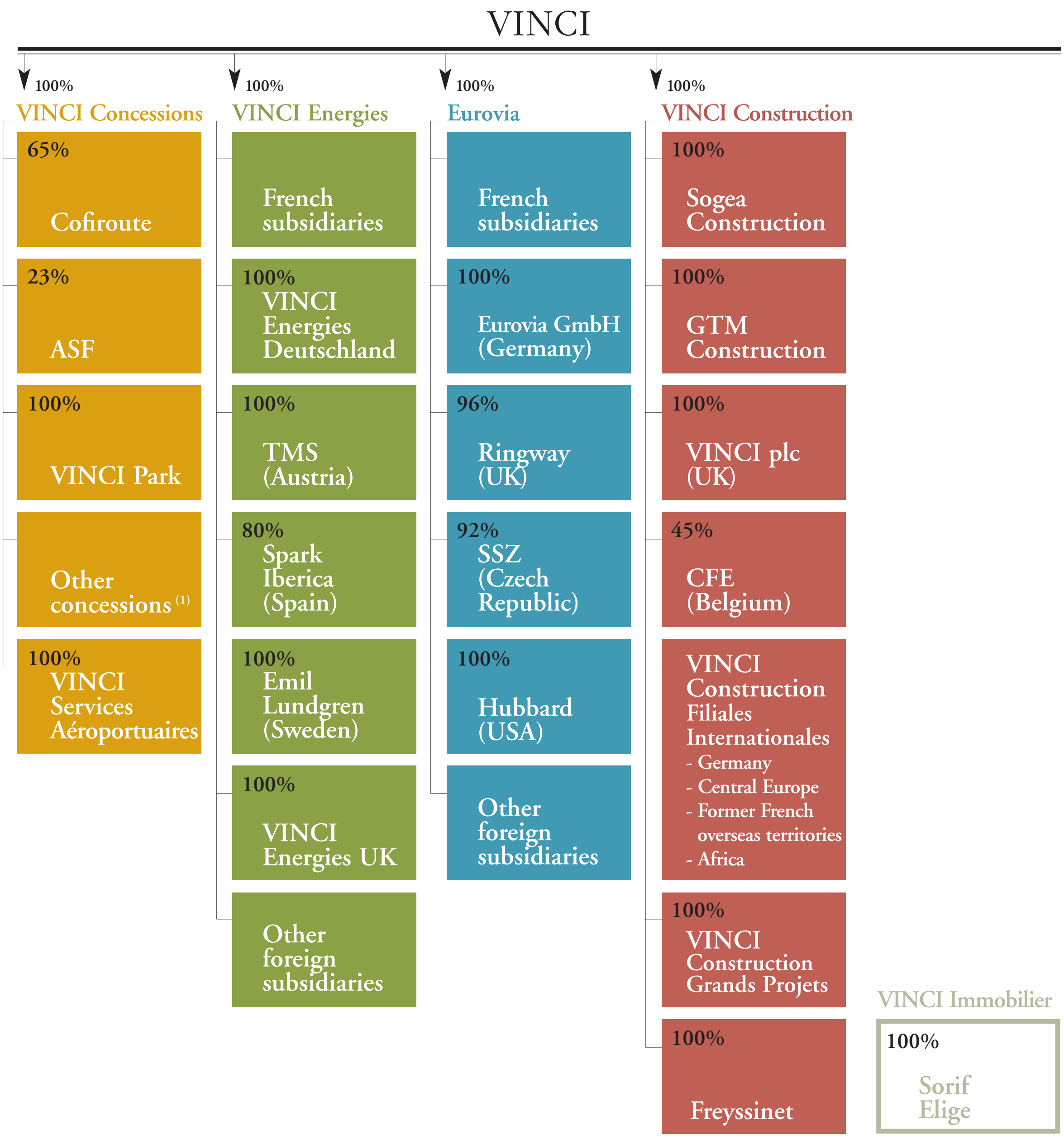


France	62%
Germany	8%
Great Britain	8%
Central and Eastern Europe	6%
Rest of Europe	8%
North America	4%
Rest of the world	4%
Total	100 %

VINCI generates over 90% of its net sales in Europe, with 62% of the total in France. The Group has significant operations in Germany and the UK, as well as in Central and Eastern Europe, which is a high growth area.

This geographical distribution reflects the decision by most VINCI business lines to maintain a strong local presence through entities firmly anchored in their own markets.

Organisation of the Group



The simplified chart above shows the main companies owned directly or indirectly by VINCI at 31 December 2004, and the percentage of capital held.

1. – See lists of concessions, pages 31 and 36.

A clear strategy and robust outlook

VINCI's strategy is to ensure the sustainable growth of its business and earnings by drawing on the complementary nature of its construction and concessions business lines.

The builder/concessionaire model

The construction and concessions business lines are complementary in economic, financial and operational terms:
– economic: while the business cycles in concessions are long, and sometimes very long (70 years in the case of the A86 Ouest tunnels, 65 years for the A19 motorway), they are short for electrical works (a few months) and medium for construction and roads (ranging from a few months to a few years);

– financial: while concessions generate recurring income with high operating margins but are capital intensive, construction is much less capital intensive but has lower margins. Moreover, due to the characteristics of their operating cycles, construction sector activities generate a cash surplus that can be reinvested in businesses with longer cycles such as concessions;

– operational: concessions and construction boost each other's business through the pooling of their expertise. Concessions provides know-how in the financial and legal aspects of project development, and then in infrastructure operation; construction, through its networks of business units, facilitates prospecting upstream and finding partners, and then it designs, builds and maintains the structures. VINCI therefore has the capacity to build complex structures with high value added by exploiting the synergies in its know-how. An excellent example of this is the recently completed Charilaos Trikoupis (Rion–Antirion) bridge, in which many VINCI subsidiaries participated.

Applying this model, VINCI is building these two business lines in synergy by combining a policy of targeted acquisitions with organic growth. The growth stems from the positioning of its subsidiaries in buoyant markets: transport and communication infrastructure, housing and special purpose facilities, and multi-technical maintenance.

Development of concessions and associated services

As a result of the merger with GTM in 2000 and other external growth operations carried out over recent years, VINCI has become the majority shareholder of Cofiroute and the Stade de France, Europe's biggest car park operator [1] and the primary private shareholder of ASF. Concessions now represent more than 90% of VINCI's capital employed and all its debt.

Concessions will remain the priority thrust of VINCI's growth strategy, focusing mainly on motorway infrastructure and car parks in Europe.

Sustainable profitability for construction businesses

The policy applied by VINCI in building and civil engineering, roads and energy combines selective order taking, rigorous risk control, a management model based on empowerment and the quest for productivity gains, notably by placing great emphasis on project preparation phases. The strengthening of this policy throughout every level of the Group should enable VINCI to achieve sustainable profitability in these business lines.

Moreover, VINCI will continue to pursue external growth in these areas with a view to:
– fleshing out its business unit networks in Europe;
– increasing value added and recurring income by developing upstream and downstream services (design-build, maintenance). This strategic thrust is bolstered by the expected growth in public-private partnerships for major infrastructure projects in the transport, health care, education and security sectors;

1. – See "VINCI Park, Europe's market leader in car parks", page 32

– augmenting its roads division's aggregate production capacity through the acquisition of quarries in Europe.

A promising outlook for 2005

Operating in buoyant markets, VINCI has very good visibility for 2005, with an order backlog representing almost 10 months of average business activity, up 17% year on year. Further growth is expected in net sales, especially in France and Central Europe. Nevertheless, the Group has not set a growth target for net sales because of its selective order taking policy.

With sound financial resources, VINCI has the capacity to finance its growth while continuing to practice a favourable financial policy for shareholders through dividends and its share buy-back programme.

Strong growth in order backlog

(in of euros millions)	**31/12/2004**	31/12/2003	change 04/03
Energy	1,322	1,152	+15%
Roads	3,694	3,239	+14%
Construction	8,880	7,461	+19%
Total	**13,896**	**11,853**	**+17%**
Months of business activity	*9.6*	*8.8*	

The strongest growth in the CAC 40 in 2004

In 2004, the VINCI share price increased 50%, the best performance in the CAC 40. With a substantial float (88%), the company's shareholder base is made up of a large proportion of individual (12%) and employee (9%) shareholders, together with geographically balanced institutional investors (28% in France and 48% in Europe and the United States).

Individual shareholders

Since 2002, VINCI has been building a special relationship with its individual shareholders, totalling approximately 80,000 people in 2004. The VINCI Shareholder Relations Department, set up to meet their needs, makes comprehensive relevant information available to them and maintains a close working relationship by organising regular meetings. The annual Shareholders Meeting provides a special opportunity to meet and talk with shareholders. In addition, VINCI has set up a Shareholders' Club, which all shareholders can join on request. Every year, its members receive invitations to attend the Actionaria and Forums de la Bourse investment fairs, and to visit worksites and high-profile projects. More than 800 shareholders visited VINCI's Actionaria booth in 2004, and 1,200 other visitors had an opportunity to talk with Group representatives at the Forums de la Bourse.

Institutional investors and financial analysts

In 2004, the Group continued and expanded communication with the financial community. In addition to meetings organised when interim and annual results were released, VINCI participated in some ten events for institutional investors to address specific subjects, particularly motorway concessions. VINCI participated for the first time in the London MidCapEvent organised by Euronext, and spoke at two conferences devoted to public-private partnerships. During the year, the Financial Department had one-on-one meetings with about 100 investors. VINCI's senior management team took part in six road shows, which visited the major financial centres of Europe, the USA and, for the first time, Canada.

Lastly, VINCI organised four sector-focused presentations in 2004 for financial analysts to enable them to learn more about VINCI Park, Cofiroute, Eurovia and VINCI Construction. This initiative, which will be continued in 2005, helped give the financial community a better understanding of the value of VINCI's activities. In total, management met over 900 investors and analysts during the year.

www.vinci.com: information in real time

The VINCI website at www.vinci.com provides individual shareholders with the same information available to the financial community and gives them real-time access to stock market data, press releases, financial results, presentations and all the documentation available about the company.

The shareholder's 2005 agenda

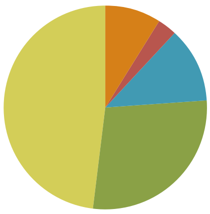
28 April	Shareholders Meeting
6 May	Payment of dividend
4 August	Second quarter sales
6 September	First half earnings
3 November	Third quarter sales

VINCI Shareholder Relations Department

1 cours Ferdinand-de-Lesseps
92851 Rueil-Malmaison Cedex, France

Individual shareholders	Investors
actionnaires@vinci.com	investors@vinci.com
Tel: +33 1 47 16 31 82	Tel: +33 1 47 16 45 39
Fax: +33 1 47 16 33 88	Fax: +33 1 47 16 36 23

Shareholder base at 31 December 2004



Employees	9%
Treasury stock	3%
Individual shareholders(1)	12%
French institutional shareholders(1)	28%
Other institutional shareholders(1)	48%
of which:	
USA	*17%*
UK	*20%*
Other European countries	*11%*
Total	100%

With 44,000 people holding 9% of the capital stock, employees remain VINCI's leading shareholder group. The proportion of individual shareholders held steady at 12%. The proportion of institutional investors increased: they now hold more than three-quarters of VINCI's capital stock.

1. – Estimate

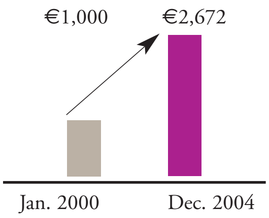
VINCI: in 29th place in the CAC 40 by capitalisation

€9.4 billion

at 28 February 2005

VINCI's market capitalisation amounted to €9.4 billion at the end of February 2005, placing it 29th in the CAC 40 by capitalisation and 23rd by floating capitalisation according to the weighting rules used by Euronext.

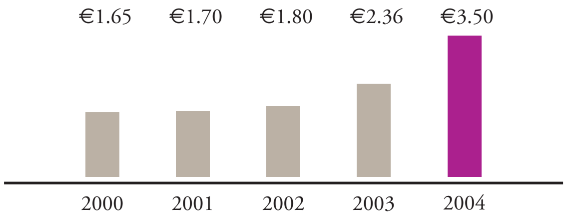
Shareholder return on investment over five years



+22% a year

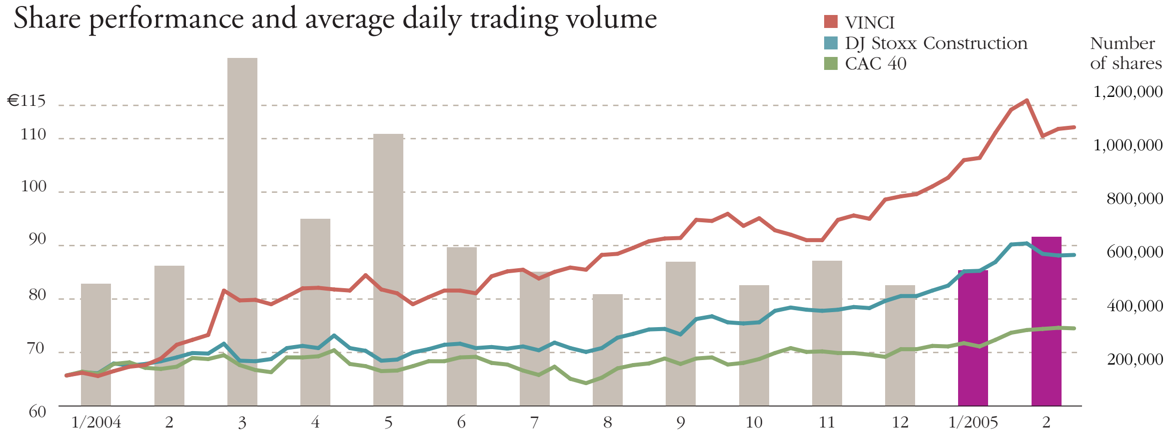
An investor who invested €1,000 in VINCI shares on 1 January 2000 and reinvested all dividends collected (including tax credit) in the purchase of further VINCI shares would have an investment worth €2,672 on 31 December 2004. This represents an annual average return of 22%.

Dividend doubled in five years



The dividend proposed to the Shareholders Meeting is €3.50 per share (€4.10 including the tax credit of €0.60 on the €1.20 interim dividend paid in December 2004). The balance of the dividend to be paid on 6 May 2005 will therefore be €2.30 per share. VINCI intends to continue paying an interim dividend each year on the current year's dividend.

Share performance and average daily trading volume



Between 1 January 2004 and the end of February 2005, VINCI's share price increased 69%, while the CAC 40 rose 13% and the European construction index 34%. On 15 February 2005, the share closed at a historic high of €116.10. Over the same period, VINCI shares traded at a daily average of 621,000 shares, representing a 18% increase over 2003.

Highlights

1. Inauguration of the Charilaos Trikoupis bridge in Greece

1.

January

‰ VINCI Airports starts operating the Grenoble-Isère airport, in partnership with Keolis.

February

‰ VINCI Energies acquires GFA, one of Germany's leading active fire protection companies, specialising in the installation of sprinklers.

April

‰ In a demonstration of its determination to expand in Eastern Europe, Eurovia acquires six quarries in Slovakia. With a combined annual production capacity of 800,000 tonnes, the quarries represent 80 million tonnes of reserves.

May

‰ Cofiroute signs a new amendment to its intercity concession contract with the French government, as well as a master plan covering the 2004-2008 period. The latter spells out the concession company's toll rate changes, capital investment programmes, sustainable development activities and operational objectives.

‰ The VINCI Foundation for the Community, which supports civic volunteer work performed by Group employees and works to help people in difficulty find a job, celebrates its second anniversary. In 2004, the Foundation made €1 million in funding available to support 58 projects.

June

‰ At the Château de Versailles, VINCI moves into the key stage of restoration work on the ceiling of the Hall of Mirrors, a UNESCO World Heritage Site. This €12 million operation is the largest cultural sponsorship programme ever undertaken in France.

‰ ASF and VINCI Concessions sign an industrial agreement covering joint activities related to products and services, the development of truck rest areas along their networks and bids on international tenders for concession contracts and projects involving road operation.

‰ SKE GmbH, VINCI's German subsidiary specialising in building maintenance, signs a 15-year public-private partnership (PPP) contract worth €295 million covering the modernisation, management and maintenance of 43 schools (comprising 234 buildings) in the district of Offenbach, near Frankfurt.

‰ VINCI Park acquires a 50% stake in Citypark Parkgaragen GmbH based in Vienna, Austria, which will serve as a base for its expansion in Central and Eastern Europe.

‰ VINCI Energies wins the three top prizes in the lighting competition organised by Serce for its work on the bridge in Montrichard, some 220 km southwest of Paris, the Place de l'Horloge in Nîmes and the Gros Horloge in Rouen. The annual competition recognises outstanding heritage illumination projects, based on the criteria of quality, originality and technical skill.

July

‰ VINCI and Alcatel sign a €55.5 million contract with the Moselle General Council to design and build broadband infrastructure over a total length of more than 924 km. The work will be carried out by VINCI Energies and Sogea Construction subsidiaries.

‰ VINCI Airports wins the outsourced management contract for the Chambéry-Aix-les-Bains airport, in partnership with Keolis.

August

‰ Built by VINCI Construction Grand Project on the Gulf of Corinth, the Charilaos Trikoupis (Rion–Antirion) bridge opened to traffic on 12 August. It is operated by VINCI under a 35-year concession.

2. Restoration of the ceiling of the Hall of Mirrors in Versailles

3. Antoine Zacharias and Abdel Majid Al Gaoud, Secretary General of the Great Man-Made River Committee, sign a partnership agreement

4. Soumagne tunnel break-through in Belgium

- Eurovia signs two contracts in Florida, with a total value of €120 million, covering renovation work on I-95 and SR408.

October

- In Belgium, VINCI Construction Grands Projets and CFE, VINCI Construction's Belgian subsidiary, achieve the breakthrough of the Soumagne tunnel on the high speed TGV line between Brussels and Cologne.

November

- In Libya, VINCI signs an agreement with a Libyan company setting up a joint venture to work on the next phase of the Great Man-Made River project, which will channel water from the country's southern aquifers to the coastal areas.
- The French government, ASF and VINCI sign a shareholder agreement relating to ASF governance and ownership. The agreement confirms the appointment of a VINCI representative to the ASF Board of Directors and VINCI's undertaking not to increase its interest in ASF to more than 23%.

December

- As co-developer with Nexity of the project designed by Christian de Portzamparc, VINCI will build the Granite tower, the extension of Société Générale's head office in La Défense, the business district of Paris.
- Opening of VINCI Park School, the first centre to provide accredited training for people working in the car park sector.
- To assist the victims of the tsunami in South-East Asia on 26 December, VINCI decides to match donations made by its employees to Médecins du Monde and UNICEF.

In October, VINCI is selected by the French government to negotiate the concession contract for the A19 motorway between Artenay (A10) and Courtenay (A6).

2.

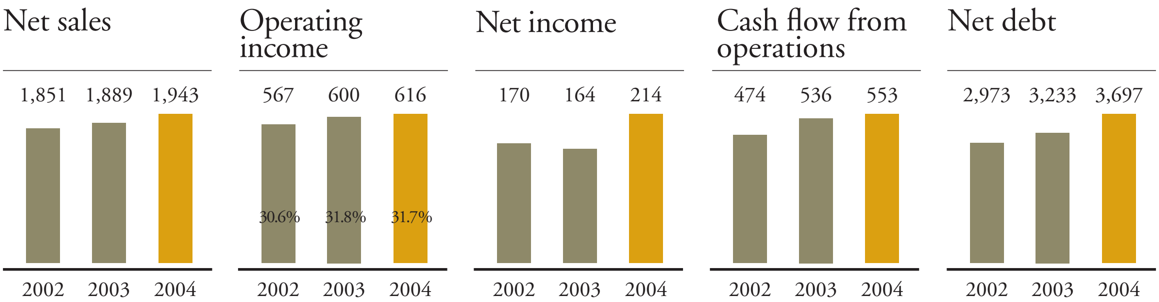
3.

4.

2004 business report

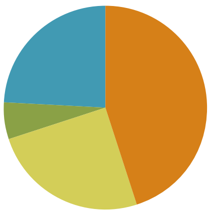
Concessions

Key figures



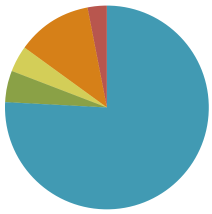
In € millions and as a percentage of net sales

Net sales by business line



Cofiroute	45%
VINCI Park	25%
Others concessions	6%
Airport services	24%
Total	100%

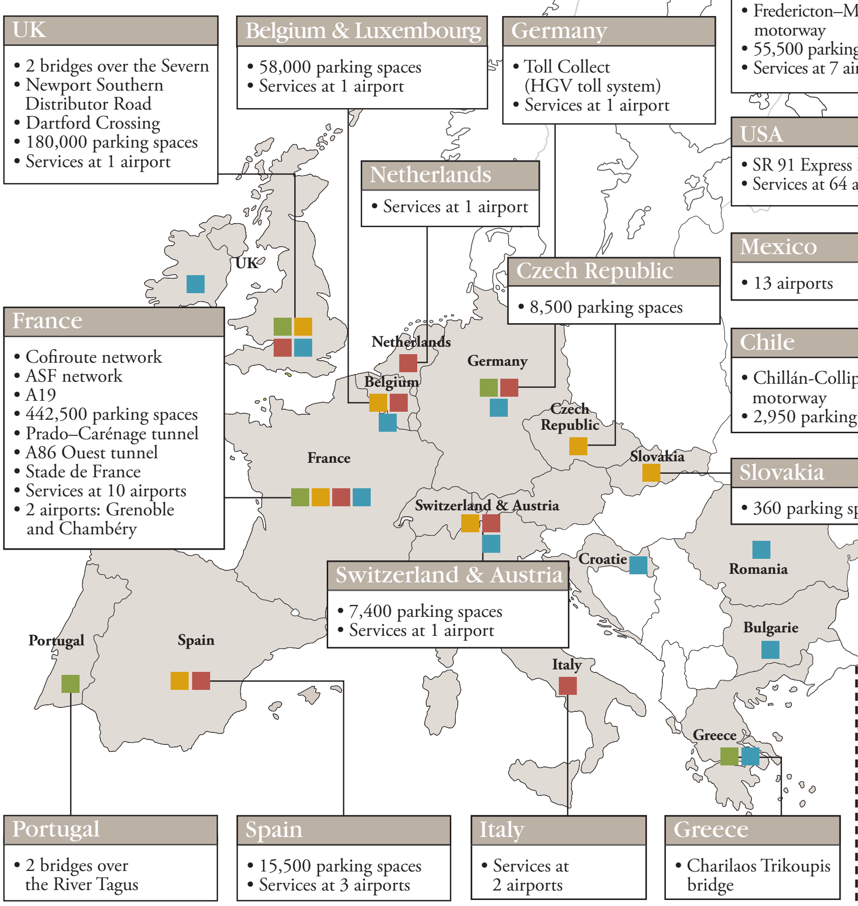
Net sales by geographical area

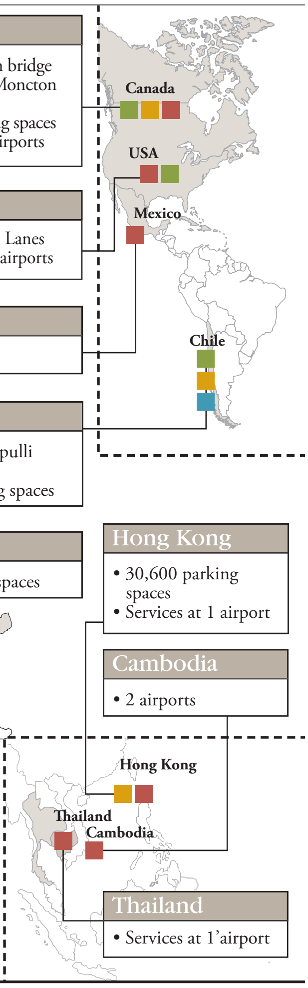


France	76%
Great Britain	5%
Rest of Europe	4%
North America	12%
Rest of the world	3%
Total	100%

VINCI Concessions worldwide

Road and motorway infrastructure
Car parks
Airports and airport services
Infrastructure projects under study





UK
- 2 bridges over the Severn
- Newport Southern Distributor Road
- Dartford Crossing
- 180,000 parking spaces
- Services at 1 airport

Belgium & Luxembourg
- 58,000 parking spaces
- Services at 1 airport

Germany
- Toll Collect (HGV toll system)
- Services at 1 airport

Netherlands
- Services at 1 airport

Czech Republic
- 8,500 parking spaces

France
- Cofiroute network
- ASF network
- A19
- 442,500 parking spaces
- Prado–Carénage tunnel
- A86 Ouest tunnel
- Stade de France
- Services at 10 airports
- 2 airports: Grenoble and Chambéry

Switzerland & Austria
- 7,400 parking spaces
- Services at 1 airport

Slovakia
- 360 parking spaces

Canada
- Confederation bridge
- Fredericton–Moncton motorway
- 55,500 parking spaces
- Services at 7 airports

USA
- SR 91 Express Lanes
- Services at 64 airports

Mexico
- 13 airports

Chile
- Chillán-Collipulli motorway
- 2,950 parking spaces

Hong Kong
- 30,600 parking spaces
- Services at 1 airport

Cambodia
- 2 airports

Thailand
- Services at 1'airport

Portugal
- 2 bridges over the River Tagus

Spain
- 15,500 parking spaces
- Services at 3 airports

Italy
- Services at 2 airports

Greece
- Charilaos Trikoupis bridge

An integrated concessionaire-builder model

Concessions and the management of outsourced public services have been the natural extension to VINCI's construction business for over a century.

VINCI Concessions specialises in the construction of major public infrastructure within the framework of innovative contracts such as concessions; build, operate and transfer (BOT); and private finance initiatives (PFI). The company also operates outsourced public services under long-term contracts. This dual capability is applied mainly in the field of transport infrastructure: motorways, roads and bridges, car parks and airports. It can also be extended to large facilities such as the Stade de France stadium near Paris, operated under concession by a company in which VINCI is the principal shareholder with a 67% interest.

This business activity originated in France, where Cofiroute now operates almost 1,000 km of motorway and VINCI Park over 440,000 car park spaces. It has expanded into other markets, to the extent that its international portfolio currently includes 370 km of motorway, six major bridges and tunnels, 15 airports and 350,000 car park spaces. Against a backdrop of strong growth in public-private partnerships worldwide, but especially in Europe, VINCI Concessions is one of the best placed players to meet the needs of local authorities. In synergy with other VINCI entities, particularly those in construction, VINCI Concessions has the legal, financial and technical capabilities required to assume full responsibility for complex projects. The acquisition of an interest in ASF, which led in 2004 to the signature of a shareholders' pact with the French government, reinforces VINCI's position in the European concessions market.

With its portfolio of concessions that provide sustainable growth and increase its customer references as a service operator year after year, VINCI Concessions has a solid foundation on which to pursue an ambitious expansion strategy.

1. To keep motorists informed and make motorways more user-friendly, over 1,200 signs, featuring new corporate signage, are being installed on Cofiroute's motorway network.

2. The Stade de France will be the venue for the 2007 Rugby World Cup.

1.


2.

Road and motorway infrastructure

1.

2.

1 & 2. As part of its campaign to improve road safety, Cofiroute organises various operations on its network, including educational activities in rest areas.

Cofiroute

Cofiroute is the only French motorway concessionaire that has remained in the private sector since its creation. The company operates a 928 km network in western France – with a further 163 km under construction, to be brought into service by 2008 – and handles an average of almost 300,000 transactions a day. Cofiroute also holds the concession for the A86 Ouest near Paris, a tolled underground urban motorway, the first part of which will be opened to traffic in October 2007.

In 2004, Cofiroute launched a programme to improve its business and operations performance. The company's consolidated net sales rose to €872 million, including a 4.2% increase in toll receipts, under the combined effects of 1.4% traffic growth on a constant network, the opening of 32 km of new sections in December 2003 and the introduction of a 1.6% increase in toll prices on 7 February 2004.

The signature at the beginning of the year of an amendment to the intercity network concession contract and the 2004–2008 master plan created new momentum in the partnership with the French government, based on the transparency and clarity of reciprocal commitments. The new contractual environment gives Cofiroute a clear and long-term framework within which to define its toll policy. It sets out the company's 5-year capital expenditure programme for building new sections on the intercity network (€1.4 billion planned over the 2004–2008 period) and modernising the existing network (€500 million). It also sets operational quality targets, consistent with Cofiroute's quality improvement

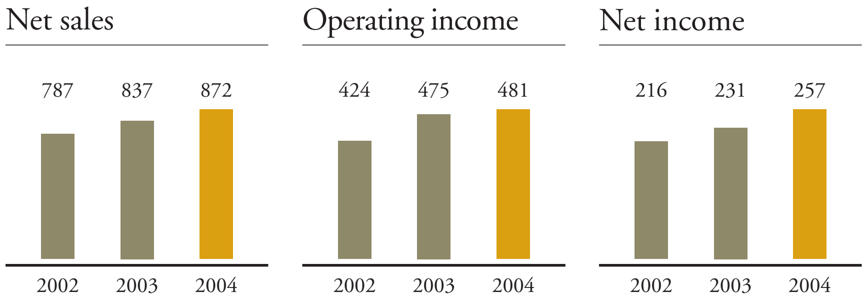
Cofiroute's position in the French motorway system

At 31 December 2004, France had a total of 7,918 km of motorway under concession and in service. Apart from Cofiroute, the network is divided among eight government-controlled companies.

Sources: ASFA and data published by the companies.

With a network of 1,091 km under concession, of which 928 km in service, Cofiroute represents 12% of the network under concession and in service. It is the fourth biggest concessionaire in France in terms of the size of network operated, behind ASF (2,963 km), APRR (2,205 km) and Sanef (1,743 km).

Cofiroute key figures
(in € millions, at 100%)



Cofiroute handles an average of 300,000 transactions a day.

1. Cofiroute is continuing its motorway widening programme to improve the flow of traffic. Pictured here, the A10, one of the busiest stretches of motorway in France, used heavily by trucks.

1.

2.

3.

programme. In 2004, the company was the first French motorway operator to obtain ISO 9001 certification for the operation of its entire network.

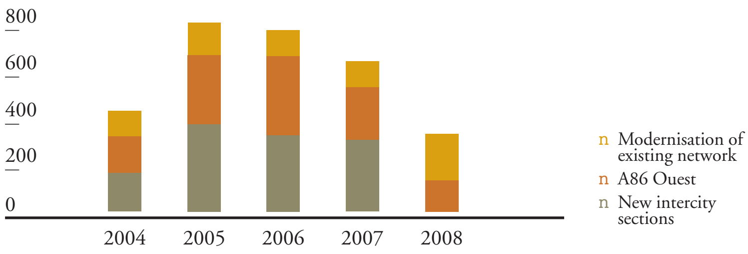
On 28 October, to help finance its capital expenditure programme, Cofiroute signed a 5-year loan agreement, with an option for a further two years, in the form of a club deal with partner banks. Cofiroute was able to negotiate good terms on the basis of its A+ rating and stable outlook and the favourable conditions prevailing in the loan market. This credit facility, the biggest ever secured by Cofiroute since its creation in 1970, falls within the company's strategy aimed at diversifying its sources of financing.

Intercity network

The year was marked by intense construction activity, with work now under way on all the new sections included in Cofiroute's concession contract. On the A11 motorway, Cofiroute started work on the northern Angers bypass, which will be opened to traffic in 2008. The 14.3 km section includes a 1.7 km cut and cover and a 529 metre viaduct over the River Maine. On the A28 in the Sarthe region, work re-started on the Ecommoy–Montabon section after six years of administrative procedures. The 57 km between Tours and Montabon will therefore be opened to traffic in mid-2006. On the A85, the start-up of work on the three viaducts over the River Cher, following a study and discussion phase of almost ten years, marks the beginning of the final phase for the completion of the motorway between Vierzon and Tours. In total, the 80 km to be built, including the Langeais bypass, will be completed in April 2008. Lastly, on the A10, Cofiroute opened the new Monts-Sorigny interchange to traffic. Located south of Tours, this interchange serves Isoparc, the new business park.

In 2004, Cofiroute was the first French motorway operator to obtain ISO 9001 certification for the operation of its entire network.

Estimates of Cofiroute's projected capital expenditure (in € millions)



2. Traffic information is broadcast over the network by Autoroute FM radio, which helps improve the safety and flow of traffic.

3. Infrastructure safety and inspections: two priority tasks for Cofiroute's traffic officers.

In parallel, Cofiroute continued to modernise its existing network with a view to providing customers with a superior and uniform level of service. A third lane was brought into service on two new sections of the A10. Cofiroute is making a significant effort to put an end to the disparities in the level of user comfort due to the age of the various parts of its network. This work includes resurfacing, installing new signage, creating a more uniform visual environment and improving conditions in rest areas and service stations.

A NEW MARKETING AND SERVICE POLICY

With a view to increasing subscriber numbers and providing top quality service to all its customers, Cofiroute is diversifying and promoting Liber-t, a remote toll collection system *(see photo opposite). The service is now accessible by holders of Total's GR-Total loyalty card. Universi-t, a new subscription plan, gives students a discount of up to 60% on their weekend journeys. The Duo option offers a second Liber-t badge to subscribers with two cars. Special promotional offers have been carried out with VINCI Park and Michelin. In addition, Cofiroute launched new services in 2004, including free SMS alerts in the event of traffic disruption and access to Wi-Fi technology in service stations. Lastly, the concessionaire has taken several initiatives aimed at improving its response to the specific needs of road haulage companies and truck drivers.*

1. Construction of emergency niches and stairways in the A86 Ouest tunnel continues.

2. Toll Collect, Germany's remote toll collection system for HGVs, came into service in January 2005. It uses a combination of GPS and GSM technologies.

A86 Ouest

The A86 Ouest concession contract covers a period of 70 years from the date on which the entire structure is opened to traffic.

Work on the contract continued throughout 2004, with the opening of a first 4.5 km section between Rueil Malmaison and the A13 at Vaucresson scheduled for 2007. In line with the new fire safety regulations, the tunnel is equipped every 200 metres with safety niches and emergency exit stairs connected to the technical gallery.

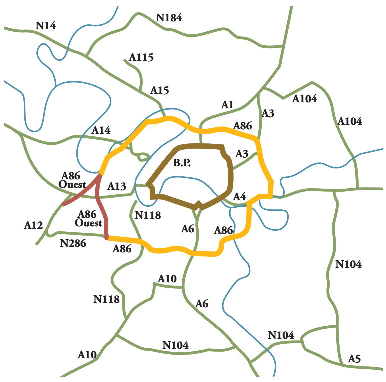
The results of a first emergency fire drill, for which extreme conditions were simulated – smoke, no ventilation or lighting, etc. – were very good. The second part of the tunnel, a 5.5 km section linking the A13 to Versailles, is scheduled for completion in 2009.

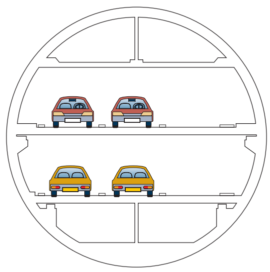
Outside France

In Germany, the remote toll collection system for HGVs, Toll Collect, developed by a joint venture comprising Cofiroute (10%), Deutsche Telekom (45%) and DaimlerChrysler Services (45%), was

1.

A86 OUEST: LAST LINK UNDER WAY





The A86 Ouest is the last link – underground – of the A86 super ring road around the Ile-de-France. Its two tunnels will protect the superb natural heritage and living conditions of the western suburbs of Paris.
The unique feature of the 10 km tunnel, which will link Rueil-Malmaison to Versailles, is that it has two superposed, independent roads, each carrying one-way traffic. This arrangement avoids the risk of head-on collisions and, consequently, increases safety.

2.

successfully brought into service on 1 January 2005 following several months of in-depth testing. The system, which covers the whole of the country's 12,000 km network, combines GSM and GPS technology. It will be operated by the joint venture for 12 years. Toll Collect is expected to generate €3 billion in receipts for the German government in 2005.

During the start-up phase at the beginning of 2005, when all HGVs on the German motorway network were not yet equipped with on-board electronic units (OBUs), the joint venture deployed 5,000 people at potentially difficult areas to help drivers learn to use the manual terminals. A second version of the OBU software, including new features such as toll price updating, will be deployed on 1 January 2006.

In the USA, Cofiroute participated in the successful installation of a dynamic toll system (free access for drivers who car-pool; toll charged for solo drivers) on a motorway in Minnesota.

Toll Collect, the remote toll collection system for HGVs in Germany, was successfully brought into service on 1 January 2005.

Autoroutes du Sud de la France

2,963 km

operated.

Autoroutes du Sud de la France

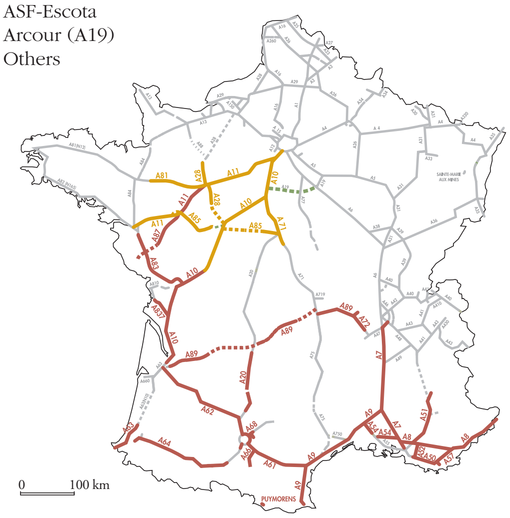
ASF is the biggest motorway concessionaire in France, with a network of 2,963 km in service. The French government is its majority shareholder, and VINCI has been the leading private shareholder since the company's privatisation in the spring of 2002.

On 25 November, the French government, ASF and VINCI signed a shareholders' pact in respect of ASF's capital and corporate governance. Under the terms of the pact, the government committed to appointing a person proposed by VINCI to ASF's Board of Directors. VINCI committed to limiting its holding in ASF's capital to a maximum of 23% for the 3-year period covered by the pact and to preserving the independence of the company's management. The pact will terminate if the government's interest drops to below 50%, if a third party acquires an interest of more than 10% or if a third party launches a takeover bid for ASF. Implementing this pact, VINCI increased its holding in ASF to 23% at the end of December.

The shareholders' pact is an extension of the industrial partnership agreement signed by VINCI and ASF in June 2004. Under the terms of that agreement, the two companies agreed to implement common products and services (payment methods, information, subscription plans and so on), develop secure parking areas for HGVs and, on a case-by-case basis, submit joint bids against road concession and operation tenders. The companies have already prequalified together for two projects – the A41 in France between Geneva and Annecy, and a project in Austria – illustrating the strength of this cooperation agreement.

In November, VINCI signed a shareholders' pact with the French government and ASF.

n Cofiroute
n ASF-Escota
n Arcour (A19)
n Others



VINCI'S MOTORWAY NETWORKS IN FRANCE

Length of networks
- *Cofiroute: 1,091 km under concession, of which 928 km in service*
- *ASF: 3,124 km under concession, of which 2,963 in service*
- *Arcour: 101 km to be built*

Contract duration
- *Cofiroute: 2030 (intercity network); 70 years after structure opens to traffic (A86 Ouest)*
- *ASF: 2032 (ASF network); 2026 (Escota network)*
- *Arcour: 2070*

Other road infrastructure

Through its subsidiaries, VINCI Concessions now operates ten road structures under concession contracts in seven countries. The division's business development teams are also working on numerous new projects in synergy with VINCI Construction and Eurovia.

Structures in operation

In France, SMTPC, the concession company of the Prado–Carénage tunnel in Marseilles, was successfully floated on the Second Marché (second market) of the Paris Bourse. VINCI increased its holding slightly (from 31% to 34%) by converting some of its subordinated notes.

In Greece, the highlight of the year was the inauguration of the Charilaos Trikoupis bridge, which connects Rion and Antirion over the Gulf of Corinth *(see box)*. Opened to traffic on 12 August, the bridge will be

OPENING OF THE CHARILAOS TRIKOUPIS BRIDGE IN GREECE

A fabulous fireworks display and the Olympic flame being carried across marked the official opening of the Charilaos Trikoupis (Rion–Antirion) bridge *the day before the start of the Athens Olympic Games, and four and a half months ahead of schedule. Its size and the technological innovations implemented make this 2,252 metre cable-stayed bridge (see photo opposite) a unique structure in Europe. The bridge reduces the journey between mainland Greece and the Peloponnese to five minutes, instead of 45 minutes by ferry.*

Some 133 million motorists have driven through the Prado-Carénage tunnel in Marseilles since it was opened in 1993.

Other road infrastructure

10

structures under concession.

15

projects at an advanced stage.

operated for 35 years by Gefyra, the concession company in which VINCI Concessions is the majority shareholder.

In the UK, the South Distributor Road around Newport in Wales, a PFI project, was opened to traffic on 15 December, and will be operated by VINCI for 38 years. In addition, Severn River Crossing plc, the concession company in which VINCI holds a 35% interest, has renewed its contract with Cofiroute UK to operate the tolls on the two bridges over the Severn Estuary between England and Wales for six years.

In Chile, where VINCI operates the Chillan–Collipulli motorway, the concessionaire has obtained a revenue guarantee from the government. The duration of the concession is now variable based on total traffic volume achieved. The concessionaire has committed to carrying out complementary roadworks, for which additional financing of €22 million has been set in place.

Current projects

At the end of 2004, VINCI was prequalified – alone or in a consortium – on 15 projects. Three of them advanced significantly during the final months of the year: the A19 motorway in France, the Comarnic–Predeal section in Romania, and the Chiloé bridge in Chile.
In France, the ministry in charge of infrastructure and transport selected Arcour, a VINCI Concessions subsidiary, to negotiate the A19 Artenay–Courtenay concession in October. This 101 km motorway section will connect the A10 to the A6. Arcour will be responsible for project financing and management under the terms of a 65-year contract. The design and construction will be carried out by a consortium of four VINCI subsidiaries and Cofiroute will operate the motorway. The total cost of the project (excluding financing) amounts to €618 million.

The A19, one of the government's top 35 transport infrastructure projects, will provide a link between the Atlantic seaboard networks (including Cofiroute's) and those in the south and east of France.

In Romania, VINCI and the Romanian government signed a public-private partnership contract on 18 October. The contract covers the design, construction, financing, operation and maintenance of a 36 km section of motorway between Comarnic and Predeal, north of Bucharest, in an extension of the Pan-European Corridor IV network.

In Chile, VINCI won the concession contract for the Chiloé bridge. The contract covers design, financing, construction, maintenance and operation for 30 years. The 2,634 metre suspension bridge will connect Chiloé Island to mainland Chile over the Chacao Strait, and will be the biggest bridge of its type in Latin America.

Other road infrastructure

Structure	Description	Country	2004 Trafic (in millions of vehicles)	End of concession	% held	Consolidation method [1]
Roads and motorways						
Chillán-Collipulli	160 km	Chile	6.1	~2023	83%	FC
Newport	10 km	Wales	ns	2042	50%	PC
Fredericton-Moncton	200 km	Canada	2.9	2028	12%	NC
Bridges and tunnels						
Rion–Antirion bridge	Peloponnese–mainland	Greece	1.8 [2]	2039	53%	FC
Tagus River crossings	2 bridges in Lisbon	Portugal	40.4	2030	31%	EM
Prado–Carénage tunnel	Marseilles	France	14.5	2025	34%	EM
Severn crossings	2 bridges over the Severn	UK	12.8	2016	35%	EM
Confederation bridge	Prince Edward Island–mainland	Canada	0.7	2032	50%	PC

1. – FC: full consolidation; PC: proportionate consolidation; EM: equity method; NC: not consolidated
2. – Since being opened to traffic in August 2004

1. To reduce car traffic in city centres and make it easier for customers to get about town, VINCI Park provides tailored services such as the free loan of a bicycle.

2. A great many modernisation programmes have been carried out to make car parks more pleasant for customers.

VINCI Park

1.

VINCI Park designs, builds, finances and operates on-street and car park spaces. Market leader in Europe, the company has a portfolio of 800,000 spaces divided among 1,200 car parks, 240 towns and 12 countries. Concession contracts, and car parks owned outright, with an average residual term of 33 years account for about 75% of the company's business. VINCI Park also operates as a service provider under shorter term contracts (3 to 5 years on average).

France

VINCI Park strengthened its leadership position in France by renewing around 20 outsourced public service or long-term management contracts for a total of over 20,000 spaces. These included new concessions in Paris involving major work for the Champeret-Yser (1,535 spaces for 20 years) and Magenta (810 spaces for 15 years) car parks, as well as the renewal of the concession for the Parc de la Gare in Melun (660 spaces for 20 years).

For private-sector customers, VINCI Park renewed its management contracts for the Gaïté-Montparnasse (2,300 spaces for 15 years) and Méridien-Etoile (490 spaces for 7 years) car parks.

The restrictions imposed on VINCI Park's expansion by the French competition commission ended in June 2004. In spite of those restrictions, the company

VINCI Park, Europe's market leader in car parks

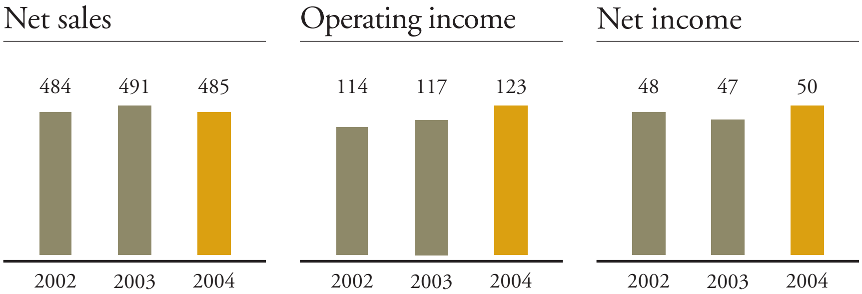
__In Europe,__ VINCI Park manages 711,000 spaces, making it the leading car park operator in Europe.
Other major players in the sector include Apcoa of Germany (690,000 spaces), NCP and Euro Car Parks of the UK (220,000 spaces and 215,000 spaces* respectively), Cintra of Spain (200,000 spaces), Q-Park of the Netherlands (180,000 spaces) and Eiffage Parking of France (150,000 spaces).*

** Car park spaces (number of on-street spaces unknown); VINCI estimate.*

__In France,__ VINCI Park is market leader, operating 442,000 spaces.
Other major players are Eiffage Parking (100,000 spaces), Sceta Parc (an SNCF subsidiary with 47,000 spaces), Q-Park France (30,000 spaces) and Lyon Park Auto (a semi-public company with 30,000 spaces).
The remainder of the market is divided up among a large number of semi-public companies.

Source: data published by the companies

VINCI Park key figures
(in € millions)



continued to grow, winning several new contracts for car parks to be built or put into operation at Saint Pierre des Corps (near Tours), Suresnes (near Paris), Fort de France (Martinique), Nimes and nearby Lunel. Two of these are hospital car parks, a market segment that VINCI Park will target in the coming years because of its strong growth potential.

In addition, VINCI Park strengthened its portfolio by acquiring, in full ownership, a 500 space car park in Lille and opening two recently built car parks in Biarritz (250 spaces) and Marne la Vallée (1,370 spaces in the Disney Village) under long-term contracts.

Lastly, the company won or renewed about 15 service provider contracts (operation only) for car parks totalling 17,800 spaces.

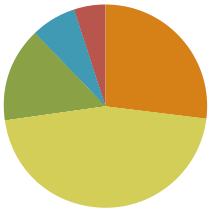
As part of its service-focused differentiation strategy, VINCI Park carried out an advertising campaign in

2.

VINCI PARK SCHOOL

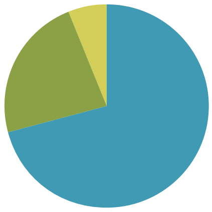
In November, VINCI Park created a business school for the car park industry, *a sector that is becoming a profession in its own right. The aim of VINCI Park School is to build a service-focused corporate culture. Its programmes revolve around two main subjects: marketing and sales strategy, and management. The programmes lead to qualifications, giving successful students access to promotion opportunities within the company. The only one of its type – and rare for a company the size of VINCI Park – the school gives recognition to jobs for which, until then, there had been no specific training. It also strengthens the identity of the brand by raising skills levels more rapidly across a geographically dispersed network.*

Net sales by geographical area



Paris	27%
Rest of France	46%
Great Britain	15%
Rest of Europe	7%
Rest of the world	5%
Total	100%

Net sales by type of contract



Concessions and long-term leases	71%
Service provider	23%
Full ownership	6%
Total	100%

about 30 French towns to raise people's awareness of the free services provided at the car parks in its network. Services include the loan of bicycles, umbrellas, repair kits, shopping baskets and shopping trolleys. The campaign supports the company's programme to improve the quality of parking facilities.

Outside France

VINCI Park continued its strategy aimed at strengthening its position in high potential countries where the company already has a significant presence (Western Europe and Canada) and expanding in the promising markets in Central Europe.

The strategy led to several adjustments in VINCI Park's portfolio. In Portugal, the company sold its minority interest in Emparque. In the UK, it became the sole shareholder of Compex, which specialises in IT applications for car parks. In Switzerland, VINCI Park increased its interest in Société du Parking Simplon-Gare to over 90%, strengthening its property portfolio. The car park in Lausanne has 410 spaces which, under the terms of its contract, VINCI Park will operate until 2085. In Canada, VINCI Park increased its interest in Gestiparc from 50% to 84%. Following its integration within VINCI Park Canada, Gestiparc gained new momentum, winning several significant contracts in Quebec, Montreal and Toronto in 2004.

With two concessions in Vienna and a management contract for the pay-to-park on-street parking in Prague, VINCI Park continued its expansion towards Central Europe by acquiring a car park in

In Lausanne, under the terms of the contract, VINCI Park will operate the Simplon Gare car park until 2085.

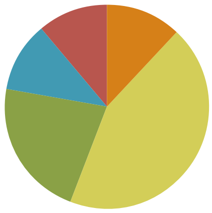
1.

2.

1. Unique architecture: the Gardin car park in Caen, for which VINCI Park has a 30-year management contract.

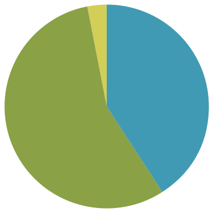
2. VINCI Park, which has been operating in the Czech Republic for over ten years, manages the pay-to-park on-street parking in Prague's Old Town.

Car park spaces by geographical area



Paris	12 %
Rest of France	44%
Great Britain	22%
Rest of Europe	11%
Rest of the world	11%
Total	100%

Car park spaces by type of contract



Concessions and long-term leases	41%
Service provider	56%
Full ownership	3%
Total	100%

Bratislava. It also purchased a 50% interest in Citypark, a recently formed company that operates 1,200 spaces in Austria and is expected to grow rapidly in neighbouring markets in Central Europe.

In business volume terms, several significant contracts consolidated VINCI Park's position in its various markets.

In the UK, successes included the Liverpool Docks conversion project (6,500 spaces), Aberdeen hospital (2,000 spaces) and a 1,100 space car park under construction in Cardiff. The renewal of a contract covering 4,800 spaces with the rail operator, Silverlink, will make a substantial contribution to VINCI Park UK's earnings from 2005. Lastly, the UK subsidiary won another prize as a result of its quality of service improvement programme, receiving a Secured Car Park Award for 34 car parks in London.

In Spain, VINCI Park signed two new service provider contracts in Barcelona and Soria (near Madrid), covering a total of 2,000 spaces. Again in Soria, it won its first contract in that country for managing on-street parking spaces.

In Belgium, following recent changes in legislation, municipal authorities are allowed to outsource the surveillance of pay-to-park on-street spaces to private-sector companies. It was against this backdrop that VINCI Park was awarded contracts by the cities of Mechelen and Ath.

VINCI Park consolidated its position by winning several significant contracts in the UK, Spain and Belgium.

Airport sector

The contract to operate the Chambéry-Aix-les-Bains airport, halfway between Grenoble and Geneva, also covers the maintenance of all airport facilities.

VINCI Airports operates 17 airports under long-term contracts. Together, the airports handle 13 million passengers a year. The company is also developing new concessions. Under the brand WFS, VINCI is the third biggest private operator of airport services[1] and world leader in cargo handling[2].

There was continued improvement in the airport sector in 2004, which had a positive impact on VINCI Concessions' business in that field, except in the USA. The persistent difficulties of the airlines in that country, combined with pressures on subcontractors, had a negative impact on business in ramp and passenger services.

Airport management

In Cambodia, following a difficult year in 2003 due to the SARS epidemic, the concession company of the Phnom Penh and Siem Reap airports posted a spectacular recovery, with a 29% increase in passenger traffic and a 17% increase in aircraft movements, attributable to strong growth in the number of visitors to the Angkor temples. The fact that multilateral organisations have confidence in the concession was illustrated by the signature of a refinancing agreement in the amount of US$20 million with SFI and Proparco. In preparation for further traffic growth at Siem Reap airport, construction of a new terminal building was launched at the beginning of 2005.

In Mexico, GACN/OMA, the concession company for 13 airports in the country's central and northern regions, recorded brisk growth, confirming the turnaround of the air industry.

In France, in view of the upcoming liberalisation of the airport operation market, VINCI Airports, in partnership with Keolis, strengthened its position by winning the contract to operate the airport of Chambéry-Aix-les-Bains, halfway between Geneva and Grenoble. This followed the success on the Grenoble airport project in 2003. The business development programme at the latter airport, carried out by the consortium comprising VINCI Airports and Keolis, led to a 15% increase in traffic com-

1. – On the basis of net sales (source: internal study)
2. – On the basis of volume of cargo handled (source: internal study)

Airport concessions

	2004 traffic (passengers)	End of concession	% held	Consolidation method*
13 airports in Mexico	11 million	2050	6%**	EM
2 airports in Cambodia	1.8 million	2020	70%	PC
Chambéry-Aix-les-Bains airport	160,000	2011	50%	PC
Grenoble airport	200,000	2008	50%	PC

** PC: proportionate consolidation; EM: equity method*
*** Final interest level (VINCI holds a 37% interest in the strategic partner, which owns 15% of the airports)*

17
airports operated under concession contracts.

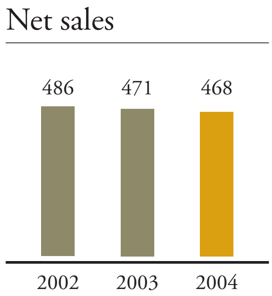
13
million passengers in 2004.

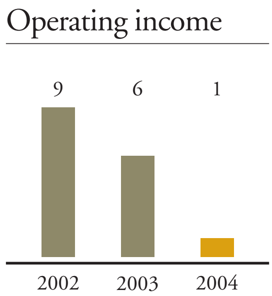
In Cambodia, 2004 was a year of growth in air traffic: Siem Reap airport handled over 800,000 passengers, while more than 1,000,000 were handled at Phnom Penh airport.

1 & 3. Through the WFS network, VINCI is world leader in cargo handling.

2. Ramp agent using wands to guide pilot into position at Roissy–Charles de Gaulle airport.

Airport services key figures
(in € millions)





1.

2.

pared with 2003 and the introduction of regular flights by easyJet, partially offsetting the departure of Air France.

VINCI Airports withdrew from several non-strategic operations in 2004. As planned at the time of VINCI's merger with GTM, VINCI Airports sold its interest in ITA, the operator of nine airports in southern Mexico. The company also withdrew from the capital of TBI, a British airport operator, and ADPM, the subsidiary jointly owned with Aéroports de Paris (ADP), when it became obvious that a partnership of that type did not meet the constraints and goals of both parties.

Airport services

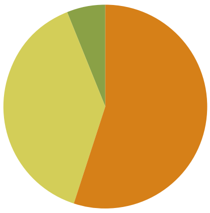
Grouped together under the Worldwide Flight Services (WFS) brand, VINCI's airport services business benefited from the upturn in the sector, excluding North America. Net sales generated by WFS increased 4.5% over the 2003 figure on a constant scope and exchange rate basis.

WFS continued to refocus is business on Europe and Asia, as well as on segments offering high value added. The company strengthened its position in the European cargo handling segment by securing new capacity at the Frankfurt and Copenhagen airports. As a result, WFS's position as world leader in cargo handling was reinforced.
In France, the integration of EFS (previously known as SEN) continued. Further growth in sales was achieved through new contracts with ADP and Air France.

Lastly, in the USA and Canada, the persistently mediocre results in a market that remained difficult led to VINCI initiating a vigorous recovery programme in mid-2004. The programme will be continued in 2005.

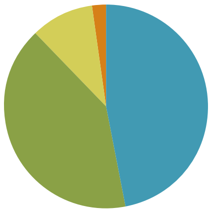
Airport services

Net sales by segment



Ramp and passenger	55%
Cargo	39%
Other	6%
Total	100%

Net sales by geographical area

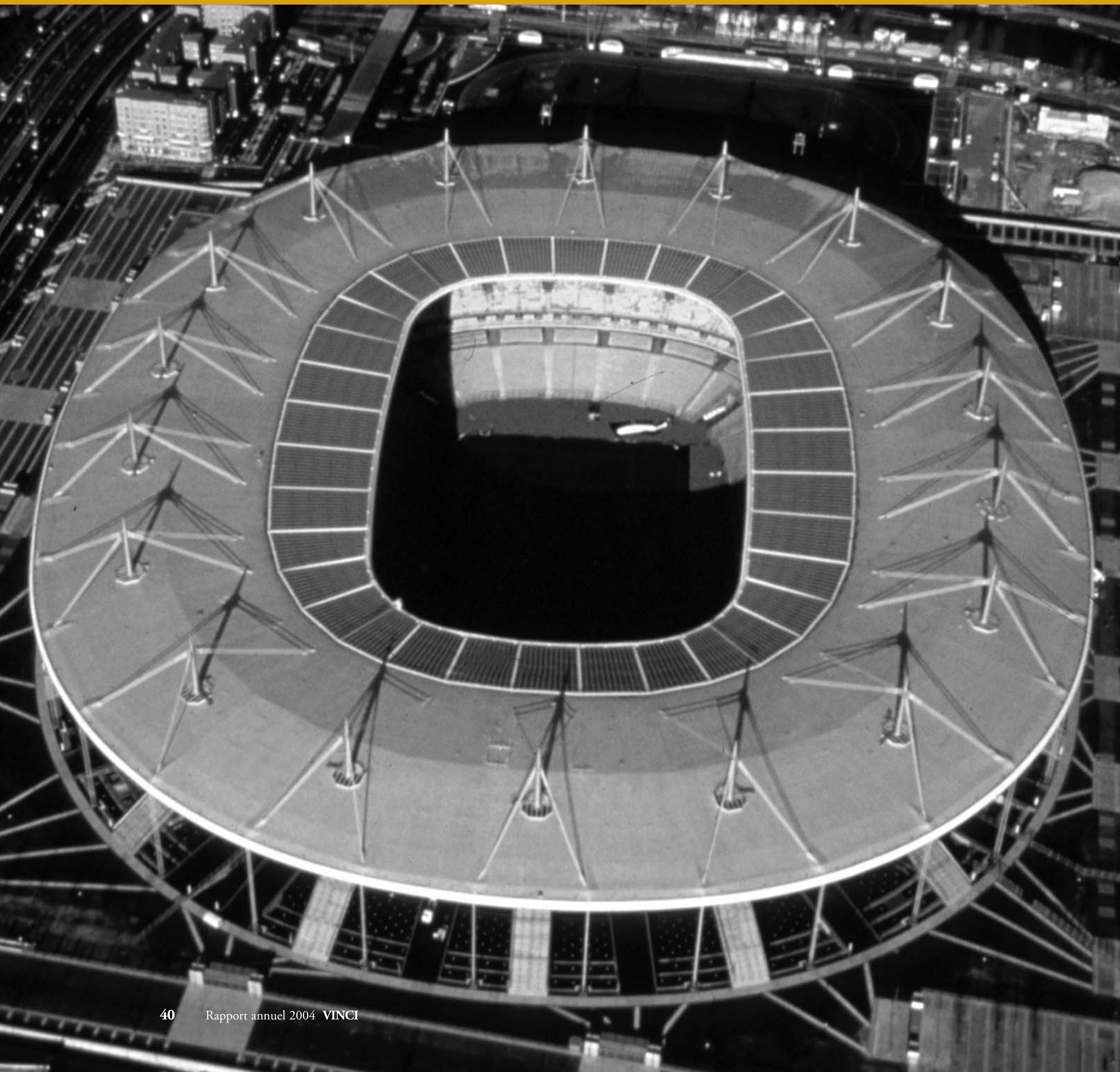


North America	47%
France	41%
Rest of Europe	10%
Rest of the world	2%
Total	100%

3.

Worldwide Flight Services (WFS) strengthened its position significantly in the European cargo handling market.

The successful scheduling of sports and cultural events enabled the Stade de France stadium near Paris to record another profitable year.



Supporting the growth of PPPs in Europe

With the increasing number of transport infrastructure construction and modernisation projects in Europe, VINCI Concessions expects to capitalise fully on its unrivalled expertise as a concessionaire-builder. Against this buoyant backdrop, VINCI Concessions, VINCI Airports and VINCI Park will pursue, in synergy with other VINCI divisions, the development of new concession projects or, more broadly, public-private partnership opportunities.

In road and motorway infrastructure, after bringing two new concessions into service in 2004, 2005 will be a year of significant capital expenditure in France: the start of studies for the A19 motorway concession, which was won at the end of 2004; and the continuation of work on the A86, A11, A28 and A85 motorways on the Cofiroute network, with a view to opening 163 km of new sections to traffic by 2008.

The infrastructure in operation – bridges, tunnels and airports – will continue to record steady growth in revenue under the combined effects of increased traffic and price review mechanisms.

In car parks, VINCI Park will reap the rewards of a service-focused differentiation strategy, offsetting the loss of revenue due to several older contracts reaching their term. Free now to compete for new concessions in France, VINCI Park's emphasis will be on growth in medium-sized towns and new market niches such as hospital car parks. Outside France, the company will continue to focus on Europe and Canada, while seeking opportunities to achieve critical mass in its target markets.

In airport services, VINCI will continue to implement recovery programmes in segments contributing least to its financial performance. It will also seek to consolidate its position as world leader in cargo handling through targeted investments.

Lastly, the cooperation agreement with ASF and the shareholders' pact signed in 2004 with the French government bolster the strategy of bringing the two companies closer together. With a stronger alliance, it is possible to envisage more joint activities, including the development of new concessions.

1. The giant tunnel boring machine – 200 metres long and 12 metres in diameter – used on the A86 Ouest tunnel site near Paris is computer driven.

2. Cofiroute UK's contract to operate the tolls on the two Severn bridges has been renewed for six years.


1.

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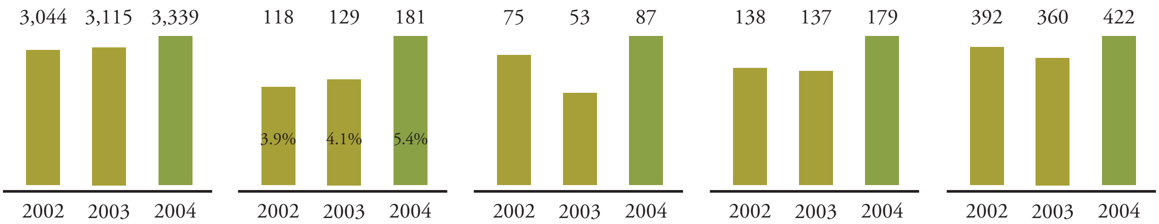
Energy

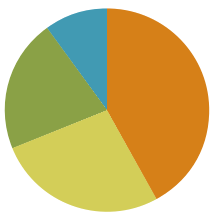
Key figures

Net sales | Operating income | Net income | Cash flow from operations | Net financial surplus



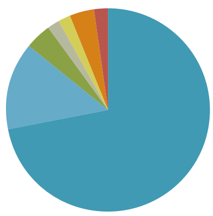
In € millions and as a percentage of net sales.

Net sales by activity sector



Industry	42%
Service sector	27%
Energy infrastructure	21%
Telecommunications	10%
Total	100%

Net sales by geographical area



France	72%
Germany	14%
Spain	4%
Netherlands	2%
Sweden	2%
Rest of Europe	4%
Rest of the world	2%
Total	100%

VINCI Energies' competitive position in its main markets

➤ **France:** VINCI Energies is the biggest operator in terms of net sales. The other leading players in the sector are Cegelec, Amec Spie, Ineo (Fabricom), Forclum (Eiffage), ETDE (Bouygues) and Clemessy (Dalkia). In the field of electrical engineering (accounting for almost half of VINCI Energies' business activities in France), VINCI Energies has a market share of some 10%.

➤ **Germany:** VINCI Energies operates mainly in the field of thermal engineering (insulation, fire protection, climate engineering).
Its competitors in this segment are Reinhold & Mahla (Bilfinger Berger Group) and Thyssen Krupp.

Sources: Moniteur magazine (December 2004), company reports.

A European leader in energy and information technologies

VINCI Energies is market leader in France[1] and a major player in Europe in energy and information technologies. By combining these technologies in customised offerings with high service content, the company provides a link between equipment manufacturers and users, and meets the diverse and changing needs of its customers – industry, services, local authorities, telecom operators – in four areas:

> **energy infrastructure:** power transmission, transformation and distribution, urban lighting;
> **industry:** power supply, monitoring and control, air treatment, fire protection;
> **service sector:** power supply networks, climate engineering, fire protection, building automation systems, security;
> **telecommunications:** telecommunications infrastructure and voice-data-image communications.

Based on its expertise in four complementary business segments – engineering, systems integration, implementation and maintenance – VINCI Energies provides comprehensive offerings through 700 business units, all with strong roots in their markets and linked together in a network through six brands: Actemium, Axians, Citéos, Graniou, Omexom and Opteor. This organisational structure, combined with a management method based on team empowerment and a strong service culture, enables VINCI Energies to devise solutions that are simultaneously global and local, and gives it exceptional adaptability in constantly changing markets.
VINCI Energies generates sales through a great many recurring contracts, which incorporate a significant maintenance and replacement component, and constitute its main source of revenue.
With 27,000 employees in some 20 countries, mainly in Europe, VINCI Energies generates almost 30% of its net sales outside France.

———

1. – Source: Moniteur magazine, December 2004 (basis: 2003 net sales)

1. Installation of the sprinkler-based active fire protection system at the Düsseldorf Arena, a stadium seating 65,000 (Germany).

2. In 2004, Graniou developed an offering comprising mobile network supervision, administration and management support for equipment manufacturers.

1.

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Enhanced performance supported by acquisitions

1. Automatic control, supervision and lighting work was carried out for the barge elevator at Langon in south-west France, where the prefabricated elements of the Airbus A380 brought in by river are transhipped for road transport to Toulouse.

2. Safety work was carried out by Omexom on HV overhead lines between Baixas and Gaudière in south-west France to secure the structure.

In a variable economic environment, the improvement in VINCI Energies' performance – net sales up 7% and operating income up 40% to reach 5.4% of net sales – validates the company's choice of a differentiation strategy and confirms the strength of its roots in its markets.

In France, VINCI Energies business units continued to hold up well in a wait-and-see economy where capital expenditure programmes were few and far between, and increased their profitability. Following a year of mixed results outside France, the situation improved substantially in other European markets. VINCI Energies locations in the UK, Netherlands, Sweden (where Emil Lundgren returned to profit) and Spain (where Spark Iberica is experiencing strong growth) generated net sales of €234 million, up 18% on the previous year, as well as improved levels of income. The turnaround in Germany was spectacular. Activity was refocused on the most buoyant segments of the market and the company's growth model was applied methodically. This led to a return to growth of net sales and a substantial increase in operating income, in particular in the insulation segment. The situation did not improve, however, for TMS in Austria (production systems for the automotive industry). Having discontinued most of its loss-making activities, the company is now undergoing an in-depth reorganisation so that it can return rapidly to breakeven.

There was also strong momentum in external growth in 2004, with the acquisition of 22 companies which, generating net sales of €150 million on an annualised basis, round out VINCI Energies' network and offering. They included Aulafi in France (mechanical maintenance in industry); Atem Polska in Poland (telecommunications infrastructure); Kastt in the Czech Republic (climate engineering); Netlink in the Netherlands (business communications) and Arthur Ford Ltd in the United Kingdom (power supply networks for the service sector and industry).

1.

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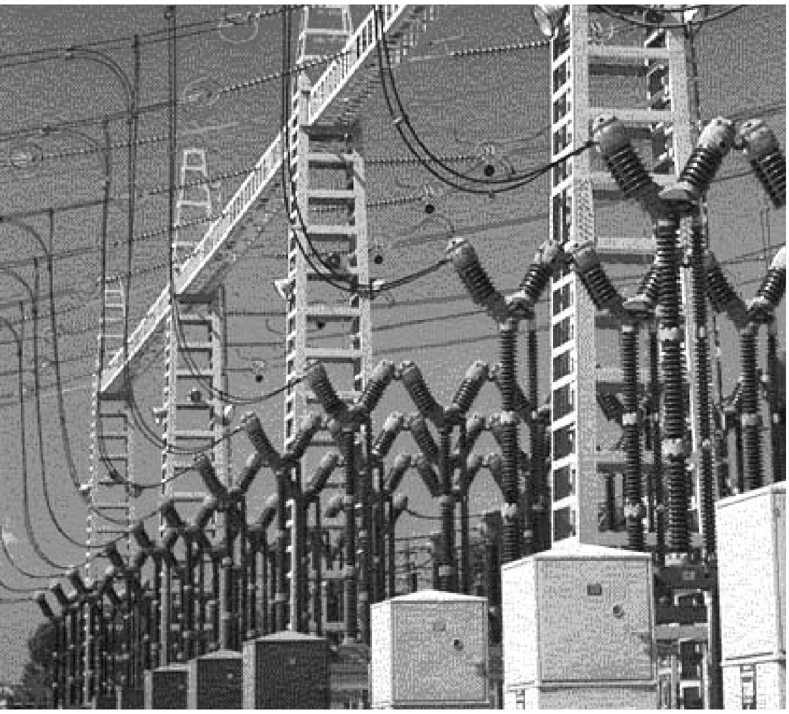
The turnaround in Germany was spectacular, due in particular to the good performance of the insulation segment.

Net sales
+7%

Operating income
+40%

The illumination by Citéos of the bridge in Montrichard, some 220 km south-west of Paris, earned the town the top prize in the lighting competition organised by the Serce and Philips Lighting.



HIGH VOLTAGE TRANSFORMER STATIONS IN CATALONIA

Spark Iberica, the VINCI Energies subsidiary in Spain, which is building a large number of transformer stations for operator Endesa, *is taking part in the modernisation of the high voltage power transmission network in Catalonia. Spark Iberica won the Endesa contract to build four transformer stations with a total capacity of 820 MVA (see photo above) in 2004. The company handled design studies, site search, civil engineering and equipment installation under a contract with a total value of approximately €25 million. The four stations are to be commissioned in 2005 and 2006.*

Energy infrastructure

In France, high and very high voltage network activity (under the Omexom brand) achieved its volume target (€114 million) thanks to a significant workload in overhead lines – including 200 km of optical fibre safety networks deployed for operator RTE (Réseau Transport d'Electricité) in Brittany - during the summer. In addition, the underground HV network contract was renewed.

To meet the needs of private-sector customers in France and abroad, transformer station activity was further diversified to cover investments in new energy sources (three substantial wind farm construction contracts were won) and projects requiring a high level of expertise (for example, monitoring and control equipment for RTE transformer stations using digital technology, in conjunction with Areva and Siemens).

In the local rural electrification markets, the drive to boost productivity resulted in satisfactory profitability despite some pressure on prices. There were many commercial successes in lighting and urban traffic lights (Citéos brand), despite the late finalisation of local authority budgets. The lighting management contract for the city of Nice and the dynamic illumination of the Gros Horloge in Rouen, in a design that won an award in the Concours Lumières competition organised by the Serce and Philips Lighting, are two cases in point.

In Spain, Spark Iberica recorded net sales growth of 50% and a very good level of income, reflecting among other things the major infrastructure modernisation investments made by operator Endesa.

The transformer station activity continued to diversify in order to meet the needs of private-sector customers.

1. The 6-year comprehensive management contract for the lighting system in Chartres was awarded to Citéos.

2. Opteor is providing maintenance for the power supply, instrumentation and industrial analysis systems at Total's Les Flandres refinery in Mardyck, northern France.

1.

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Industry

Sales and new orders increased overall in 2004 despite ongoing sluggishness in the business cycle. VINCI Energies leveraged its high quality offering to take advantage of the upturn in the manufacturing, transport and environment (especially water treatment and waste incineration) sectors, offsetting the lower activity in the chemical and – to a lesser degree – food processing, sectors.

Against a backdrop of stagnating industrial investment in Western Europe, VINCI Energies stepped up its strategy of reinforcing its local roots, which generate a wide variety of small contracts, and deploying comprehensive and multi-site solutions within Europe. The company positioned itself as a systems integrator and supported customers with projects aimed at establishing new production centres, especially in Central Europe.

This strategy, based on networking of the company's business units and a common approach to service, has prompted VINCI Energies to structure its industrial offerings gradually into two brands: Actemium, specialised in engineering and implementation, and Opteor, specialising in maintenance. The two brands complement each other and offer solutions that meet the key needs identified by industrial customers, namely enhanced productivity and responsiveness

VINCI Energies was able to make the most of the buoyant manufacturing, transport and environment sector markets.

1. VINCI Energies works with the paper industry, particularly in Germany.

1.

of plant and equipment; strict compliance with quality, safety and environmental protection standards; and traceability.

In the run-up to the application of the new European rules on traceability, Actemium implemented innovative solutions for collecting, storing, and processing production-related information for food processing customers in the Netherlands, Sweden, Switzerland, Germany and France. In maintenance, the added value provided by Opteor solutions – which combine engineering and operational maintenance as part of improvement programmes aimed at optimising facility reliability – was evidenced by the 3-year comprehensive contract to draw up a maintenance master plan and provide "methods" support for Saint Gobain's Onnaing site in northern France. The contract was awarded following an audit performed by Actemium.

In transport infrastructure, VINCI Energies consolidated its position as a systems integrator in roadworks by winning the maintenance contract for the entire range of dynamic equipment on greater Paris area expressways.

EQUIPPING TRAMWAY LINES

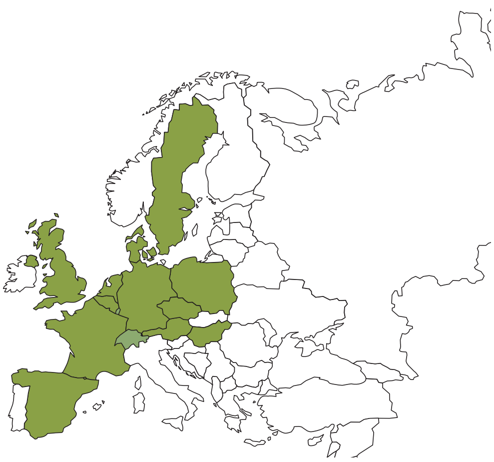
A wide variety of energy-related competences are used in developing tramway infrastructure. *In the contracts won in 2004 for the Clermont Ferrand, Grenoble, Lyons, Montpellier (see photo right), Saint Etienne and Valenciennes trams, VINCI Energies will be called upon to apply its expertise in such areas as low voltage, multi-service networks (video, sound system, telephone, ticket office), passenger public address systems, building management systems, lighting and traffic lights.*

2. Insulation of industrial facilities for Europe's leading sugar producer, Südzucker AG, at a site near Ludwigshafen in Germany.

2.

3.

3. VINCI Energies took just nine months to complete the systems integration contract awarded by the PSA Peugeot Citroen group to automate the "dynamic honeycomb warehouse" at its Poissy site near Paris.



A MAJOR PLAYER IN EUROPE

VINCI Energies' operations in Austria, Belgium, the Czech Republic, Denmark, France, Germany, Hungary, the Netherlands, Poland, Spain, Sweden, Switzerland and the UK *(see map left) enabled it to develop comprehensive solutions commensurate with the European scope of its customers. In 2004, VINCI Energies generated 28% of its net sales outside France and expanded its European network with the acquisition of companies in the Czech Republic, Germany, the Netherlands, Poland and the UK.*

Renovation of all the IT, telephony, video-surveillance and access control system networks in the Hôtel de Beauvais building, which houses the Paris Administrative Appeal Court.

Service sector

Despite the downturn in the market for office space, VINCI Energies generated a good level of business in 2004, especially in the fields of retail and cultural sites, apartment buildings and health care facilities. One example of its very strong presence in the health care segment is the contract to equip the 27 operating theatres at La Timone hospital in Marseilles with high and low voltage, ventilation and heating systems.
The growing technical sophistication of service sector buildings and the demand for solutions combining comfort and safety are fully in line with VINCI Energies' differentiation strategy. The networking of its expertise to forge common offerings covering power systems, climate engineering and voice-data-image communications enables the company to work increasingly as a systems integrator handling technical works packages.

Several new property maintenance contracts confirmed the quality of Opteor's specialised offerings, which meet the growing demand from companies and institutions for integrated multi-technical and multi-site solutions *(see box below)*.

In fire protection, business was brisk in both France and Germany, where the acquisition of GFA, which generates annual net sales of some €20 million, boosted VINCI Energies' market share and fostered synergies. In Germany, Nickel returned to profit during the year. Repositioned in the buoyant facilities management market, this business unit is responsible, under a 5-year contract, for operating and maintaining the full range of technical equipment at the new biotechnology centre (Berlinbiotechpark) in Berlin, a complex comprising 50,000 sq. metres of offices and laboratories.

MULTI-SITE PROPERTY MAINTENANCE

The Pays du Nord Assédic (unemployment insurance office) in northern France selected Opteor to perform multi-technical and multi-service maintenance at all its sites, *a total of 31 buildings with an overall surface area of 25,000 sq. metres. The performance targets set in the contract include 24-hour on-call service with guaranteed response times. An Opteor contract manager, who is the single interface for the Assédic general services manager, schedules preventive maintenance operations, handles day-to-day corrective maintenance and acts in an advisory capacity. A few months after signature of the contract, Opteor was chosen by the neighbouring Pas de Calais Assédic office to provide maintenance in 17 buildings with a total surface area of 15,000 sq. metres.*

1.

BROADBAND TELECOMMUNICATIONS NETWORKS

In partnership with VINCI Construction, VINCI Energies is building a 400 km long optical fibre broadband network *for the Manche General Council in northern France. The goal is to attract new operators to the region. The contract, worth €20 million, includes civil engineering; supply, laying and connection of optical fibres; installation of five shelters; and supply and parameter settings of a supervision system. The two VINCI divisions are also working together to design and build a broadband network in the Moselle, an area in the north-east of France (see photo above).*

Telecommunications

Graniou (telecommunications infrastructure) recorded a sizeable increase in net sales (+16% to €170 million) and operating income. Business was particularly buoyant in mobile networks in France, both for operators deploying UMTS networks and supplementing their GSM network coverage in 2004, and for equipment manufacturers, especially Nortel and Nokia. Significant orders were also taken in Belgium and Spain for networks operated by Mobistar, Telefonica and Vodafone.

In fixed-line networks, a market driven by the exponential growth of broadband Internet, Graniou supported Cegetel and 9Telecom in their unbundling (access to the local loop initially managed by the incumbent operator) operations. The installation of new DSL technology equipment (DSLAM Alcatel) over the

entire Cegetel network in France generated a very large volume of work. In addition, deployment of the Acropol sites for the new network of France's national police force moved into an active phase.

In the business communications market, which has been at a low ebb since 2000, the outlook brightened in 2004. Axians' net sales were up 7% at €124 million, partly as a result of external growth in France and in the Netherlands. Axians' strategy, based on offerings with high service content and a high level of expertise in the field of voice over IP (Internet Protocol) and voice-data-image convergence in particular, puts VINCI Energies in a good position to take advantage of the expected upturn in the market.

The expected upturn in the business communications market should benefit Axians' high service content offerings

1. Having designed and installed the audiovisual equipment in the press room at the European Parliament in Brussels, Axians was awarded a 4-year contract to operate and maintain it.

2. Graniou designed and built several turnkey microwave transmission links for SFR at the Bondy site near Paris.

3. Curative maintenance on telephone transmission facilities for Global Crossing, a fixed-line operator.

2.

3.

In December 2004, VINCI Energies won a contract for dynamic equipment such as variable message signs on the greater Paris area expressways.

Expanding market coverage in Europe

VINCI Energies operates in markets driven in the long term by the development of high performance applications of electrical energy, information technologies, climate control, air treatment and fire protection. Given the relatively short service life of equipment and the ongoing changes in standards and techniques, these markets also include a major replacement component and are therefore a source of recurring business.

Building on its leading positions, the diversity and quality of its offerings and the local roots and networked operations of its business units, VINCI Energies will continue to implement its growth strategy aimed at covering – mainly in Europe – the full spectrum of its expertise and markets. This strategy will combine organic growth and acquisitions, as well as strategic alliances, consistent with the company's determination to strengthen its systems integration capabilities.

In energy infrastructure, projects aimed at interconnecting the major European grids and enhancing security of supply should generate new investments in a market stimulated by the effective opening up to competition. Urban lighting activity is also expected to expand on the strength of offerings combining creativity and optimised management.
In industry, VINCI Energies will build on its specialist approach to processes and their environment, and will expand the European networks of the Actemium (engineering and implementation) and Opteor (maintenance) networks, while also stepping up its multi-technical systems integration capabilities.

In the service sector, VINCI Energies will continue to leverage its core businesses, make the most of its broad range of offerings, and reinforce its network in promising segments such as property maintenance and climate engineering through acquisitions.

In telecommunications infrastructure, the large-scale deployment programmes of operators, increasing cooperation between Graniou and equipment manufacturers, development of Graniou in network services and the promising local authorities market are harbingers of buoyant activity. In business communications, after several difficult years, the market is showing signs of an upturn driven by the replacement of ageing equipment and the development of voice-data convergence, a promising segment in which Axians gained a foothold from the start.

Lastly, the development of public-private partnerships in Europe holds out the prospect of further business in most of VINCI Energies' segments, in synergy with the other VINCI companies.

1. The deployment of telephony over IP (Internet Protocol) projects expanded by over 50% in 2004.

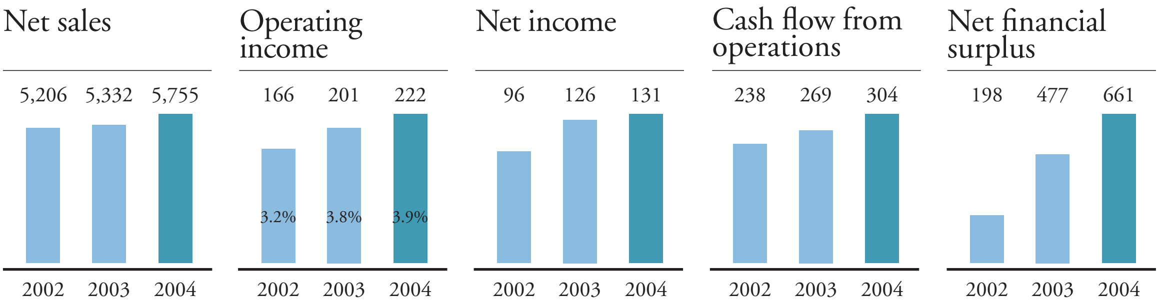
2. A 3D simulation of an underground car park project developed on behalf of VINCI Park by a VINCI Energies business unit specialising in 3D geographic information.

1.

2.

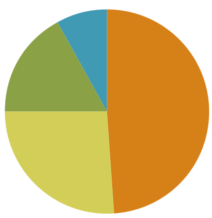
Roads

Key figures



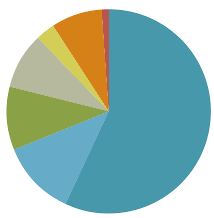
In € millions and as a % of net sales.

Net sales by business segment



Roadworks	49%
Quality of life and environment	26%
Production of materials	17%
Services	8%
Total	100%

Net sales by geographical area



France	57%
Germany	12%
Central and Eastern Europe	10%
Great Britain	9%
Rest of Europe	3%
North America	8%
Rest of the world	1%
Total	100%

Eurovia's competitive position in its main markets

- **France:** in a market for roadworks worth an estimated €12 billion, Eurovia lies in second place, behind Colas and ahead of Appia (Eiffage Group). The rest of the market is shared by some 1,700 regional operators. In addition, Eurovia is the leading French producer of aggregate for roads.

- **Germany** (market worth an estimated €12 billion): Eurovia GmbH comes in second place behind Strabag, the other significant players only operating at regional level.

- **Czech Republic** (market worth an estimated €2 billion): SSZ is the market leader for roadworks, Skanska, Metroslav and Strabag being the significant competitors.

- **Great Britain:** Ringway operates mainly within the framework of local multi-year maintenance contracts, a segment in which it has a market share of some 20%.

Sources: USIRF (French market), internal studies

The entire roadworks value chain

Eurovia is one of Europe's major roadworks and materials recycling companies, and the biggest French producer of road aggregates[1]. The company generates 90% of its net sales in Europe, principally in France, Germany, the UK, Spain, the Czech Republic and the rest of Central Europe. It also holds significant positions in the USA (Florida, North and South Carolina), Canada (Quebec) and Chile.

Combining strong roots in a large number of local markets with an ambitious innovation policy and a close-knit network of 300 agencies, Eurovia has developed an integrated range of skills extending well beyond the business segments that make up the traditional roadworks industry.

Roadworks

Eurovia builds, renovates and maintains road, motorway and railway infrastructure, as well as industrial and retail development sites. This business activity, carried out for both public and private-sector customers, makes up almost half of Eurovia's net sales and is spread over some 60,000 projects a year.

Materials

Eurovia operates a network of 210 quarries, 60 binder plants, 460 coating plants and 110 materials recycling and treatment facilities. With a business cycle that complements roadworks activities, this segment contributes to Eurovia's growth and represents a guaranteed long-term source of high quality materials for its projects (1.6 billion tonnes of materials held in reserve, enough for some 30 years of production).

Quality of life and environment

Eurovia provides the full range of expertise needed for quality urban development projects, including segregated lane transport roadbeds, enhancement of public spaces, playgrounds and sports facilities and transport infrastructure safety upgrades (signs, marking and lane differentiation). The company is also active in environment-related business segments such as deconstruction, the installation of noise and pollution barriers, water distribution networks and wastewater collection systems, waterproofing and waste storage facilities.

Services

Eurovia operates upstream of comprehensive infrastructure projects (design and coordination, consultancy and technical support) and provides downstream services such as on-site maintenance, IT network management, winter maintenance and emergency response.

1.– Source: internal study (basis: 2003 production)

1. Eurovia teams paved the two sections of the A89 motorway and the Sioule viaduct, and carried out waterproofing work on the viaduct.

2. The number of urban and suburban development projects, often complex in design and implementation, is increasing as cities expand.

1.


2.

Strong growth in France and Central Europe

1.

Eurovia recorded further significant growth in sales in 2004 (8% in actual terms and 7% on a like-for-like basis), generating an even stronger increase in operating income (11%), which now stands at 3.9% of net sales.

The improvement in performance, which was particularly strong in France, reflects a long-term trend that leverages the broad scope and high quality of Eurovia's expertise. The company's projects are increasingly comprehensive, extending beyond pavements and surfacings to include a wide range of related competences in areas such as wastewater collection systems, waterproofing, minor civil engineering works and landscaping.

As a result of increasing urbanisation, this trend is leading Eurovia to position itself as an urban development company, capable of devising integrated solutions for complex projects such as re-routing and redeveloping utility networks, integrating transport infrastructure into the urban environment, and improving the comfort and safety of urban populations.

To keep pace with this change and boost its competitiveness, Eurovia has focused on three complementary areas. The first is research and development, where the company's goal is to expand the portfolio of products and processes developed at its R&D centre at Bordeaux Mérignac, the linchpin of a network of over 400 engineers and technicians working in approximately 20 countries. Supporting the increasing demand for sustainable development in a business segment with a strong environmental component *(see page 123)*, this ability to innovate is one of Eurovia's main strengths. Secondly, the company has worked to step up synergies between its sub-

Eurovia's projects are increasingly global, involving a broad range of expertise.

1 & 2. In the Yvelines area west of Paris, the technical and logistical capabilities of several Eurovia subsidiaries are being used to widen a 7 km section of the RN286 highway to three lanes in each direction between the RN12 and A86 exits.

Net sales

+8%

Operating income

+11%

sidiaries by disseminating its processes throughout their markets, assembling European offerings in its specialised business lines such as noise barriers and roadmarking, and fostering knowledge sharing and managerial synergies. Thirdly, Eurovia is making a sustained effort to improve productivity by developing methods and tools to optimise worksite management *(see box below)* and using an integrated management information system covering all the company's functions.

2.

OPTIMISING WORKSITE MANAGEMENT

In 2004, a PC tablet (see photos opposite) – a working tool never before used in civil engineering – was given to each of Eurovia's 2,500 foremen in France. *The mobile communications unit and Papyrus, its worksite management software, enable foremen to draft their daily worksite reports and upload them to the company's central information system via a secure GPRS link.*
The innovative, user-friendly tablet offers a wide number of applications, including Internet access and business messaging. A user can, for instance, make a drawing and send it to everyone operating on the worksite. The tool substantially enhances the jobs of operations staff and relieves administrative staff of redundant data entry work. By bringing the worksite and office closer together and by generating faster flowing and more systematic information from worksites, Papyrus helps to improve the efficiency and competitiveness of the company as a whole. Its international deployment started with Germany in early 2005.

Three different colours of cobblestones were used in the renovation of the surfacing around the Arc de Triomphe in Paris, forming the star that gave the famous square its name.

Net sales in France

+9%

Operating income in France

+20%

France

Eurovia confirmed the strength of its roots in its traditional market in 2004, generating 9% growth in net sales (7% on an equivalent consolidation scope basis). After reaching a record level in 2003, operating income achieved a further spectacular increase (20%) and now represents 5.4% of net sales.

Eurovia's urban development capabilities were again in evidence in its many tramway projects. In addition to the trams currently under construction in Grenoble, Nice, Clermont Ferrand, Saint Etienne, Lyons, Nantes, Strasbourg and Mulhouse, Eurovia won new contracts in Montpellier, Marseilles, Valenciennes, Bordeaux and Le Mans, consolidating its leadership in the sector. Several high profile city centre renovation projects (Place de l'Etoile in Paris and Place Stanislas in Nancy, for example) provided further confirmation of the company's expertise in urban development.

Business activity was also brisk in construction and renovation of major infrastructure for motorways (work on the A1, A7, A8, A15, A19, A28, A89 and A75), airports (Nice Côte d'Azur and Bordeaux Mérignac), intermodal transport facilities (Lille transshipment terminal), ports (Le Havre, Marseilles) and industrial sites (Aéroconstellation development zone in Toulouse). Alongside these major projects, a very high number of smaller contracts were carried out for public and private-sector customers, forming the base of Eurovia's recurring business activity. Orders for the development of industrial and retail sites were also up substantially during the year.

Eurovia continued to optimise its industrial plant and equipment, upgrading production sites and developing alternatives to road transport (rail and inland waterways) for transporting materials to its worksites. In recycling, new facilities were under construction and commissioned during the year, bolstering Eurovia's strong position in the field – the company processes 2.5 million tonnes of construction waste and 1 million tonnes of household waste bottom ash every year. This expertise was put to use on the RN21 highway widening project, for which recycled truck tyres were used to generate 15,000 cu. metres of backfill.

In services, the multi-year maintenance contracts awarded by France's three biggest municipalities

Eurovia's urban development expertise was in evidence on a great many projects, particularly tram lines.

1.

2.

1. On the new loading dock at the port of Marseilles, which was built in 2004, Eurovia used special waterproofing and surfacings over a 3,500 sq. metre area.

2. Eurovia provides the full range of pavement marking and signalling equipment needed to guarantee user comfort and safety in industrial and retail facility car parks.

1. Teams from Eurovia's agencies and subsidiaries played a major role in the development of the 240 km route that will be used to transport the prefabricated components of the Airbus A380 plane, and in the construction of the Aéroconstellation development zone.

1.

2.

2. The Eurovia facility in Tarragona, Spain, produces the comprehensive Scormat range of road materials made from household waste bottom ash.

(Paris, Lyons and Marseilles) placed Eurovia in a good position to take advantage of the expected growth in this market. The total value of the contracts is approximately €18 million a year.

Western Europe

In Germany, having returned to breakeven in 2003, Eurovia GmbH achieved net sales of €707 million in 2004, more than doubling its operating income despite the fact that the market remained sluggish. The turnaround of Eurovia subsidiaries was confirmed with the creation of new offices in Saxony and Thuringia. The expected resumption of motorway investment – associated with the new Toll Collect remote payment system for trucks – should help Eurovia GmbH maintain its sales level after completion of the major project now under way on the A20 motorway (250 km completed in five years) between Hamburg and the Polish border.

In the UK, Ringway (€525 million) operates primarily under medium- to long-term contracts (between 3 and 12 years) that combine new construction, maintenance and services. The ramp-up of the contract won in 2003 for the Surrey county motorway network and the renewal of a similar contract in Lincolnshire contributed to the company's substantial increase in set sales (14% excluding the impact of exchange rate fluctuations). Eurovia's environmental expertise and innovation potential were much in evidence on the Edenbridge bypass project, for which the lower base course was made up exclusively of recycled materials, and on the M5 motorway, where 150,000 sq. metres of Flexiplast – a product designed to prevent crack formation – were laid. The latter project won a Highways Magazine Excellence Award.

In Spain, Eurovia strengthened its position in the buoyant maintenance market by acquiring Trabit, a company that holds several multi-year contracts with the city of Madrid and generates annual net sales of €22 million. This acquisition rounds out the network of Probisa, the Spanish subsidiary that is already managing several maintenance contracts. It also boosts Eurovia's industrial capacity through Trabit's majority stake in a company producing 500,000 tonnes of asphalt mix a year. Probisa has state-of-the-art expertise in road technologies, especially bitumen emulsions and in-situ asphalt pavement recycling.

€550

million net sales
in Central & Eastern Europe.

3. Numerous road and motorway construction projects were carried out in Germany in 2004, including the Esplingerode bypass in Lower Saxony.

Central Europe

Eurovia achieved net sales of €550 million in this region, up 12% at equivalent accounting methods and exchange rates. The operating margin of all Central European subsidiaries exceeded the level in France, demonstrating the success of the expansion strategy focused on concentrated territories. Eurovia's strategy for growth is to capture significant positions rapidly in these markets by taking advantage of its two sales levers: roadworks and materials resources. Applying this strategy, Eurovia acquired a company in Slovakia that operates six quarries *(see box below)* to support its expansion in a regional market driven by European Union enlargement.

There was a further significant increase in net sales in the Czech Republic (€492 million, up 12% at equivalent accounting methods and exchange rates),

3.

STRATEGIC QUARRIES IN SLOVAKIA

In April 2004, taking its expansion in Slovakia a step further, Eurovia acquired a company that operates six quarries in central Slovakia (see photo opposite). *The quarries produce 800,000 tonnes of materials a year and represent 80 million tonnes of reserves. Building on the strong positions of its subsidiaries, CSK and Slov-via, Eurovia's goal is to extend its operations throughout the entire country, where its overall road materials production capacity now stands at 1.3 million tonnes. The new quarries have the additional advantage of lying next to sites where major motorway, railway and industrial projects – such as the future Hyundai plant – are planned in the wake of the country's entry into the European Union.*

1. In the Czech Republic, SSZ teams specialising in rail laying are currently working on Prague's 200 km of tramway network.

1.

where SSZ is market leader [1]. In roadworks, new contracts were signed for the D47 motorway (€85 million), the Karlovy Vary bypass (€65 million, won in a consortium with a VINCI Construction subsidiary) and the I/7 highway (€22 million). On the strength of SSZ's expertise in railway construction, three contracts totalling €209 million were won in the Czech Republic and Slovakia. SSZ also participated in the Lyons tramway project – a contract awarded on the basis of networked competencies – alongside Eurovia's French teams. Technology transfers within Eurovia also continued to expand, serving the company well on two projects in Lithuania and Poland, where innovative cold microasphalt surfacing processes were used. In Poland, the merger of the two subsidiaries acquired at the end of the 1990s to form Eurovia Polska has created a major operator in the Krakow-Katowice region. Its business activity increased substantially in 2004 in a market that returned to growth.


2.

North and South America

In the USA, major design and build contracts enabled Eurovia to maintain its level of net sales (€342 million) despite the September 2004 hurricanes that penalised business in Florida. Ultimately, 2004 was a very good year for Hubbard, which won two motorway renovation contracts in Florida (I-95 and SR 408) with a total value of €120 million. The year was not as good in North Carolina, where the management at Blythe was reorganised in order to return the subsidiary to the required performance level.

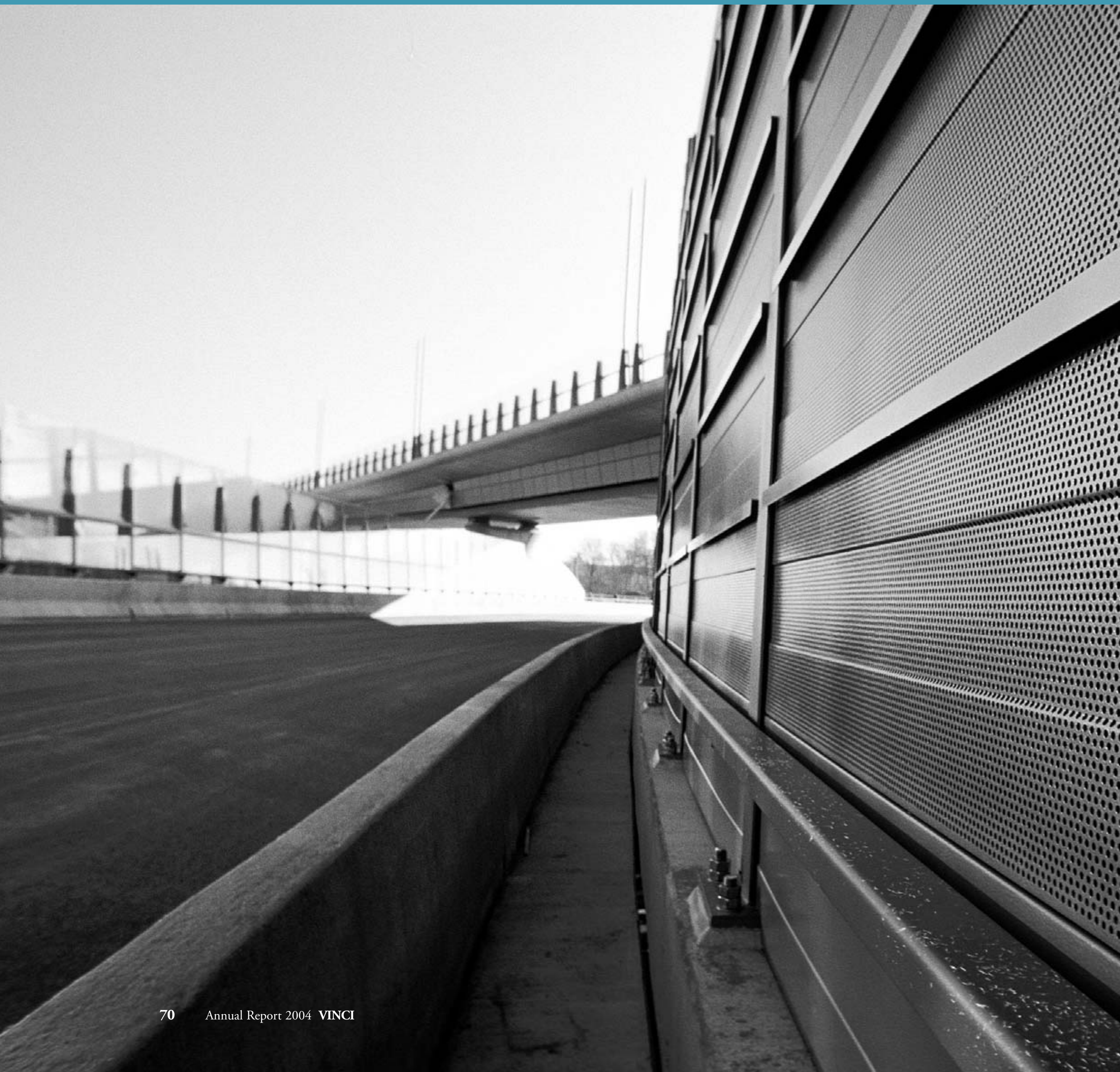
In Quebec, a market that had picked up since 2003, Eurovia returned to growth (+2% to €97 million) and managed to maintain high net income thanks to the diversity of its projects, which included both roadworks and urban development.

In Chile, Eurovia achieved a very good performance. Business activity was up 34% to €44 million, while operating income virtually doubled from 2003, reaching 11% of net sales. Lastly, in Mexico, Eurovia sold its subsidiary, Bitunova, due to development difficulties in that country.

1. – Source: Czech Top 100, B.I.G. Public Relations (basis: 2003 net sales)

2. 3. The expertise of Eurovia's US subsidiaries, which is illustrated in numerous major projects, was showcased by a quality in construction award received by Blythe for work on the I-485 ring road around Charlotte, North Carolina.

1. ci-dessous et 2.
Research on noise abatement, which leads to the development of noise barriers and low noise surfacing, is carried out jointly by the Bordeaux Mérignac R&D centre and specialised German teams.



Maintaining income at a high level and boosting materials reserves

By continuing its policy of innovation, optimising production and stepping up technical and commercial synergies between its subsidiaries, Eurovia should continue to improve its performance in 2005. Increasing demand for comprehensive transport infrastructure and urban development projects – which are often complex – will generate opportunities to showcase the company's broad range of high quality expertise.

Against this backdrop, Eurovia will continue to expand its four business segments. In roadworks and industrial and retail development projects, the complementarity of major infrastructure projects (especially those in which the company works in synergy with other VINCI entities) and the many local projects carried out for public and private-sector customers enable the company to provide optimum market coverage while limiting its exposure to risk.

In materials production, the acquisition of strategic quarries will boost Eurovia's capacity. Concomitant expansion of its recycling resources and expertise (facilities network, process and product portfolio) will be a major strength in markets where environmental considerations are becoming the decisive factor. The same trend will be seen in the environment-related segments associated with roadworks (deconstruction and waste storage sites, for example), which offer growth potential in the medium term. Lastly, Eurovia will put greater emphasis on growth in services, especially road network maintenance, to increase recurring business.

Eurovia will also step up its coverage of markets in which it has acquired significant positions. On the international scene, this strategy will be applied principally in Central Europe, where European Union enlargement has generated major investment in transport infrastructure, the UK, Spain, the USA and Canada (Quebec and Ontario), where the growing use of design and build and multi-year maintenance contracts enhances Eurovia's position. In France, the growth of service contracts, forthcoming transfer of a major part of the road network to local authorities and buoyant market for urban development (especially tram lines) will help to maintain and even increase the high level of business activity achieved in 2004.

Lastly, the trend towards greater use of public-private partnerships and new contract forms in all markets is a promising source of future growth for Eurovia, in synergy with other VINCI divisions.

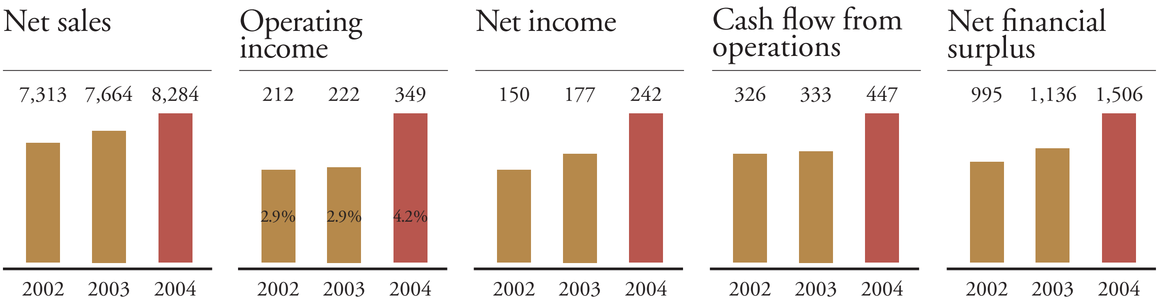
1. **Keeping roads open to traffic irrespective of weather and technical constraints is just one of the services provided by Eurovia.**

1.

2.

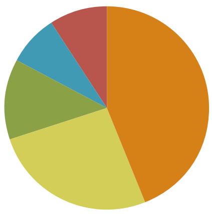
Construction

Key figures



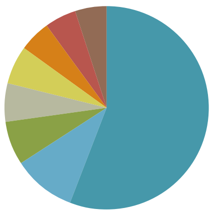
In € millions and as a percentage of net sales.

Net sales by business segment



Building	44%
Civil engineering	26%
Specialised civil engineering	13%
Hydraulic engineering	8%
Services	9%
Total	100%

Net sales by geographical area



France	56%
Great Britain	10%
Belgium	7%
Central and Eastern Europe	6%
Germany	6%
Rest of Europe	5%
Africa	5%
Rest of the world	5%
Total	100%

VINCI Construction's competitive position in its main markets

- **France:** in a building and civil engineering market worth an estimated €130 billion, VINCI Construction is the biggest operator, ahead of Bouygues Construction, Eiffage Construction, Spie Batignolles and Fayat. The rest of the market is shared by a large number (estimated at 280,000) of small or medium-sized firms.

- **Great Britain** (market worth an estimated €96 billion): VINCI plc is an operator of medium size. The principal players on the British market are Balfour Beatty, Amec, Mowlem and Laing.

- **Belgium** (market worth an estimated €25 billion): CFE is one of the market leaders, alongside Besix and Soficom (Eiffage Group).

- **Germany** (market worth an estimated €189 billion): VINCI Construction operates through two specialised subsidiaries, on the margins of the traditional construction markets: SKE (facilities management/PPP) and Bautec (related construction services). The principal operators in the construction sector are Bilfinger Berger, Strabag and Hochtief.

Sources: DAEI (French market), Euroconstruct (other markets), company reports.

French market leader and a world major in building and civil engineering

VINCI Construction is the biggest contributor to Group net sales and net income. It is the construction market leader in France and a major player in the construction market worldwide, with an unparalleled combination of capabilities in building, civil engineering, hydraulic engineering and services. On the strength of its policy of market, business segment and customer diversification, together with an unremitting strategy of selective order taking and added value growth, VINCI Construction has recorded steadily increasing results over the past three years. VINCI Construction's business is divided into three major complementary components:

> mainland France, with two independent multi-product networks (Sogea Construction and GTM Construction), each with a large number of agencies firmly rooted in their local markets;

> local markets outside mainland France, covered by networks of subsidiaries providing the full range of construction activities in their areas: VINCI plc in the UK; CFE (in which VINCI holds a 45% interest) in Belgium; VINCI Construction Filiales Internationales in Germany, Central and Eastern Europe, the former French overseas territories and Africa;

> major structures, specialised civil engineering and dredging, which are worldwide in scope and covered by VINCI Construction Grands Projets, Freyssinet and DEME (in which CFE holds a 50% interest).

The heart of VINCI's growth model, VINCI Construction has a management system that combines decentralisation, empowerment at local level, a profit culture and networking. This system, applied in conjunction with selective order taking and the optimisation of project production, has enabled VINCI Construction to achieve a further improvement in its operating profitability.

1. PSA Group design centre in Vélizy Villacoublay near Paris, a design and build project comprising offices, styling studios, a reception room and a car park.

2. After a year of painstaking renovation work, the Georges Récipon quadrigae returned to the Grand Palais in Paris.

1.

2.

The biggest contributor to VINCI net income

1.

2.

1. & 2. The huge new Annecy regional hospital in eastern France covers a surface area of 100,000 sq. metres, and has 626 beds and 14 operating theatres. It is scheduled to open in 2007.

In 2004, with 8% growth in net sales and an even stronger increase in operating income (57%) reaching 4.2% of net sales, VINCI Construction outdid its 2003 performance, confirming that the company has chosen the right strategy: controlled expansion based on the diversity of its expertise and markets, combined with a strict policy of selective order taking and added value enhancement.

France

Business increased substantially in a market that grew only moderately[1], boosting VINCI Construction's leadership position. Sogea Construction and GTM Construction posted net sales totalling €4.2 billion, up respectively by 10% and 15%, and took their overall operating margin up to an average of 4.8% of net sales - a performance reflecting, like the sharp increase in their order backlog during the year (17%), the quality of their expertise and their firm roots nationwide, which enable them to effectively cover the full range of market segments. The ramp-up of efforts to optimise production at all stages of activity also contributes to the continued improvement in their profitability.

International

Business also increased in VINCI Construction's other local markets, mainly in Europe. Net sales grew by more than the market average in the UK, where the VINCI plc's diversified offering covers the full range of building and civil engineering activities, with a focus on PFI (private finance initiative) projects, as well as in Germany, where SKE has established positions in the facilities management market, enabling it to weather the persistent recession in the building sector. In Belgium, by repositioning its business technically and commercially, CFE managed to maintain its results in a market that continues to be difficult. CFE's integration of BPC and BPI strengthened its positions in turnkey property development projects covering everything from design and construction to rental management.

In Central and Eastern Europe, local VINCI Construction subsidiaries continued their exemplary expansion in markets driven by European Union en-

1.– The building and civil engineering sector in France is estimated to have grown 3.7% in 2004 (source: DAEI-CASP, November 2004).

In France, the record performance of Sogea Construction and GTM Construction reflects their high-quality expertise and firm roots nationwide.

Construction / Business report

Net sales

+8%

Operating income

+57%

The Gresham hotel in Budapest, Hungary: an Eastern European architectural gem transformed into a modern-day palace.

1. Sogea-Satom employs some 6,000 people in Africa, including 400 local and European expatriate management staff.

2. On 23 June 2004, two dilapidated buildings in the Cité des 4000 housing estate in La Courneuve, near Paris, were demolished by implosion.

largement and major infrastructure programmes. Hídépítö experienced particularly strong growth (+113% to €133 million) in Hungary, as did Warbud in Poland (+18% to €225 million) and SMP and FCC (+18% to €83 million) in the Czech Republic. VINCI also moved into Serbia, where it acquired Novkol, a hydraulic engineering company, and founded Inter-Most, a construction company.

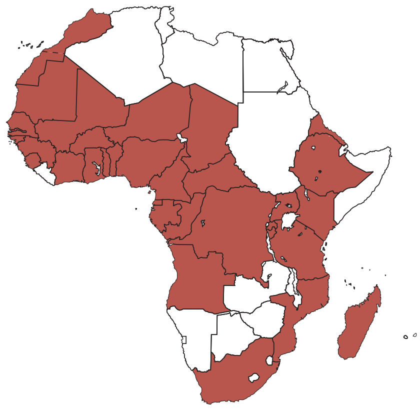
In Africa, Sogea-Satom is one of the continent's leading building and civil engineering companies. Business (€433 million) exceeded the already high level achieved in 2003, with especially good performances in equatorial Africa and the roadworks segment. In the former French overseas territories, business increased by 17% to €315 million, due, in particular, to external growth operations in the region.

In the world market for major projects, VINCI Construction recorded – as expected – a decline in business down to €548 million, following the strong increase in 2003, and maintained a high level of profitability. At the end of the year, VINCI Construction Grands Projets stepped up its marketing efforts and achieved an all-time record order intake of €800 million, more than three times the level of the previous year. Lastly, as a result of the determined strategy to improve margins implemented several years ago, Freyssinet generated net income.

1.

70 YEARS IN AFRICA

Sogea-Satom's history in Africa began in 1931 with the opening of the prestressed pipe manufacturing plant in Sidi Bouknadel, Morocco. *The company now has operations in 26 countries (see map right). Its coverage there of a broad range of business segments – roads, earthworks, hydraulic engineering, civil engineering and building – has enabled it to offset the impact of cyclical swings in international funding programmes and sustain its operations on the continent for 70 years.*



VINCI Construction
Grands Projets

€800

million of orders in 2004.

3. In the Place Vendôme district of Paris, VINCI Construction is working on two very large structural renovation projects.

2.

3.

Building

The office building construction and renovation segment has grown substantially, especially in France, where it is evenly spread over a large number of medium-sized projects, which account for a large share of VINCI Construction's overall business activity. The company also has an increasing number of major operations. In Paris, these include the structural renovation of the 35,000 sq. metre CB 16 tower in La Défense and the 70,000 sq. metre Avant-Seine building in the Masséna development zone, renovation of the 51,000 sq. metre head office of Alcatel and the start of work on the Granite tower *(see box on following page)*; in Brussels, reconstruction of the 36-storey, 125,000 sq. metre Dexia tower and construction of the Espace Léopold for the European Parliament; in Antwerp, construction of the Kievitplein complex

The office building construction segment comprises many medium-sized projects and an increasing number of major operations.

The new Société Générale office building in La Défense, the Paris business district, is to be handed over in early 2008. (Synthetic image)

for Rebelco, a property developer; and in Luxembourg, construction of the Kirchberg building for the European Investment Bank. Business was especially brisk in the public health care, security and education infrastructure markets, driven by the spread of public-private partnerships (PPPs) in a variety of forms. Taking advantage of the ramp-up of the Hôpital 2007 hospital plan in France, VINCI Construction continued work on the 100,000 sq. metre Annecy hospital project and started work on the Toulon military hospital, Bayonne hospital and Blois polyclinic hospital. The company booked orders for several big projects, including the Marseilles psychiatric hospital, the Hospices Civils de Lyon paediatrics, gynaecology and obstetrics hospital and the

THE GRANITE TOWER, A NEW PROJECT IN LA DÉFENSE

For Société Générale, VINCI and its 50-50 co-developer, Nexity, began work in January 2005 on the Granite tower in Paris La Défense *(Architect: Christian de Portzamparc), the first high-rise building to be erected using an HQE® high environmental quality approach. The 36-storey tower with its triangular prism shape will be 180 metres high; it will have 68,000 sq. metres of office space and accommodate 4,800 people. Standing next to the current head office of the Société Générale, built by VINCI Construction in 1994, the Granite tower will mark the westernmost point of the La Défense esplanade. It is being built by a consortium of four VINCI Construction subsidiaries. Structural work, which began in January 2005, will take 28 months to complete, with handover of the finished project scheduled for the first quarter of 2008. This new major project confirms VINCI's expertise in the construction of high-rise buildings, especially in La Défense, the Paris business district, where its subsidiaries have erected over 40% of the buildings.*

Arkadia, in Warsaw, Poland, is the biggest shopping centre in Central Europe.

Mongot-Vulcin hospital in Martinique. Under BEA (long-term leases with local authorities) contracts, a forerunner of partnership contracts, the French form of PPPs, VINCI Construction booked orders for eight police stations and three juvenile detention centres. The company started work in Chile on three prisons, which it will operate for a period of 20 years. In the UK, it won the PFI concession contracts for the new Kent and Wiltshire police headquarters.

In the educational segment, in addition to business carried out under conventional calls for tender in France, VINCI Construction won PFI contracts in the UK to build and renovate five schools in Derby with a total value of £43 million, and a major contract in Germany to renovate and provide maintenance for 43 schools *(see box below)*.

In high-profile retail buildings, new projects were launched in Romania and Russia (74,000 sq. metre shopping centre in Saint Petersburg), consolidating VINCI Construction's expansion in Eastern European markets in the wake of projects that were handed over during the year (four shopping centres in Poland and Romania, and the Four Seasons hotel in Hungary).

THE FIRST PPP IN GERMANY

In June 2004, SKE won the first significant PPP (public-private partnership) contract in Germany. *The 15-year contract, worth €295 million, was awarded by the Offenbach district in the Frankfurt region and covers the modernisation, maintenance and management of 43 schools – a total of 234 buildings (220,000 sq. metres) – attended by 20,000 pupils (see photo right). During the first five years, SKE will spend €80 million on renovation work.*

To date, SKE has operated principally in maintenance at US Army bases in Germany. The company is now increasing its share in a facilities management market driven by the upsurge in public-private partnerships.

The bridge spanning the Cooper River in South Carolina, for which Freyssinet supplied and installed the 128 stay cables, has the longest cable-stayed span in the USA.

1. Blasting was used to bore the Soumagne tunnel, in Belgium.

2. Some 100 engineering structures have been built by VINCI Construction subsidiaries along the TGV high-speed rail link between Paris and Strasbourg, which will open in 2006.

Civil engineering

The continuation and launch of major infrastructure projects during the year built on the quality and diversity of VINCI Construction's expertise and bolstered its business performance in various markets.

Road infrastructure

Business was brisk in France, due mainly to the resumption of Cofiroute investments (projects in progress on the A28, A85 and A11 motorways). In Africa, Sogea-Satom won several significant contracts, including the order for the new Bisney–Ngoura (36 km) and Ngoura-Bokoro (101 km) highways in Chad. In Hungary, Hídépítö carried out a series of contracts on the M7 motorway. Lastly, in the Czech Republic, SMP will be helping to build the I6 motorway between Karlovy Vary and Germany, as well as the Nymburk bypass to the east of Prague.

High-speed rail lines

VINCI Construction is the main civil engineering company involved in the construction of various high-speed rail lines in Europe. The company worked on all the projects currently under way in the sector, including the LGV Est between Paris and Strasbourg in France; the Dordrecht bridge south of Rotterdam, structures for the Thalys IV and the Pannerdensch Kanaal tunnel in the Netherlands; several structures in Antwerp, Belgium; and the Channel Tunnel Rail Link in the UK.

Bridges

The highlight of the year was the handover in Greece of Charilaos Trikoupis bridge between Rion and Antirion, a high-profile project combining numerous innovations that made it possible to build the bridge in an earthquake-prone area.

In France, several structures are under construction, including the Sioule viaduct on the A89 in south-west France and the Monestier viaduct on the A51 in the south-east.

Freyssinet installed the stay cables on the Millau viaduct, which was built by Eiffage on the A75 motorway, and equipped 12 other cable-stayed bridges throughout the world, including the bridge over the Cooper River in South Carolina (128 stay cables), the biggest bridge of its kind in the USA. Business was also brisk in Hungary, where Hídépítö is building several major structures.

1.

Tunnels

Drawing on its experience and engineering capabilities, which are key strengths in a world market that is difficult to penetrate, VINCI Construction participated in several major projects, including the A86 Ouest

2.

1. The Gournay en Bray wastewater treatment plant in northern France has a 10,500 population equivalent capacity.

2. In Egypt, a canal was built on the left bank of the Nile to divert the flow of the river during construction of the Naga Hammadi dam.

tunnel in the Paris region, the Toulouse metro, the Ivry–Masséna storage tunnels in Paris and the Hallandsas and Mitholz rail tunnels in Sweden and Switzerland respectively. The company also worked on the Lefortovo road tunnel in Moscow, for which a tunnel boring machine with a 14.2 metre diameter was used, setting a technical record.

Hydraulic engineering

In France, business in this segment consists of a large number of local projects. In 2004, it also included major projects for water supply systems (renovation of the Avre aqueduct), network re-routing (as part of the construction of the tramways in Paris and Bordeaux), industrial equipment (installation of networks at the Airbus A380 assembly site in Toulouse) and water treatment plant projects (44 plants under construction, 29 new orders).

Outside France, the highlight of the year occurred during a state visit of the French President: the signature in Libya of an agreement covering the creation of a joint-venture company with a Libyan firm to work on the next phase of the Great Man-Made River project, which will supply water from the aquifers in the south of the country to coastal areas. There were also a number of water treatment plant projects in Africa and targeted water projects in developing countries (renovation of networks in Kabul, Afghanistan and Northern Parishes, Jamaica).

Maritime works, dams

The main events of the year included the completion in France of the Port 2000 project in Le Havre (container ship port), and large-scale dredging works in Qatar to prepare for the creation of artificial islands. In Egypt, the diversion of the Nile represented a major milestone in the Naga Hammadi dam project. Also in the dam segment, VINCI Construction's expertise in increasing the storage capacity and improving the safety of dams using Hydroplus fusegates was again demonstrated in three new projects in the USA, Australia and Algeria.

Lastly, through several major contracts, VINCI Construction was able to demonstrate its specialised expertise in prestressing (construction of the new EPR

1.

2.

3. The Hydroplus fusegates installed on the Terminus dam in California are the biggest ever built.

4. Each of the two storage tanks built in Idku, Egypt, can hold 140,000 cu. metres of liquefied natural gas (LNG).

nuclear reactor in Finland), soil treatment (compaction of a 3.5 million sq. metre platform in Abu Dhabi, UAE), and the construction of liquefied natural gas tanks (orders in Qatar, Italy and Mexico with a total value of €421 million).

Services

Continuing its strategy of seeking growth in added value activities upstream and downstream of construction, VINCI Construction did brisk business in project development in the property segment (90 operations under way, principally in France and the Benelux) and in multi-technical and multi-service maintenance, a market with major growth potential as public-private partnerships come into more widespread use.

Several contracts for wastewater treatment plant operation (total capacity of plants under management: 1.2 million population equivalent) confirmed VINCI Construction's diversification into that activity in an extension of its turnkey construction of such facilities. Lastly, in the field of optical fibre networks, five new contracts were signed with local authorities in France to deploy broadband telecommunications loops under outsourced public service contracts covering both works and operation.

3.

VINCI Construction's expertise in the construction of storage tanks for liquefied natural gas (LNG) has resulted in a number of major contracts.

4.

Ci-dessus 1&2.
Handed over nearly five months ahead of schedule and five years after work started, the Charilaos Trikoupis bridge in Greece is a multi-cable-stayed structure with a total length of 3,490 metres. It comprises a 2,250 metre cable-stayed bridge and two access viaducts with lengths of 1,000 metres and 240 metres respectively.

Good quality order backlog and growth expected in net sales and income

The VINCI Construction order backlog reached a record high of €8.9 billion at the end of 2004, heralding further significant growth in net sales during the coming year and providing good visibility for 2006. Sales growth in 2005 is expected to be especially strong in France and Central Europe, as well as in the major projects, building and infrastructure segments. In addition, continued emphasis on the systematic elimination of high-risk projects, optimisation of productivity and enhancement of added value should result in further growth of operating income.

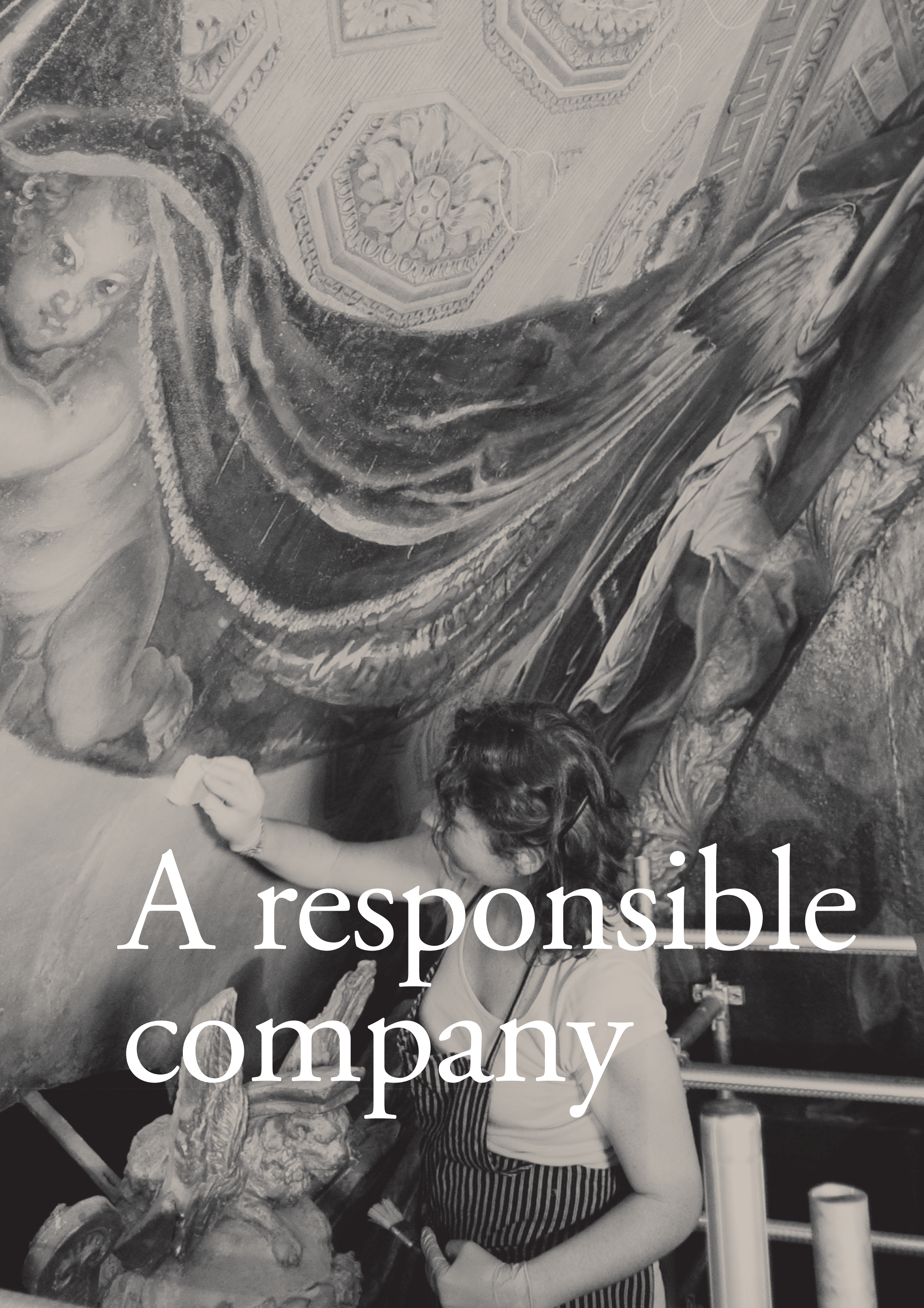
VINCI Construction will expand primarily through organic growth, building on its subsidiaries' expertise, firm roots and responsiveness in their markets. It will also expand through targeted acquisitions to strengthen the Sogea Construction and GTM Construction networks in France and to gain significant positions in growth markets where the company does not yet have a leadership position – principally the UK, and Central and Eastern Europe.

In most of VINCI Construction's markets, the increased use of public-private partnerships and the resumption of public spending on transport systems and public facilities (health care, safety and education) should result in significant growth. Against this backdrop, and in synergy with the Group's other divisions, VINCI Construction will be stepping up the effort to integrate its know-how into comprehensive offerings with a strong service component in order to respond to local authority demand for solutions that include project development and maintenance. Moreover, the development of activities upstream and downstream of construction is another way of increasing value added because it gives better control of design, management and project costs. It will therefore contribute to enhancing recurring sales and income.

1.

2.

A responsible company



Sustainable development: a progressive approach

In its urban and regional development role, VINCI assists local authorities and companies in their efforts to improve and enhance the quality of life by designing, financing, building and operating infrastructure. This business, the activities it generates and the materials used, together with the responsibilities of an employer with a workforce of 128,433 people worldwide, make VINCI a major player in the field of sustainable development.

VINCI's approach to sustainable development is built around five main themes: social responsibility, civic involvement, the environment, customer-supplier relations and corporate governance. Its sustainable development strategy is defined in a manner consistent with its decentralised management system. The company encourages operations teams at every level to integrate the concepts and tools of sustainable development into its managerial and commercial practices. This approach is coordinated by the sustainable development manager and directed by the 12-member sustainable development committee, which reports directly to the executive committee. It is transmitted throughout the company's business lines by committees and think-tanks, as well as a network of almost 200 sustainable development correspondents in the various subsidiaries.

Training, information, advice and support

VINCI's awareness raising activities include internal training programmes and conventions, as well as pivot clubs, which bring together the company's entities on a regional basis. Around 5,000 people participated in these activities in 2004. Some 500 received special training, with a particular emphasis on HQE® (the high performance environmental quality approach) and corporate social responsibility. The company also intensified its information campaign through various internal and external media, including a quarterly newsletter; dedicated space on the vinci.net intranet and vinci.com website, where the number of visits increased 30% in one year; and the in-house magazines of VINCI and its subsidiaries, which featured twice as many articles on sustainable development in 2004. In addition, an engineering advisory unit was set up at corporate headquarters to assist subsidiaries in their actions relating to sustainable development: responding to tenders, partnership assessments and so on.

Social and environmental reporting

The presentation adopted by VINCI is based on the principles of transparency and openness found in the Global Reporting Initiative (GRI), and on those set out in article 116 of France's new economic regulations (NRE) law and its enabling decree of 20 February 2002. The procedures of VINCI's comprehensive social reporting system, which has been in place since 2003, are checked every year by the company's statutory auditors. Coupled with the financial reporting instruments, the system covers all consolidated VINCI entities.

In the environmental sphere, VINCI continued to work towards the deployment of a reporting system that can cope effectively with the diversity of its businesses. A working group formed for this purpose has identified relevant indicators for each business.

Institutional partnerships

At European level, several VINCI companies continued their participation in collective projects aimed at broadening the approach to sustainable development and intensifying its application in the building trades (Presco, E-Core, Ecohousing programmes). In France, VINCI is a member of the principal national organisations working in this field, including the Observatoire de la Responsabilité Sociale des Entreprises (Orse), Orée, Entreprises pour l'Environnement (EPE), Comité 21, Admical and the Institut du Mécénat de Solidarité (IMS). It also continues to sponsor the master's degree in sustainable development at HEC, a business school near Paris.

VINCI subsidiaries also participate in working groups set up by the sector's professional bodies such as FFB, FNTP, EGF-BTP and AFSA.

An engineering advisory unit assists subsidiaries with their actions relating to sustainable development.

VINCI assists municipal authorities and companies in their efforts to improve and enhance the quality of life.

The Global Compact commitment

In 2003, when it joined the Global Compact launched by the United Nations, VINCI committed to respecting, promoting and guaranteeing the nine principles on human rights, labour standards and environmental protection. In 2004, the company participated in the working groups on the tenth principle, and committed to promoting it in the exercise of its business.
The ten principles of the Global Compact are systematically included in new approved framework contracts with VINCI suppliers.

THE GLOBAL COMPACT: TEN PRINCIPLES FOR ACTION

Human Rights
Business should:
1. *Support and respect the protection of internationally proclaimed human rights within their sphere of influence;*
2. *Make sure they are not complicit in human rights abuses.*

Labour standards
Business should uphold:
3. *The freedom of association and effective recognition of the right to collective bargaining;*
4. *The elimination of all forms of forced and compulsory labour;*
5. *The effective abolition of child labour;*
6. *The elimination of discrimination in respect of employment and occupation.*

Environmental protection
Business should:
7. *Support a precautionary approach to environmental challenges;*
8. *Undertake initiatives to promote greater environmental responsibility;*
9. *Encourage the development and diffusion of environmentally friendly technologies.*

Anti-corruption
10. *Businesses should work against all forms of corruption, including extortion and bribery.*

Internal social policy: focus on integration

1.

VINCI's social responsibility is based on the belief in the entrepreneurial responsibility of all the employees working for its business units and sharing its corporate values. This policy, which applies to all divisions, aims to promote the integration of employees within their business unit while offering them the advantages of being part of a major group.

VINCI implements the policy worldwide in accordance with the principles of the International Labour Organisation (ILO), particularly those relating to non-discrimination and employee health and safety. The company's participation in the UN Global Compact initiative demonstrates the importance it attaches to ethical and responsible practices with respect to its workforce. As one of it's top priorities, VINCI continued to pursue its "zero accidents" safety policy in 2004.

Organisation

The organisation of human resources reflects VINCI's decentralised management model, combining independent management of business lines and units with coordination at corporate level by the network of directors of human resources. Network members meet periodically to consider the broad policy guidelines relating to employment, remuneration, training and so on. Regional coordination is facilitated by the existence of human resources pivot clubs, whose mission is to organise common approaches to recruitment, team management, job mobility and the induction of new recruits.

Eight human resources clubs, four of which were formed in 2004, now cover the whole of France.

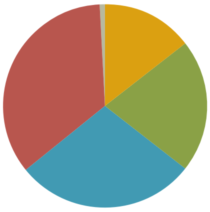
Social reporting

The methods and procedures of the Group's social reporting system, which covers all VINCI entities, were checked in 2002, 2003 and 2004 by its statutory auditors. Translated into four languages, the system is used by 975 consolidated subsidiaries and coupled with the financial consolidation reporting system. More than 200 specially trained people implement the system.

The system gathers quantitative and qualitative data consolildated at Group level once a year or, in some cases, every six months. It is managed by a special team in the corporate human resources department. All the procedures are accessible on the vinci.net intranet, and the results are distributed to employee representative bodies.

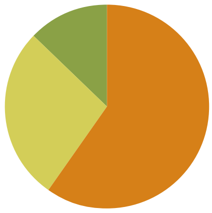
In all its divisions, VINCI promotes the integration of employees within their business unit, while offering them the advantages of being part of a major group.

Workforce by business line



Concessions	18,948
Energy	27,212
Roads	36,805
Construction	45,016
Holding company and property	452
Total	128,433

Workforce by category



Manual labour	76,942
Office, technical and supervisory staff	35,249
Managers	16,242
Total	128,433

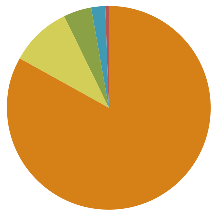
1. & below. The presentation of business activities and site visits, followed by training programmes, are often the first steps towards successful integration.

1. VINCI is one of the companies with the highest recruitment rate in France: for 2005, some 7,000 employees are expected to be recruited, including 1,500 managers.

5,600

students given work experience.

Workforce by geographic areas



Europe	107,350
Americas	11,704
Africa	6,564
Asia	2,521
Oceania	294
Total	128,433

1.

Offering stimulating career opportunities

Employment

In response to demographic challenges, VINCI companies have developed attractive recruitment policies for young people. They also seek to provide stimulating career opportunities for all employees to enable them to capitalise on their experience.

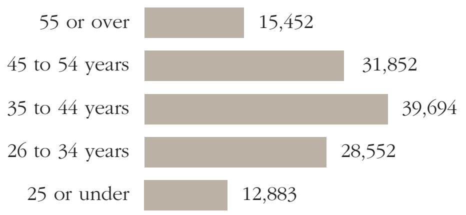
In 2004, VINCI had 128,433 employees, mainly in Europe. With 73,560 employees in France, VINCI is one of the country's top 20 employers (source: Coface). Job mobility, which reduces the impact of cyclical business variations, makes it possible to preserve jobs and limit the use of temporary employment. In 2004, employees on fixed-term and temporary contracts represented 7% and 12% respectively of the overall workforce.

Recruitment

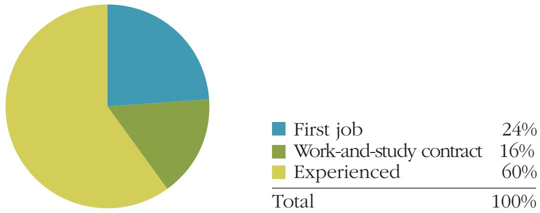
With 12% of employees over the age of 55, workforce renewal is an important social challenge for VINCI. In an effort to reshape its age pyramid and enhance the image of its businesses, VINCI has adopted a number of initiatives aimed at young people. A network of 150 "campus managers" coordinate the company's relationship with 70 engineering colleges and higher education establishments. In 2004, VINCI participated in some 30 college forums and intensified its sponsorship of graduating classes at HEC and Centrale Paris. The company's subsidiaries are also developing proactive work-and-study programmes, hiring about one thousand young people a year under apprenticeship or qualification contracts. In partnership with local public service employment agencies such as ANPE and AFPA, they are developing programmes that lead to a qualification, giving job seekers an opportunity to be trained in building and public works trades, thereby broadening the pool of potential employees.

Upstream of these activities, VINCI subsidiaries bring their work and achievements to the attention of a much wider audience, in particular young

Age pyramid in 2004



Employees below the age of 25



people still at school, by participating in events such as the school-business week and “Les coulisses du bâtiment” (behind the scenes in construction). The same objective is served by organising work experience opportunities for careers advisers.

Induction courses and job mobility

VINCI’s determination to offer genuine career opportunities is reflected in its organisation of induction courses at division and business unit level. Examples include “GTM Manager” at GTM Construction, “Coaching Team” at Sogea *(see box below)* and “Pépinière” at VINCI Energies. The master builder programme, which is the cornerstone of knowledge transfer at GTM Construction, has been reorganised and now involves 150 people a year. Overall, some 2,000 employees have benefited from a mentoring approach.

With operations in over 80 countries and a wide variety of business activities, VINCI offers very substantial career development opportunities to its employees. Expressions of interest in job mobility

2.

2. At GTM Construction, 150 “master builders” pass on their knowledge by mentoring and providing occasional internal training.

CRAFTSMEN AND ENGINEERS: SOGEA’S INDUCTION PROGRAMME

Sogea launched the “Passeport pour l’emploi” (passport to employment) programme in March 2003 in partnership with ANPE, the French employment agency, and AFPA, an adult training association.

In 2004, the programme led to the recruitment of 250 young craftsmen, each of whom benefited from a qualifying course that combined work and study with individual supervision by a specially trained mentor. In addition, 40 recently graduated engineers recruited by Sogea over the past two years followed the “Coaching Team” programme. During this 2-year programme, trainees are individually supervised by a coach and acquire their first varied professional experience in at least two different subsidiaries.

1,610

employees benefited from internal job mobility.

or training made during annual appraisal meetings are recorded in order to match the employee's personal development goals with those of the business unit.

The VINCI intranet lists all posts available by job type, region and company on its "Job mobility" page. The decentralised management of vacancies by the human resources managers of each unit ensures that the list is constantly updated.

A jobs and careers observatory also identifies the possibilities of transferring between business lines, thereby encouraging inter-company job mobility.

Inter-company twinning also promotes job mobility, particularly through exchanges of employees between units located in France and other countries. Two new twinning agreements were signed in 2004 between VINCI Construction units, one of which focused on accident prevention, safety and sustainable development. "Passport for Africa", created by Sogea-Satom, a VINCI Construction Filiales Internationales subsidiary, helps expatriate employees and their families prepare for their departure.

Training

VINCI has set up an ambitious training system that combines decentralised organisation with the determination to develop the synergies within the company. The number of hours of training provided across all business units amounted to 1,598,949 in 2004, up 13% compared with 2003.

Internal training represented 29% of all training activities. The internal training institutes are an ideal venue for apprenticeships, exchanging best practices and transmitting know-how to the next generation. VINCI employees are responsible for programme content and organisation in these institutes, a decision that leads to a closer match between the practical training given to employees and company needs.

The institutes broadened their training offerings in 2004 and continued to develop qualifying courses and management programmes to provide career-long support for employees and help them adapt to changing safety or quality procedures, and methods or standards, etc. The VINCI Academy develops management training for executives: management forums foster the integration of young managers exhibiting high potential and enhance their skills. The "Entretiens VINCI" are lecture-debates, where experts lead talks on subjects such as climatology, demography, forward thinking and international issues. These, too, aim to broaden the knowledge of senior managers.

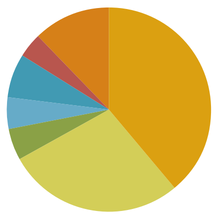
In construction, the number of hours of training provided by Sogeform, Sogea Construction's training institute, increased 15% compared with 2003. The institute offers about 100 courses in four areas: management, accident prevention, technology and law. GTM Construction's training centre, meanwhile, provided 34,224 hours of training to 1,842 trainees.

The VINCI Energies Academy develops made-to-measure programmes to respond to the needs of all division employees in the technical, management, legal and commercial fields. In 2004, it provided 37,500 hours of training to 1,850 trainees.

Girf, Eurovia's training institute, gave 230,000 hours of training to 8,300 trainees at its Gevrey-Chambertin centre, near Dijon. The institute provides qualifying training programmes, including one in roadworks masonry. The course is run every year in two long sessions (560 hours over 16 weeks) for 25 young people, and leads to a vocational training certificate recognised by France's Ministry of Education. With

Inter-company twinning agreements promote job mobility by facilitating exchanges between teams from France and another country.

Breakdown of training time by theme (in hrs)



Technical	39%
Quality, safety and environment	28%
Management	5%
Information technology	5%
Admin., accounting & legal	7%
Languages	4%
Other	12%
Total	100%

External training bodies support courses organised internally by all subsidiaries.

a success rate of 65%, it offers young people without a qualification the opportunity to obtain their first public works certificate so that they can develop further within the company.

The concessions division has two internal training centres focusing on customer service: the VINCI Park School, opened in November 2004 *(see page 33)* and Airport College for employees of airport sector subsidiaries. Airport College provided 40,516 hours of training to 7,910 trainees in 2004.

External training bodies support training courses organised internally by all subsidiaries. These courses focus primarily on technical subjects and management.

JOINT TRAINING PROGRAMMES TO DEVELOP SYNERGIES

The training managers of VINCI's four business lines, working together as members of a training committee, *design cross-business courses, described in all training catalogues. In 2004, a joint course on VINCI purchasing and framework contracts was created and followed by 257 employees, and a booklet listing purchasing training courses recommended by the company was published. These initiatives help to develop synergies and spread a common corporate culture within VINCI's various entities.*

1. The European Works Council met in Prague in July 2004.

1.

Strengthening social dialogue

Labour relations

VINCI's social dialogue policy reflects the company's commitment to several fundamental principles. These include recognition of the role of unions within the company; decentralisation, the quest for an ongoing balance between trade union involvement and keeping a close link with professional activities; the determination to increase information and training for employee and trade union representatives, in particular by involving them in the implementation of the company's major policies on aspects such as occupational health and safety and sustainable development, and lastly, to facilitate communications and meetings for unions and employee representative bodies.

Employee representation

Works councils, single staff delegations and employee representatives, together with the health, safety and working conditions committees, contribute to the quality of social dialogue in France. In addition, several specific structures have been created to complement the representative bodies within the business units. Exchanges within these various bodies are reported at national level by the Group Works Council, and throughout Europe by the European Works Council.

The Group Works Council, which meets twice a year, consists of representatives from more than 50 business units in France. It receives business and financial information, as well as information on changes in employment and employment forecasts, and accident prevention initiatives taken at corporate and unit level. It is kept informed of VINCI's business outlook for the coming year, and is given the consolidated and parent company financial statements, as well as the corresponding reports of the statutory auditors. Lastly, in advance of any decision being made, the Group works council is informed of any significant project that could affect VINCI's consolidation scope, legal or financial structure, and the consequences this might have on employment.

The European Works Council is made up of representatives and observers from eight countries in which VINCI has subsidiaries. The European Federation of Building and Woodworkers, which is a member organisation of the European Trade Union Confederation and the International Federation of Building and Woodworkers, together with the European Federation of Managers in the Construction Industry, which is a member organisation of the European Confederation of Executives and Managerial Staff, each have one expert on VINCI's European Works Council. The council meets once a year and receives information on all matters affecting the company. In 2004, it formed a discussion group on sustainable development.

Lastly, employees who have subscribed to the Castor savings schemes are represented on VINCI's Board of Directors by the chairman of the supervisory boards of those schemes.

Social dialogue

The collective agreements negotiated and signed by VINCI's business units are the tangible evidence of a decentralised human resources policy, which takes account of realities on the ground and aims particularly to improve employees' working conditions,

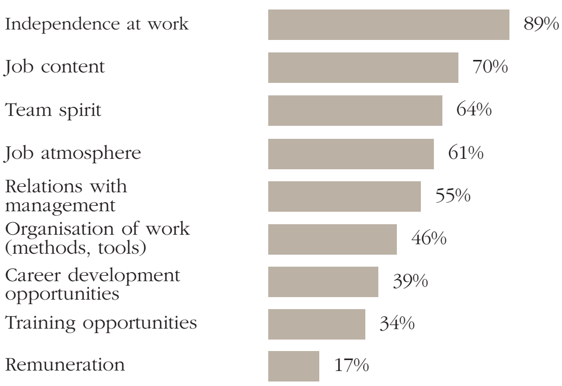
2.

2. The decentralised human resources policy focuses on improving employees' working conditions, health and safety.

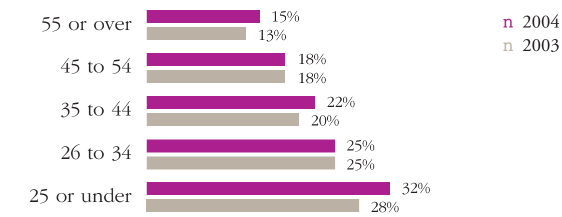
EMPLOYEE SATISFACTION SURVEYS

Several surveys were carried out in 2004 to assess employee perceptions. *Between June and July, 2,200 people at Sogea Construction were questioned about their views on their job and the company, working conditions, quality and safety, development and job mobility, training and recruitment, remuneration and benefits, respect and recognition, and information and communication (see opposite). In June 2004, a questionnaire was sent to employees working in staff departments and in the France Europe Americas department of VINCI Construction Grands Projets in order to define potential areas for improvement. The results of these surveys have been discussed in internal publications.*

Reasons for job satisfaction recorded at Sogea Construction



Growing proportion of female employees
Managers + office, technical and supervisory staff



1. & 2. VINCI is working to develop the diversity in its workforce.

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health and safety, and the organisation of working hours. In 2004, 1,038 collective agreements were signed. Absences due to strikes amounted to 5,595 days, out of a total 26,047,124 days worked.

Internal communication

Le Magazine, a quarterly publication with a circulation of 36,000, *La Lettre* (monthly) and the VINCI intranet, which are available in French, English and German, are the principal means used by the company to communicate with its employees. The four business lines and their subsidiaries have their own internal communication tools, including newsletters, intranet and conventions.

Encouraging diversity

Equal opportunities

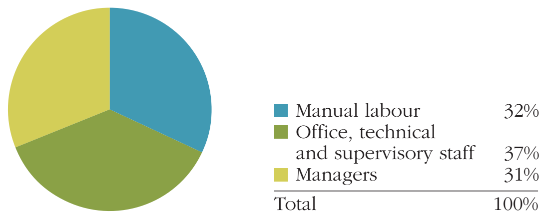
Two of the significant actions taken in 2004 were the creation of an equal opportunities committee and the launch of awareness raising initiatives to promote the sixth principle of the Global Compact relating to the elimination of discrimination at work and in professional activities.

For VINCI, the ethnic and cultural diversity of its employees is a source of wealth. The company's teams are made up of a mixture of different nation-

WORKFORCE INTEGRATION

By signing a cooperation agreement on 5 November 2004 with the Rhône-Alpes regional council, Eurovia committed to hiring 24 job seekers *under an incentive scheme launched by the council. The scheme aims to help people in difficulty find long-term employment in the private sector. After initial training, the 24 job seekers joined Eurovia teams installing the Grenoble tramway lines.*

Castor scheme subscribers



Social welfare

€23 million

paid in employee benefits.

alities, skills, ages and career profiles. This cultural diversity is enhanced by a policy that promotes geographical mobility and the exchange of experience within the company.

VINCI's commitment to diversity is also based on a strong policy of gender equality. The results of the first steps taken by the company are emerging: women account for 32% of the youngest age category and 15% of the oldest category.

People with disabilities represent 4,24% of employees performing jobs not excluded by the French law governing the employment of the disabled. In 2004, with a view to initiating an action plan, VINCI launched a study focused on keeping the disabled in employment, outsourcing work to employment centres for the disabled and sheltered workshops, and the identification of best internal and external practices with a view to setting up an action programme.

Pay and incentives

Remuneration

VINCI's remuneration system is based on sharing the fruits of growth. In addition to salaries, there are numerous benefits, including bonus, incentive, employee profit sharing and savings schemes. VINCI has also subscribed to particularly favourable welfare and health insurance schemes for its employees.

Almost half the company's employees in France benefit from incentive schemes, under which €24 million have been paid out, and 63% from employee profit sharing agreements for a total of €50.5 million.

Employee savings, Castor savings scheme

VINCI's policy aims to increase the number of employee shareholders and facilitate the access of lower income employees to the company's share capital, notably through Castor, the employee savings scheme set up in 1995.

This policy, which helps stabilise the composition of VINCI's share capital, is intended to foster an economic culture among its employees and develop their sense of profit.

Several savings options are available to employees of VINCI's French subsidiaries:
- The Castor fund, a product invested in VINCI shares, enables them to benefit from an employer contribution and a discount of 20% on the average price of VINCI shares;
- Castor Équilibre, created in 2003, is a fund invested in fixed-income securities (a maximum of two-thirds in bonds and a minimum of one-third in monetary securities), including a maximum of 10% in listed VINCI bonds;
- At the end of 2001 and beginning of 2002, these same employees were also able to save through Castor Avantage, a leveraged scheme that multiplies the employee contribution by 10, and provides a minimum return of 25% over five years with 72% of any capital gains arising on all subscribed shares.

During 2004, three capital increases at preferential rates (20% discount on the VINCI share price) were

Remuneration and social charges

(in of euros thousands)

	All categories	Managers	Office, technical and supervisory staff	Manual labour
VINCI average salary [1]	30	57	28	22
Men	31	59	29	22
Women	27	42	24	19
Average sector salary [2]	–	45	24	18
Social security contributions	54%	59%	55%	51%

1. – Including paid holidays. 2. – Source: PRO BTP.

offered to employees of French subsidiaries. They benefited from an employer contribution of up to €2,000 for an annual investment of €7,000, with a 100% contribution for the first €400 paid (compared with €200 in 2003). VINCI's total contribution in 2004 amounted to €23.5 million.

Castor International, a new scheme opening up the share capital to employees of subsidiaries in Germany, the UK and Morocco, was launched in 2004. One employee in four subscribed for a total of almost €8 million, including €2.5 million in employer contributions.

Through the corporate mutual funds invested in VINCI shares, almost 44,000 employees – nearly half the eligible workforce – were shareholders of the company at 31 December 2004. Together, they owned 9% of VINCI's share capital, making them the biggest shareholder group. The average investment in 2004 amounted to €2,900, and the average portfolio was almost €14,000. Within the framework of the law of 19 August 2004 on consumption and investment support, 14,121 French employees, representing 38% of French subscribers to Castor, released €80.5 million, or 1% of the share capital.

Safety goal: "zero accidents"

Accident prevention, health and safety

Accident prevention and safety are a top priority for VINCI, as illustrated by the company's "zero accidents" goal and 42% increase in the number of hours devoted to safety training. In accordance with the commitments given at the VINCI 2003 senior management convention, all business lines intensified the deployment of their action plans during the year. The plans, which have strong management involvement and engage all employees, led to a significant reduction in accident frequency and severity rates in 2004 in all sectors.

VINCI Construction continued to apply its "Safety First!" programme, increasing the number of awareness raising initiatives (such as on-site accident prevention meetings and the launch of a safety competition by VINCI Construction Grands Projets) and dedicated means of exchanging knowledge, including conventions, training, information newsletters and intranet pages. The response by all teams has been such that the frequency of occupational accidents has been reduced by 15% on average.

VINCI Energies focused on setting a good example and sharing best practices, using a network of knowledge exchange platforms between business units that recorded no lost days due to accidents during the year – i.e. 50% of its units in 2004 – and those performing less well in this area. In 2003, the units with the poorest record introduced a safety plan combined with indicators monitored on a daily basis.

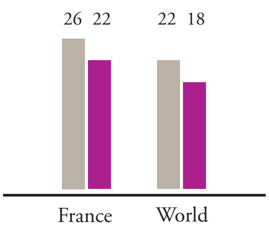
Eurovia implemented its traffic control procedure on all French worksites. The procedure, which won a VINCI Innovation Awards Competition prize in 2003, makes truck movements safer and protects pedestrians. Each morning, the site manager appoints a "traffic controller" who, using conventional signals, is the only person authorised to direct truck drivers. The implementation was supported by the distribution of a truck movement manual and a quick reference guide, together with worksite posters illustrating the conventional signals. VINCI companies, which are very aware of the risk of road accidents, have initiated many local and national actions.

Eurovia also continued to raise road safety awareness as part of its Vigiroute® plan. Since the plan's launch in 2002, there has been a 25% decrease in the number of traffic accidents involving Eurovia employees.

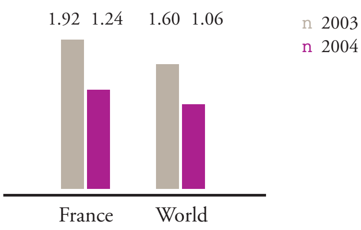
Encouraged by the satisfactory results obtained in France, Eurovia adapted the plan in 2004 for its Czech Republic subsidiary, SSZ. Vigiroute® has also been deployed by several VINCI Construction subsidiaries, including Sogea-Satom and Freyssinet.

As a motorway operator, Cofiroute must set an exemplary attitude to road safety. To that end, it has adopted a similar approach. The company carries out

VINCI accident frequency rate



VINCI accident severity rate



Eurovia extended its “traffic controller” procedure to all French sites in order to make truck movements safer and protect pedestrians.

ON-SITE ACCIDENT PREVENTION ACTIVITIES

In an effort to prevent accidents before they can occur, VINCI companies organise on-site safety meetings to influence practices and behaviour at work. *At Omexom, the VINCI Energies subsidiary specialising in high voltage networks, all site managers organise regular half-hour sessions with their teams. During the sessions, short video sequences demonstrating the risks associated with various aspects of the company’s business serve as a basis for discussion and enable all employees to play a role in safety. Bateg, a VINCI Construction subsidiary, launched the “5/15 video” concept: five minutes of video footage analysing the root causes of actual incidents, followed by 15 minutes of discussion with colleagues, site managers and the safety coordinator.*

1. In parallel with its efforts to raise customers' awareness of safety issues, Cofiroute is working to reduce the number of road accidents involving its employees.

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campaigns aimed at promoting safety on its network and raising motorists' awareness of the risks associated with motorway driving. In addition, it has implemented an internal accident prevention plan, committing to reducing the number of accidents involving its employees by 20% within five years. Driver behaviour is raised systematically with all employees during their annual appraisal meetings. Moreover, recording devices have been installed in company cars so that employees can analyse and improve their behaviour at the wheel.

At VINCI Energies' German subsidiary, Nickel, an agreement has been signed by employee representative bodies and unit managers aimed at giving employees a sense of responsibility as regards accident prevention and safety issues. Based on the principle that everyone, at every level of the company, is responsible for safety, the agreement was mailed to all employees, who confirmed their commitment by signing and returning it. In support of the initiative, training programmes to raise employee awareness were organised in regional offices.

The determined efforts made by all teams has already reduced the accident frequency rate by 15% on average.

WORKPLACE SAFETY CHARTER FOR TEMPORARY WORKERS

In conjunction with temporary employment agencies covered by framework contracts, *VINCI decided to carry out an in-depth study into optimising the safety of temporary employees working on its sites. A survey of 44 approved agencies identified four areas of improvement: induction, training, job changes and task descriptions. Following a seminar attended by 80 accident prevention specialists from VINCI and the temporary employment agencies, a 14-point mutual commitment charter, the "Workplace Safety Charter for Temporary Workers", was drawn up.*

2. VINCI Construction Grands Projets set uo andeforced exemplary safety procedures on the liquefied natural gas tank construction site in Idku, Egypt that were frequently commended by the client.

Closer relations with customers and suppliers

In 2004, VINCI developed relations with customers and suppliers based on mutual respect, encouraging them to apply the principles of corporate social responsibility.

Quality

For VINCI, the quality and safety of the infrastructure and services it provides to customers is of paramount importance. To meet the expectations of consumers, the government, municipal authorities and industry, all VINCI subsidiaries have launched quality programmes. Obtaining ISO 9001:2000 certification for their quality management systems is an important step in the process. In 2004, Cofiroute was the first French motorway operator to obtain this certification in respect of the operation of its entire network. At Eurovia, 83% of its business is now certified.

VINCI Construction Grands Projets has secured certification for all its design and construction activities for major infrastructure and turnkey facilities. GTM Construction, meanwhile, is the first company in the construction industry to have obtained the triple certification: ISO 14001 (environment), ISO 9001 (quality) and BS 8800 (safety). During the year, many Sogea Construction units obtained or renewed their ISO 9001 certification. VINCI Energies' business units, particularly those operating in the industrial sector, also increased the number of certifications they hold.

In parallel, VINCI subsidiaries are developing their own quality tools on the intranet on the basis of shared databases. These include handling projected-actual variations, experience sharing and customer satisfaction surveys.

Purchasing policy

Purchases represented 65% of net sales in 2004. Due to the significant impact this has on the level of value added that can be generated, VINCI decided to bring its suppliers into its sustainable development policy. This approach, led by the purchasing coordination unit, aims to:

– integrate the values and criteria of sustainable development into buyer practices through the regional purchasing clubs;
– establish relations that go beyond price negotiations by inviting suppliers to participate in think-tanks, as illustrated in 2004 when VINCI involved temporary employment agencies in its safety policy (see box on page 104);
– add clauses relating to sustainable development in approved supplier framework contracts (a clause inviting suppliers to comply with the Global Compact principles has been included in all such contracts since 2004);
– disseminate the practices of responsible behaviour to suppliers through internal purchasing training programmes (507 employees received training in 2004).

In addition, VINCI companies that are members of EGF-BTP, a general contracting trade organisation, are bound by the EGF-BTP subcontractor partner charter signed in 2004 with France's building federation, the FFB. This charter defines the general rules of behaviour that contribute to the successful running of building sites and customer satisfaction in a climate of confidence and mutual respect.


2.

Complementary social indicators

Workforce

Breakdown by geographical area and by business line

	Concessions and services	Energy	Roads	Construction	Holding co. & property	%	2004 Total	2003 Total	2002 Total
France	7,599	19,303	20,452	25,773	433	57%	73,560	71,648	70,557
Germany	44	3,643	4,274	1,782	15	8%	9,758	9,154	9,523
Great Britain	1,419	476	2,964	2,840	0	6%	7,699	7,172	7,249
Belgium	73	224	213	3,495	0	3%	4,005	3,973	4,041
Spain	193	1,023	926	154	0	2%	2,296	2,133	1,327
Central and Eastern Europe	20	854	4,621	2,233	0	6%	7,728	6,970	6,655
Rest of Europe	139	1,571	193	398	3	2%	2,304	2,610	2,912
Europe	**9,487**	**27,094**	**33,643**	**36,675**	**451**	**84%**	**107,350**	**103,660**	**102,264**
Americas	8,024	7	3,162	510	1	9%	11,704	15,336	15,702
Africa	0	111	0	6,453	0	5%	6,564	4,861	5,801
Asia	1,437	0	0	1,084	0	2%	2,521	3,334	3,415
Oceania	0	0	0	294	0	0%	294	322	198
World	**18,948**	**27,212**	**36,805**	**45,016**	**452**	**100%**	**128,433**	**127,513**	**127,380**

Breakdown by category and by business line

	Concessions and services	Energy	Roads	Construction	Holding co. & property	%	2004 Total	2003 Total	incl. France 2004 Total
Management	1,043	4,509	3,684	6,728	278	13%	16,242	15,433	12,345
Office, technical & supervisory staff	4,333	9,787	8,990	11,966	173	27%	35,249	35,911	21,361
Manual labour	13,572	12,916	24,131	26,322	1	60%	76,942	76,169	39,854
All categories	**18,948**	**27,212**	**36,805**	**45,016**	**452**	**100%**	**128,433**	**127,513**	**73,560**

Breakdown by type of employment contract and by business line

	Concessions et services	Energy	Roads	Construction	Holding co. & property	%	2004 Total	2003 Total	incl. France 2004 Total
Long-term	17,903	25,505	34,409	38,974	439	91%	117,230	116,905	69,884
Fixed-term	1,025	1,026	1,636	5,490	12	7%	9,189	8,949	2,168
Work-and-study	20	681	760	552	1	2%	2,014	1,659	1,508
All categories	**18,948**	**27,212**	**36,805**	**45,016**	**452**	**100%**	**128,433**	**127,513**	**73,560**
Temporary employees	751	2,851	3,323	7,993	17	12%	14,935	13,383	11,247

Breakdown by gender and by business line

	Concessions et services	Energy	Roads	Construction	Holding co. & property	%	2004 Total	2003 Total	incl. France 2004 Total
Men	13,546	23,734	33,404	40,676	244	87%	111,604	110,731	65,372
Women	5,402	3,478	3,401	4,340	208	13%	16,829	16,782	8,188
Total	**18,948**	**27,212**	**36,805**	**45,016**	**452**	**100%**	**128,433**	**127,513**	**73,560**

Breakdown of new employees by business line

	Concessions et services	Energy	Roads	Construction	Holding co. & property	%	2004 Total	2003 Total	incl. France 2004 Total
Long-term	4,805	2,507	4,619	7,809	46	55%	19,786	21,239	7,576
Fixed-term	7,363	1,332	2,716	4,711	24	45%	16,146	14,127	9,186
All categories	**12,168**	**3,839**	**7,335**	**12,520**	**70**	**100%**	**35,932**	**35,366**	**16,762**

Breakdown of reasons for departure

	Concessions et services	Energy	Roads	Construction	Holding co. & property	%	2004 Total	2003 Total	incl. France 2004 Total
Resignations	3,186	1,378	2,277	2,841	7	26%	9,689	7,152	2,761
End of fixed-term contracts	6,696	757	1,532	1,928	31	30%	10,944	8,207	7,982
End of site	117	56	256	3,342	1	10%	3,772	6,434	1,031
Retirement	104	318	681	669	2	5%	1,774	810	1,339
Redundancy	1,616	522	212	428	1	8%	2,779	1,585	133
Other dismissals	377	525	524	1,876	15	9%	3,317	3,413	2,011
Other reasons	2,174	427	1,196	879	5	13%	4,681	6,609	872
All categories	**14,270**	**3,983**	**6,678**	**11,963**	**62**	**100%**	**36,956**	**34,210**	**16,129**

Training

Change in number and breakdown of training hours

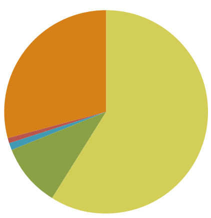
	Management	Office, technical & supervisory staff	Manual labour	%	2004 Total	%	2003 Total	Increase	incl. France %	incl. France 2004 Total
Technical	56,810	152,423	412,405	39%	621,638	43%	608,538	2%	40%	406,420
Quality, safety, environment	46,796	122,213	278,635	28%	447,644	22%	315,349	42%	28%	290,140
Management	47,130	25,521	13,434	5%	86,085	6%	84,353	2%	6%	58,754
Information technology	32,497	42,486	6,040	5%	81,023	6%	78,326	3%	6%	58,260
Admin., accounting & legal	41,302	59,568	7,024	7%	107,894	7%	97,877	10%	7%	73,541
Languages	24,612	33,619	2,432	4%	60,663	5%	66,245	(8%)	2%	19,468
Other	25,665	61,680	106,657	12%	194,002	12%	168,838	15%	11%	114,790
Total	**274,812**	**497,510**	**826,627**	**100%**	**1,598,949**	**100%**	**1,419,526**	**13%**	**100%**	**1,021,373**

Organisation of work

Time worked

	Management	Office, technical & supervisory staff	Manual labour	Total
Total number of hours worked	26,398,147	55,228,776	126,750,070	208,376,993
of which overtime	215,704	1,010,312	9,496,446	10,722,462
Number of part-time employees	136	1,219	3,630	4,985

Breakdown of employee absence by reason



Sickness	59%
Occupational accidents	10%
Accidents on the way to work	1%
Occupational sickness	1%
Other	29%
Total	100%

Average per employee

- 10.5 days for sickness
- 1.7 days for occupational accidents
- 0.1 day for accidents on the way to work
- 0.2 days for occupational sickness
- 5.1 days for other causes (notice period not works, authorised absences, unpaid leave, etc.)

Civic involvement: a duty to share

Promoting social reinsertion

The VINCI Foundation for the Community

Created in 2002, the VINCI Foundation for the Community aims to support citizen initiatives proposed by employees and help agencies focusing on work as a means of social reinsertion. Since its launch, VINCI's corporate foundation has financed 180 projects initiated by 166 agencies working towards creating job opportunities for people in difficulty and restoring the social fabric of urban communities. Each project is monitored by a VINCI employee, working on an entirely voluntary basis. Employees support the implementation of the project by contributing their skills and drawing on their network of contacts.

The VINCI Foundation supported 58 projects in France, providing total funding of €999,159 in 2004. This represents an average of €17,227 per project. Almost half the projects were presented by VINCI employees, and ten were benefiting from financial support for the second year running. The foundation's funding is used to cover capital expenditure and project start-up costs.

For the second consecutive year, the VINCI Foundation was one of the sponsors of "Talents des Cités", a competition organised jointly by the French Ministry of Employment, Labour and Social Cohesion and the Senate to support the efforts of young entrepreneurs who create a new business in an urban neighbourhood. It also participated in increasing the capital stock of Sifa (Société d'Investissement France Active), which strengthens the shareholders' equity of businesses that create jobs for people living in financially and socially precarious circumstances.

The civic involvement of VINCI's corporate foundation goes hand in hand with initiatives taken by individual VINCI companies to promote social reinsertion. VINCI Construction Grands Projets, for example, repeating an experiment that proved successful in 2003, invited four young people to spend six months working on its sites in Libya and Egypt. For the past ten years or so, GTM Bâtiment has been subcontracting works packages to reinsertion agencies. This accounts for 2% of its business. In addition, 10% of the people sent by the reinsertion agencies to work on the company's worksites are subsequently hired under a long-term employment contract.

Moreover, as a result of these various initiatives, about 100 of the people who were helped by reinsertion agencies have benefited from work experience or found a job in a VINCI company.

SOCIAL MEDIATION IN POITOU-CHARENTES

In the west coast town of La Rochelle, the VINCI Foundation for the Community is supporting ALPMS, a local agency that aims to resolve conflicts and defuse social tensions involving local residents. *In five years, the work of the agency staff – known as "robins" because they wear red and black jackets – has resulted in a 40% drop in the number of police call-outs. In addition, 23 "individuals with social problems" from La Rochelle housing estates have become mediation officers employed by the agency. In 2004, thanks to a grant of €23,000 from the VINCI Foundation, the agency was able to purchase two vehicles. For their part, the two project monitors (employees from VINCI Energies and GTM Construction) organise site visits and work experience placements in companies.*

1. Cofiroute is a partner of the Raymond Poincaré hospital in Garches, which treats people who have been seriously wounded in road accidents.
2. Mobilisation of VINCI Concessions' teams in Cambodia following the tsunamis on 26 December.

Solidarity in action

VINCI awards scholarships every year to disadvantaged students at the ESTP engineering school. In 2004, the total allocated amounted to €115,000. Through its corporate foundation, which has an annual budget of €107,000, Eurovia provides financial assistance to employees' children who continue their studies. As part of the "Joy of Reading" project, VINCI Construction is supporting the creation of a children's library at the Saint Jean orphanage in Douala, Cameroon.

In the health care field, Cofiroute's partnership with the Raymond Poincaré hospital in Garches, near Paris, gives people who have been seriously wounded in road accidents access to computers specially adapted for motor and sensory handicaps.

Swift response to emergency

After the tsunamis of 26 December 2004, the teams working at Phnom Penh airport, which is managed by VINCI Concessions, mobilised to speed up the handling of emergency supplies airlifted in by the UN's World Food Programme (WFP). SCA, the airport concessionaire, made available all the resources required for turning the relief planes round as quickly as possible, night or day. Its teams (700 employees and 5 expatriate managers) provided the local logistical and technical services necessary to ensure the regional airbase could function properly: ramp services, unloading, sorting, temporary storage and loading. Some 100–150 tonnes of supplies (all-terrain vehicles, tents and high-calorie food) passed through the base each day during the period immediately following the disaster.

Meanwhile, the VINCI Solidarity with Asia scheme encouraged employees to support two NGOs, Médecins du Monde and Unicef, in their efforts to assist disaster victims. Each donation made by an employee was matched by VINCI with a contribution of the same amount.

In 2004, the VINCI Foundation supported 58 projects.

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1. The vast decorative ensemble – over 1,000 sq. metres of paintings – in the Hall of Mirrors is being carefully restored.

2. The 700 sq. metres of oak parquet were replaced in three months, without limiting the public's access to the Hall of Mirrors.

3. The restoration of the Hall of Mirrors will be completed in 2007.

Preserving the world's cultural heritage

VINCI is restoring the Hall of Mirrors at the Château de Versailles

In 2003, VINCI launched the biggest cultural sponsorship operation ever to be undertaken in France, the restoration of the Hall of Mirrors at the Château de Versailles. The company's contribution is helping to ensure the survival of one of the masterpieces of the world's architectural heritage. This operation is unique by virtue of its sheer financial scale – VINCI's contribution amounts to €12 million – and also by the original form of skills-based sponsorship deployed.

Restoration work began in March 2004. Seven VINCI companies are actively involved: Dumez Ile-de-France (site equipment and site safety), Lefort Francheteau (site ventilation), Degaine (masonry and plasterwork), Socra (restoration of the marbles and bronzes), SDEL Artec (electricity and lighting), Axians (audiovisual installations in the scenographic corridor) and Dynaccord (coordination of health, safety and accident prevention aspects). Once these firms had completed the preliminary technical works and the 700 sq. metres of new parquet flooring had been laid, the work of restoring the painted and sculpted décor got under way in July 2004. Some 60 people from Restaurateurs Associés, a consortium of specialists, are in charge of restoring the paintings, sculptures and gilding decorating the vaulted ceiling. The Hall of Mirrors will remain open to the public throughout the whole project *(see page 111)*, which is scheduled for completion in the spring of 2007.

VINCI is involving all its employees and their families in this sponsorship operation by providing them with a free pass so that they can visit the Château de Versailles during the restoration project.

Supporting cultural projects

Elsewhere, VINCI is supporting "The year of France" in China, a programme of cultural exchanges between the two countries. The programme started in October 2004 and will end in June 2005. The company also sponsored the Lille 2004 European Capital of Culture event by co-funding an exhibition devoted to the architect Christian de Portzamparc. This sponsorship marked a continuation of the partnership established in 2003 with Lille's Palais des Beaux Arts, which VINCI's regional subsidiaries helped to restore.

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The restoration of the Hall of Mirrors is the biggest cultural sponsorship operation ever undertaken in France.

OPEN TO VISITORS THROUGHOUT THE RESTORATION WORK

A touch of theatre has been added to the visit of the Hall of Mirrors for the 3-year duration of the project: a scenographic concept (photo left) screens the scaffolding supporting the restorers 10 metres above the ground as they work on the ceiling. *Visitors walk through a 40 metre corridor in which the past magic of the castle is recalled. A life-size reproduction of the Yew Tree Ball evokes the festive atmosphere of the court of Louis XV, and an original sound recording conveys strains of baroque music intermingled with a clinking of crystal glasses. When the work in the north half of the Hall has been completed in November 2005, the scaffolding will be moved to cover an equivalent area at the south end of the room, ready for the second phase of the project, which is scheduled to end in the spring of 2007.*

Environmental responsibility: controlling the impact of business activity

VINCI's approach to the environment is guided by its determination to address and reduce the environmental impact of its business activities at the design, construction and operation stages of the life cycle of its products and services.

The construction sector has a major impact on climate change because it consumes resources (materials and energy), emits greenhouse gases and produces waste when structures are built and demolished. In devising its environmental approach, therefore, VINCI considered both the overall life cycle of structures and the impact of man-made structures on the environment.

VINCI Energies works primarily for the industrial and service sectors which, together, generate over one-third of the greenhouse gases emitted in France. As a result, its business units address the climate change challenge by providing advice and support to their customers to help them reduce energy consumption wherever possible.

Eurovia, which designs roads, produces road materials (aggregates, binders, asphalt mixes and recycled materials) and enhances living conditions and the natural environment, carries out high level research programmes to combat climate change.

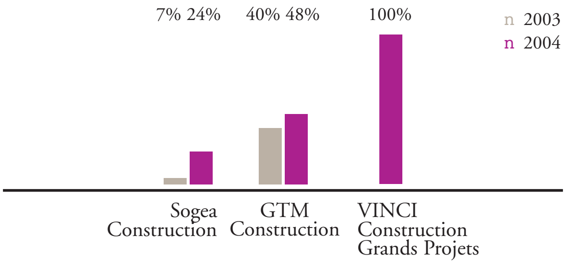
In concessions, Cofiroute, VINCI Park and VINCI Airports continued in 2004 to identify the major environmental risks and challenges of their long-term projects.

HIGH PERFORMANCE ENVIRONMENTAL QUALITY

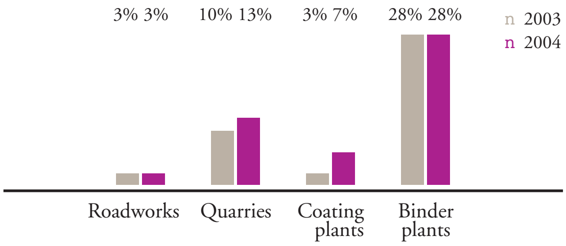
The goal of the high performance environmental quality (HQE®) approach is to gain better control of a building's life cycle by taking into account *– right from the beginning – all its impacts in terms of materials consumption, energy management, comfort, environmental integration and maintenance. In 2004, Sogea Construction carried out several HQE® operations, including the regional council building in Lille, Alco middle school in southern France and the structural renovation of the Sceaux town hall (photo opposite), near Paris. GTM Construction, meanwhile, started building a floating swimming pool in Paris, and rehabilitating 417 housing units in the Cité Basse du Pont Blanc in the northern suburbs of Paris and La Joliette, a middle school in Marseilles. At Pic Saint Loup high school in the south of France, VINCI Energies installed natural ventilation, a solar water-heating system and a gas air conditioning and water-cooling system.*

In Baud, north-west France, the Quinipily quarry site has been rehabilitated, including reforestation and the creation of a lake.

VINCI Construction certifications



Eurovia certifications



Environmental protection plans have been introduced at 56% of the worksites of Sogea-Satom, a VINCI Construction Filiales Internationales subsidiary.

Environmental management

VINCI has designed an environmental management system to meet customers' specific requirements, maintain a regulatory watch and comply with applicable standards. In addition, as part of its continuous improvement programme, the system aims to increase both employee skills and the overall quality of structures built by VINCI subsidiaries.

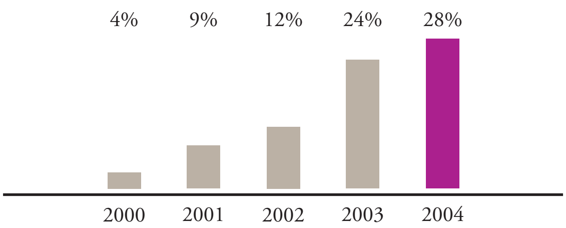
In 2004, VINCI continued to deploy its environmental reporting system, which has now been extended to 34.4% of its operations worldwide, including 31% in construction, 45% in concessions and 57% in roads. In parallel, environmental training throughout the Group increased from 8,627 hours in 2003 to 12,698 hours in 2004. Sogeform (Sogea Construction's training centre), for instance, systematically provides environmental training for its young works engineers. In September, GTM Construction's technical seminar on sustainable development and the high performance environmental quality approach to building was attended by 70 employees.

VINCI companies continued their certification processes and the development of management systems. During the year, ISO 14001 certification was awarded to Göteborg Installation, a Swedish subsidiary of VINCI Energies, and to VINCI Construction Grands Projets. GTM Construction and Sogea Construction have secured the same certification for 48.76% and 24% of their net sales respectively. A certification programme is under way at Eurovia for its industrial sites (quarries, materials production sites and recycling units), and at VINCI Energies for ten Omexom business units (high voltage networks). Meanwhile, fifteen VINCI Energies and five Sogea Construction companies have received UIC approval for work in the chemicals sector.

Environmental reporting scope

	Scope	% of net sales
VINCI	**World**	**34,4**
• VINCI Construction	World	31
of which GTM Construction	France	100
of which VINCI Construction Grands Projets	World	100
• Eurovia	World	57
of which in-house activities	France	100
• VINCI Concessions	World	45
of which Cofiroute	France	100

GTM Construction supervisory staff with environment training



Risk management

Industrial and environmental risks

Overall, VINCI has low industrial and environmental risk exposure. Some of Eurovia's activities may be exposed to limited and clearly identified risks.

Binder and coating plants. Risks are related to the use or production of products that are potentially dangerous for the environment. These sites are monitored continuously and are subject to in-house assessment carried out by Eurovia's QSE (Quality Safety Environment) managers. With regard to coating plants, the systematic upgrades started six years ago to bring them into compliance with legislation are now nearing completion. Additional regular and unscheduled external inspections, focusing principally on product analysis and the measurement of volumes stored, are performed to verify site conformity.

Quarries. The risks identified relate to noise, vibration and dust emissions. External audits are carried out on site once a year by certified bodies. Dust emissions are reported once a year to the French government's regional department for industry, research and the environment (DRIRE).

Because these risks are limited, no special system has been set up to monitor costs and capital expenditure related to risk management activities and compliance with applicable regulations. However, all identified risks are analysed on a case-by-case basis and provisions are allocated as appropriate. On 31 December 2004, provisions allocated by Eurovia, where most of the industrial and environmental risks are concentrated, amounted to €4 million.

The programme to bring Eurovia's coating plants into compliance is nearing completion.

Eurovia manages a network of 210 quarries worldwide.

Technological risks

VINCI companies have no facilities classified under Article L. 515-8 of the French Environment Code, so they are not directly concerned by technological risks. They may however be indirectly exposed, particularly when their business units operate on an occasional or long-term basis in the vicinity of facilities classified as presenting such risks. All such companies are obliged to comply with current legislation. For instance, they are not allowed to engage in any activity that could result in an increase in the number of people working near a classified site. VINCI Energies is sometimes called upon to work in classified facilities where the operations rules require that it take all the necessary measures, especially as regards employee evacuation.

Omexom (VINCI Energies) and Sogea (VINCI Construction) participated in the construction and fitting out of the Clitourps wind farm in northern France.

38%

of Sogea Construction's worksites have replaced mineral form removal oils by vegetable oils.

Reducing the consumption of energy and raw materials

Greenhouse gases

Controlling energy consumption is one of the improvement goals common to all VINCI business lines. They are therefore developing products that consume less energy, promoting renewable energies and evaluating fuel consumption.

In asphalt mixes laid on roads, for example, Eurovia has developed the "warm mix" technique. The process involves using an additive, Aspha-min®, which reduces the heating temperature of aggregates by 30%. It generates substantial energy savings (one litre of fuel oil per tonne of asphalt mix, representing a saving of 20%) and reduces gas emissions (carbon dioxide [CO_2], sulphur dioxide [SO_2], nitrogen dioxide [NO_2] and volatile organic compounds [VOCs] by 20% at the coating plant stack. Warm mixes were tested internationally in 2004, notably on the A81 project in France (6,000 tonnes) and on several projects in Germany (30,000 tonnes).

Because VINCI companies engage in activities that require employees to move from place to place, they have taken initiatives to limit energy consumption both on their worksites and at permanent sites such as agencies and head offices. In partnership with ADEME, France's environment and energy conservation agency, GTM Construction has designed a new type of worksite building that is better insulated and equipped with a building management system (BMS). Eurovia has provided its 2,500 foremen with an IT tool that enables them to remain constantly in touch with the business unit network *(see box page 63)*, thereby reducing weekly travel between the worksite and the agency.

VINCI's activities emit limited amounts of greenhouse gases. These are primarily generated by the company's fleet of 30,000 service vehicles and 5,000 worksite machines. The company has launched a study with in-house purchasing managers, vehicle

30%

of VINCI Construction Grands Projets worksites have taken measures to limit their energy consumption.

In Africa, Sogea-Satom spent €19 million to equip its worksites with lower energy consumption machinery.

manufacturers and leasing companies to identify the types of vehicle in its fleet that generate the least pollution (vehicles equipped with particle filters, speed limiting devices and so on). Several actions have also been taken in-house to raise purchaser awareness of energy issues, provide environment-friendly driver training courses and organise competitions recognising drivers achieving the lowest levels of consumption.

In Africa, Sogea-Satom continued its programme to renew its vehicle and worksite machinery fleet over a period of five years in order to bring it into compliance with European standards, especially as regards fuel consumption. In France, GTM Construction worked in partnership with CNES, the French space agency, to test the use of GPS technology as a means of optimising the routes and rotations of earthmoving equipment on its worksites. Eurovia is developing alternatives to roads for transporting supplies to its worksites. Three-quarters of the materials used to develop the landscaped car park at the Deûle park in Houplin Ancoisne in northern France were transported by river barge. VINCI Energies is developing service offerings, especially related to its industrial and service sector maintenance activities, that help save energy. These include remote monitoring, heating analysis and management, the installation of light dimmers in public lighting systems and waste management (batteries, light bulbs and fluorescent tubes).

Renewable energies

In 2004, VINCI Park continued its parking meter replacement programme, installing new devices equipped with photovoltaic panels. Several VINCI Energies and VINCI Construction business units worked on the construction and fitting out of the Clitourps and Vix wind farms in northern and western France respectively. Degréane Horizon, a VINCI Energies business unit specialising in weather data systems, obtained a subsidy from ADEME in 2004 to devise a new lidar (light detection and ranging) system for measuring wind speeds at low altitude, which would make it possible to develop offshore wind farms and optimise their safety. At the regional council headquarters on Reunion Island, VINCI Energies installed 244 photovoltaic modules providing 53 MW a year.

Materials recycling

In order to guarantee supplies for its worksites and conserve natural resources, VINCI continued its policy of producing recycled materials. With 11 dedicated facilities, Eurovia is the leading French producer of bottom ash from household waste incineration, recycling 735,000 tonnes for use as backfill in road construction.

More generally, Eurovia recycles over 7 million tonnes of materials a year. The company has devised a process, Recycan®, which can process materials excavated on worksites to produce self-compacting backfill, thereby conserving natural aggregates. By acquiring machinery suitable for this process, Eurovia was positioned to lay the material throughout France in 2004.

Lastly, Eurovia and VINCI Construction subsidiaries specialising in demolition and deconstruction have developed solutions that optimise the reuse rate of materials.

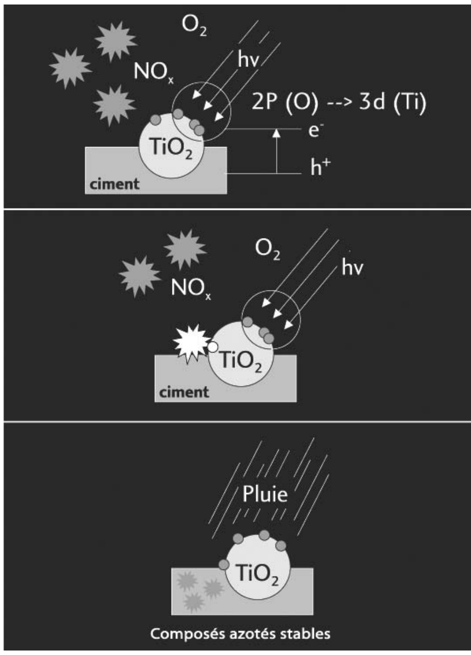
1. On the Mitholz tunnel construction site in Switzerland, dust removers and continuous spraying treat the air directly above the crushers.

2. Noise barriers treated with Eurovia's NOxer® reduce greenhouse gases.

55%

of VINCI Construction Grands Projets' worksites are equipped with noise abatement systems.

1.



2.

Preventing pollution

Noise

VINCI's noise abatement policy is applied to anyone present on a worksite or living nearby. It includes the wearing of hearing protection by employees and consultations with local residents as ways of limiting exposure to noise.

As a result of this policy, Eurovia is changing the organisation of its worksites by reducing the number of machines and the time spent by employees in their vicinity, using micro-tunnelling machines to avoid digging trenches, and so on. The company is also developing products that reduce noise for road users and local residents. Surfacings such as Viaphone® provide gains of up to 5 dB compared with conventional materials. One of Eurovia's most recent innovations is a noise barrier treated with NOxer®, which combines noise abatement and greenhouse gas reduction by means of a titanium dioxide (TiO_2) coating. These barriers transform nitrogen oxides (NOx) into stable nitrogen compounds that are water soluble. The innovation won the Eco-design Award at Pollutec 2004, an international exhibition of environmental equipment, technologies and services.

Cofiroute continued its efforts to limit the level of perceived noise along motorways. All houses potentially exposed to noise levels above 60 dB in the daytime and 55 dB at night are monitored by an independent laboratory to ensure that the protective systems installed during construction – embankments, earth mounds and noise barriers – are performing to expectations.

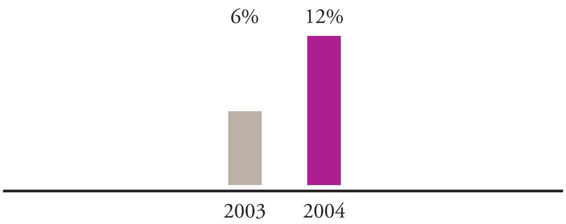
Air quality

Although VINCI's activities do not generate odours, its business units are developing services such as flue gas treatment and sludge treatment to help their customers control such pollution. On the Group's worksites, the application of appropriate solutions

100%

of Cofiroute's operations centres are equipped for selective waste sorting.

Number of Cofiroute parking areas equipped for selective sorting



substantially improves air quality. On the Mitholz tunnel project in Switzerland, dust removers used in conjunction with continuous spraying treat the air directly above crushers so as to limit dust emissions to the atmosphere.
With regard to air quality measurement, Iséo, a VINCI Energies subsidiary, has deployed a network that includes state-of-the-art transmission equipment in eight regions in Poland. In addition, Cofiroute installed monitoring systems on the A86 Ouest worksite near Paris.

Discharges into water and soil

In 2004, VINCI companies continued their programmes aimed at limiting discharges by bringing the use of settling tanks into widespread use and installing filters on their worksites. Emergency spillage kits made up of absorbent materials are also used to prevent soil pollution and water contamination.

At Pollutec 2004, GTM Terrassement received an ADEME low-cost Clean and Resource-Efficient Technologies Trophy Award for its "machinery cleaning kit". In Africa, Sogea-Satom's on-site maintenance trucks are equipped with used oil recovery tanks and anti-leak systems.

Optimising waste management

Selective sorting

In 2004, VINCI extended the practice of selective sorting and collection to improve waste recovery and reuse. Hazardous waste is identified and treatment is introduced in most cases. VINCI Energies, for example, has signed two framework agreements with a company specialising in the disposal of used light bulbs. In addition, VINCI business units have introduced systems to sort non-hazardous industrial waste and inert waste into several waste streams so as to optimise recycling.

Innovative solutions

At VINCI Energies, SDEL Alsace has developed an innovative solution for the management of PVC cable waste.
At VINCI Park (VINCI concessions), 35,000 fluorescent tubes were recycled in 2004
At VINCI Construction, GTM Construction has acquired Les Quais du Bâtiment, a company that will serve as the receiving and sorting centre for waste generated on its worksites.

AWARD-WINNING WASTE MANAGEMENT

In 2004, Eurovia received three of the four prizes in the Worksite Waste Management Optimisation competition organised by France's public works federation (FNTP) with the ministries responsible for the environment and infrastructure. *The awards were in recognition for recycling waste from pavement demolition on the A75 worksite, recycling foundry sands on the RD113 (see photo opposite) and the Villers le Lac hospital complex deconstruction project in eastern France.*

On the A89 motorway, Deschiron, a subsidiary of Sogea, which is working on a section running through the Auvergne nature park, is paying particular attention to protecting the environment - wetlands, streams, and flora and fauna. Pictured here, the early spider orchid.

88

crossings for large and small wildlife on Cofiroute's motorway network.

Conserving biodiversity

VINCI companies carry out environmental impact studies that include a section on flora and fauna, especially for activities related to ICPE (installations classified for environmental protection).

Ecosystem equilibrium

On the Mont Saint Michel sand removal project, GTM Terrassement has created ponds to protect the habitat of pelodytes punctatus, a rare frog species. On the Cofiroute network, special facilities are installed to restore the corridors used by wildlife: overpasses for stags, wild boars and deer; underpasses for small animals. Some of these systems have been equipped with cameras to study the behaviour of animals in the vicinity of motorways. Special attention is also paid to plant life.

Rehabilitation of quarries

In partnership with a regional ornithological association, Eurovia continued its programme of protecting sand martins at the Montebourg quarry in northern France. Sand structures offer the birds a safe and easy site in which to tunnel and build their nests, fostering the conservation of the species. GTM Terrassement completed the rehabilitation of the quarry in the Boucles de la Seine nature park following its use as a source of materials for the large Port 2000 project in Le Havre. The quarry has been transformed into wetlands fed by overflow from the Seine, and then developed. The site now contributes to the conservation and growth of local flora and fauna.

On the Mont Saint Michel sand removal project, GTM Terrassement created ponds to protect a rare species of frog.

Innovation: pooling talents

VINCI's innovation policy is inseparable from its entrepreneurial culture. Consistent with its management structure, the policy combines strong impetus at corporate level with initiatives taken by operating entities. The policy covers technical issues and a variety of other areas, including production methods, safety, organisation, logistics and services. The wide involvement of teams throughout the Group is particularly visible on the occasion of the VINCI Innovation Awards Competition, which takes place every two years. The third competition is set to take place in 2005.

The Research, Development and Innovation Committee, made up of 12 representatives from the various entities, is responsible for managing the innovation policy. In 2004, the committee focused on two areas: formalising the research and development programmes implemented within the Group, and capitalising on projects that won awards in earlier VINCI Innovation Awards competitions *(see page 123)*.

Technological innovation in the divisions

In partnership with car manufacturers and automotive parts suppliers, industrialists, research institutions and public authorities, Cofiroute is participating in a number of research and development programmes that aim to improve the flow and safety of traffic on its network by using new information technologies. They include Armada, an automatic incident detection system using radar; Aida, a road-to-vehicle warning

Example of innovation that improves how people work: the Papyrus software package installed in a PC tablet and given by Eurovia to its 2,500 site foremen.

INNOVATION COMPETITION IN 2004

VINCI companies won awards in the Palmarès de l'Innovation, a competition organised every two years by PUCA (a unit in the French government responsible for interministerial research programmes in the fields of infrastructure, regional and urban development, construction and architecture), in collaboration with partners such as FFB (the French building trade federation),* Moniteur *(the country's leading provider of information for the construction and environment sectors) and ADEME, France's environment and conservation agency.

The national innovation committee made the following awards in the working conditions, health and safety category:

– ***GTM Bâtiment,*** *for its horn fitted to crane muffles;*

– ***Campenon Bernard (Sogea Construction),*** *for its hard-hat mounted hearing protection device.*

The regional innovation committees made the following awards:

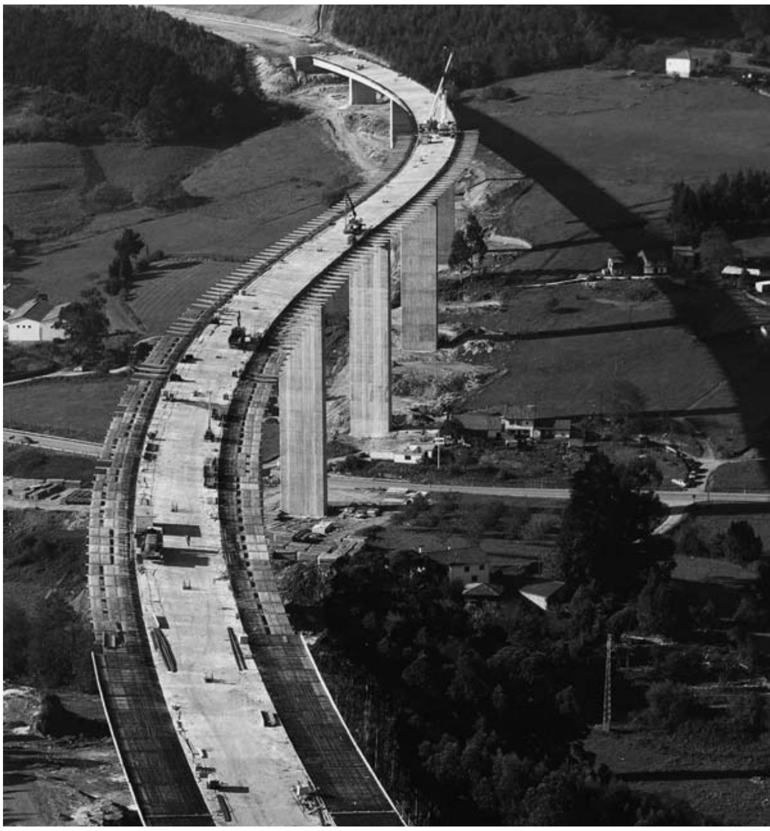
– ***Sobea (Sogea Construction),*** *winner in the Auvergne region for an aluminium jumper bar in the working conditions, health and safety category;*

– ***GTM Bâtiment,*** *winner in the Ile de France region for its subcontractor training programme in the company organisation, service and worksite management category.*

1. Hydroplus installed folding fusegates on the Khorobrovskaya dam in Russia.

2. Freyssibar®, the new prestressing bar developed by Freyssinet, was used for the first time on the Cantabrique motorway viaduct in Spain's Basque Country.

1.



2.

system that is currently being tested on 30 vehicles; IVWF, an inter-vehicle communication system, which also transmits alarm signals through emergency call boxes; DAB, a digital radio project bringing together hi-fi sound, maps, image transmission and Internet services. Cofiroute is also participating in the European ARTS programme for the design and deployment of intelligent transport systems on trans-European motorway networks.

VINCI Construction Grands Projets is taking part in research work on the mitigation of risks during earthquakes and landslides (European Lessloss programme) and on new applications for ultra-high performance fibre concrete. Hydroplus, a subsidiary specialising in the design of fusegates for dams, worked with the Russian NIIES Institute in 2004 to develop a new product, the folding fusegate, which was installed on the Khorobrovskaya dam on a tributary of the Volga in Russia. With this system, the fusegate can be rapidly reinstalled following a flood.

With a research and development budget representing 1.5% of net sales, Freyssinet continued to perfect its

VINCI's innovation programme covers production methods, safety, organisation, logistics and services.

3. At its international research and development centre in Bordeaux Mérignac, Eurovia develops and validates new products and processes for roadworks.

3.

techniques in prestressing (new Freyssibar® bar), structure reinforcement (Kevlar and carbon fibre based processes) and soil stabilisation (rigid piles topped with ballasted columns).
In 2003, Eurovia inaugurated an international research and development centre in Bordeaux-Mérignac. At the heart of a network connecting more than 400 engineers and technicians in some 20 countries, the centre designs, develops and validates new products and processes deployed on Eurovia's various markets, adapting them to local climates and technical conditions. The diversity of its competencies (chemicals, mechanics, environment and so on) enables it to work on increasingly complex issues. In 2004, the Bordeaux-Mérignac centre stepped up its cooperation with universities, suppliers and government departments, especially within the framework of the European SCORE (cold recycling of asphalt mix) and NRCC (new road concepts) projects. Eurovia devotes nearly 6% of its net income to research and development.

With a view to enhancing its relationships with the academic world, VINCI, a member of France's national technological research association (ANRT), continued its policy of hiring young PhD students under industrial training and research contracts (CIFRE). The Group's expertise is also augmented by the presence of a large number of trainees from engineering schools. Students from the mechanical engineering department of the Ecole Polytechnique, for instance, carried out work on the dynamic analysis of the behaviour of structures in turbulent winds and earthquakes.

Sharing knowledge

Over 1,100 projects were entered in the 2001 and 2003 VINCI Innovation Awards Competitions. Reviewing this outstanding source of ideas, the Research, Development and Innovation Committee identified innovations that can be used on a widespread basis throughout the Group. The selection resulted in a list of technological innovations that can be applied to specific business lines or sectors (e.g. GPS guidance for worksite machinery, materials recycling), and those related to cross-business subjects such as training, marketing, quality and environment, safety and accident prevention, and knowledge management, which can be adapted and extended to the Group as a whole. An example of the latter is the Vigiroute® road accident prevention plan initiated by Eurovia.

Identified by seven working groups and presented at a seminar bringing together some 100 Group employees in October 2004, the innovations selected can be accessed on the Vinci Intranet. They are also presented at club pivot meetings, which bring together the managers and employees of the Group's different business lines at regional level.

Complementary environmental indicators

Water, electricity and fuel consumption

Cofiroute (VINCI Concessions)

	2004	2003
Water in cu. metres purchased	227,365	220,400
Electricity in kWh purchased	18,769,378	18,553,163
Fuel in tonnes of oil equivalent	2,140	2,161

GTM Construction (VINCI Construction)

	2004	2003
Water	870,486	982,606
Electricity and gas	4,518,992	4,311,917
Fuel and lubricants	12,085,524	8,606,277

Measures to fight pollution discharges and noise

Noise pollution – Eurovia

Systems and procedures in place considered effective	2004	2003
% of quarry production*	78%	75%
% of coating plant production**	68%	74%
% of binder plant production***	88%	90%

Pollution discharges into the atmosphere – dust pollution – Eurovia

Systems and procedures in place considered effective	2004	2003
% of quarry production*	95%	82%
% of coating plant production**	79%	81%

Pollution discharges into water and water treatment – Eurovia (fuel stations – parking areas and drain water)

	2004	2003
% of stations with waterproofed distribution and storage areas, the water collection system being connected to a hydrocarbon separator	84%	80%
% of separators regularly emptied and maintained by specialised companies	88%	87%
% of waterproofed HGV and worksite machinery parking areas	66%	64%
% of waterproofed HGV and utility vehicle parking areas	84%	83%
% of all waterproofed areas with a water collection system connected to a maintained hydrocarbon separator	59%	53%
Tonnage associated with quarries concerned by the discharge of drain water	14.04 Mt	14.59 Mt
% of quarry production with drain water carrying out periodic measurement of their discharge so as to guarantee compliance with applicable requirements	88%	96%

Waste management

Materials recycling – Eurovia

	2004	2003
% of asphalt mix production re-using asphalt mix aggregates	18%	16%
Production of materials recycled by Eurovia in France (tonnes)	7,150,000	6,498,000
– of which bottom ash production	735,000	676,000
– of which slag production	2,316,000	2,763,000
– of which schist production	890,000	635,000
– of which recycling of worksite rubble (asphalt mix crust, planings, demolition concrete, etc.)	3,209,000	2,424,000
Number of worksite rubble recycling facilities (asphalt mix crust, planings, demolition concrete, etc.) 63 87 27%	87	63

** In 2004, 32 of the 103 full ownership quarries in France were located less than 200 metres from the nearest house (33 of 104 in 2003).*
*** In 2004, 11 of the 39 full ownership coating plants in France were located less than 200 metres from the nearest house (11 of 38 in 2003).*
**** In 2004, 6 of the 9 full ownership binder plants in France were located less than 200 metres from the nearest house (6 of 9 in 2003).*

Opinion of one of the Statutory Auditors on the implementation of environmental reporting and on the application of procedures for the collection of information contained in the Corporate Social Responsibility (CSR) section of the 2004 annual report.

As requested, and as Statutory Auditors of VINCI, we have performed the procedures described below relating to the:
– implementation of environmental reporting; and
– application of procedures for the collection of social performance information contained in the Corporate Social Responsibility section of the 2004 annual report.

This implentation and these procedures have been established under the responsibility of the Executive Committee of VINCI. We are required to form an opinion on them, on the basis of our work, which constituted neither an audit nor a limited review of information as under international auditing standards.

Nature and scope of our work

Our work consisted in the following:
• with respect to the approach adopted for the implementation of environmental reporting:
– a review of the system implemented to collect the environmental information from four sub-groups (1); and
– discussions with the Managers in charge of environmental reporting of each entity.
• with respect to the application of procedures for the collection of social performance information:
– an analysis of the procedures for the collection, validation and consolidation of social performance indicators included in the Corporate Social Responsibility section of the annual report; and
– discussions at head office and in two sub-groups (2) and two entities (3) with the main persons responsible for the implementation and verification of the application of the social performance information collection procedures.

Comments

On the basis of the work performed, we have the following comments to make:
• with respect to the approach adopted for the implementation of environmental reporting:
– the four sub-groups reviewed have implemented an internal system to collect environmental data;
– procedures have to be formalised for the implementation of environmental reporting.
• with respect to the application of procedures for the collection of social performance information:
– during our visits, we did not observe any material irregularities regarding the application of the procedures for the collection of the Group's social information; for following years, greater means for verification should be implemented by the Group's business lines.

Conclusion

Taking account of the comments made above, we have not observed any material irregularities in:
– the approach adopted for the implementation of environmental reporting:
– the application of the procedures implemented for the collection of the information given in the Corporate Social Responsibility section of the 2004 annual report.

1. – Eurovia, GTM Construction, Cofiroute, VINCI Construction Grands Projets.
2. – Freyssinet International and GTM Construction.
3. – CSP Eurovia de Clichy and Cofiroute.

Paris, 23 March 2005

Salustro Reydel

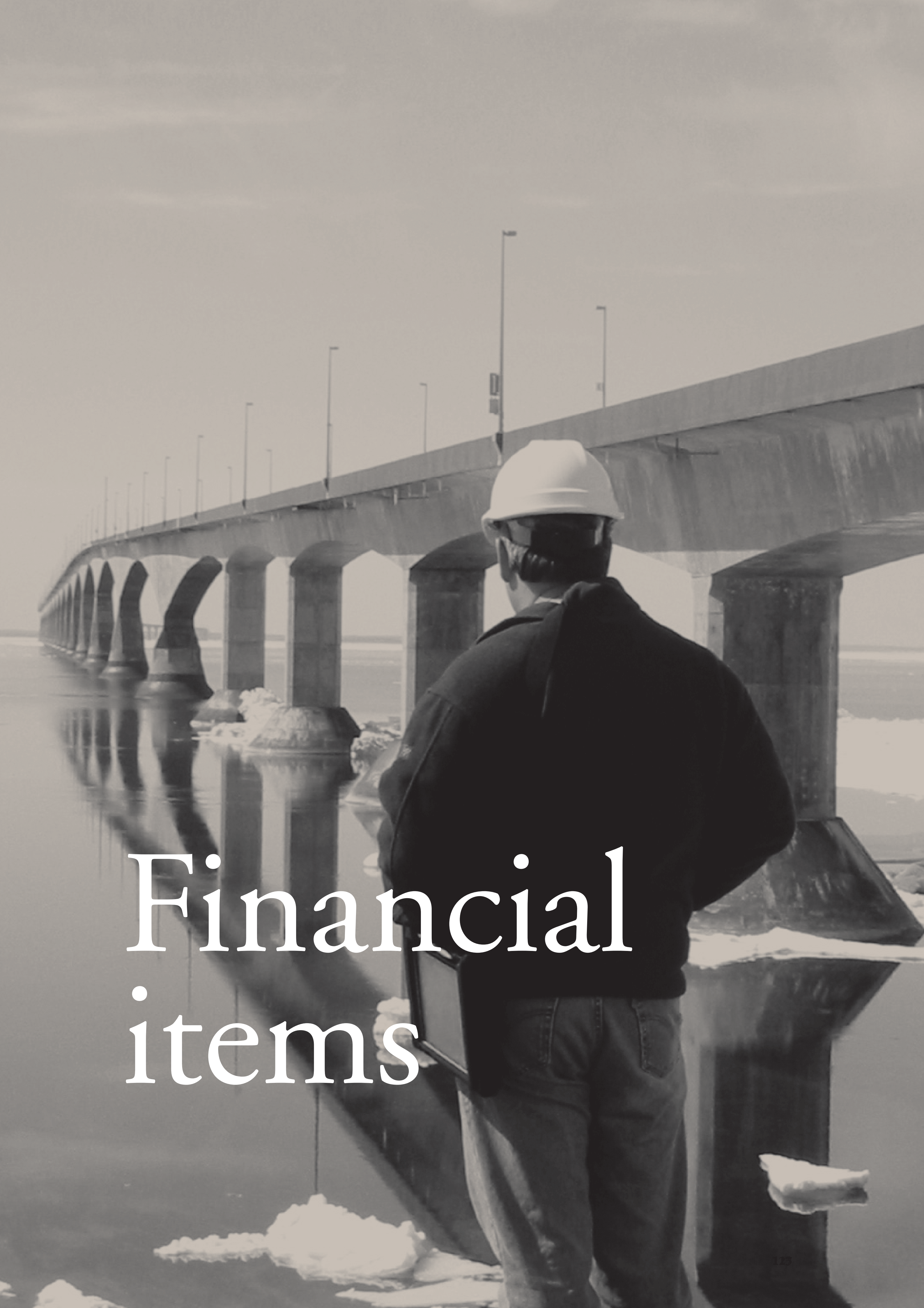
Philippe Arnaud
Partner
In charge of the sustainable development department.

Benoît Lebrun
Partner

Bernard Cattenoz
Partner

Free translation of the original French text. For information purposes only.

Financial items



Corporate governance

VINCI's General Management places great importance on the quality of its decision-making bodies, and in particular on the efficiency of its system for controlling the making of major decisions and the ease with which information circulates within the Group. This permanent preoccupation is a result of the pattern of ownership of VINCI's capital stock, marked by the absence of a significant major shareholder, and from its very decentralised organisation.

1. Membership of the Board of Directors

The Board of Directors has 15 members.

In accordance with the Company's articles, each Director must hold at least 250 VINCI shares, which, on the basis of the price at the end of December 2004, represents a minimum investment of €24,700 in VINCI shares. At 31 December 2004, the 15 members of the Board of Directors held 1,627,002 VINCI shares between them.

Directors are appointed for six years and not more than one third of the Directors may be older than 70 years old, in accordance with the law. A resolution will be put to the Annual Shareholders General Meeting to reduce the length of directorships to four years for Directors who are appointed, or whose appointment is renewed, on or after 1 January 2005 and to set the maximum age of Directors, when they are appointed or when their appointment is renewed, at 75 years.

1.1 Appointments and functions of Company Officers

The following table lists the offices and functions, at 31 December 2004 and during 2004, of the 15 Directors and of the two Co-Chief Operating Officers who are not Directors.

For each of them, the year in which his first term of office started and the year of expiry of his current term are shown under his name, together with the number of shares held at 31 December 2004 (in italics).

Directors

Antoine Zacharias Age: 65 • 1990-2008 *843,836*	**Chairman and CEO of VINCI** ***Appointments within the VINCI Group:*** Chairman of the Board of Directors of VINCI Concessions, Chairman of the Supervisory Board of VINCI Deutschland GmbH; permanent representative of VINCI on the Board of Directors of Autoroutes du Sud de la France; Director of VINCI Energies, VINCI Park, VINCI plc and Cofiroute; permanent representative of VINCI as Managing partner of Cagne and Signau; Chairman of the Fondation d'entreprise VINCI pour la Cité. ***Appointments outside the VINCI Group:*** Director of Martiniquaise des Eaux and of Nexity; member of the Supervisory Board of Compagnie Générale des Eaux. *Antoine Zacharias was Chairman of the Supervisory Board of VINCI Concessions until April 2004, when this company was converted to a French limited liability company (société anonyme) with a Board of Directors. He was a Director of Nexity Topco until April 2004, at which time this company merged with Nexity. He was a member of the Supervisory Board of Nexity until September 2004, at which date this company was converted to a French limited liability company (société anonyme) with a Board of Directors. He was Vice-Chairman of the Supervisory Board of VINCI Innovation until November 2004, at which date this company was converted to a French simplified limited liability company (SAS).*
Bernard Huvelin Age: 68 • 1983-1988 and 1999-2009 [1] *734,416*	**Vice-Chairman of the Board of Directors of VINCI and adviser to the Chairman and CEO** ***Appointments within the VINCI Group:*** Chairman and CEO of Consortium Stade de France; Director and President of VINCI USA Holdings Inc; manager of Semana and Société d'Aide au Logement Familial; Director of VINCI Concessions, VINCI Park and VINCI Energies; permanent representative of Sogepar on the Board of Directors of Cofiroute and of Semana on the Board of Directors of Eurovia; member of the Supervisory Boards of VINCI Deutschland GmbH and Eurovia GmbH; permanent representative of Snel on the Management Committee of Elige Participations; permanent representative of SGPF as Managing partner of Gestion Construction Services; Chairman of the Board of Directors of GIE VINCI Rueil 2000; member of the Supervisory Boards of the "Castor", "Castor Relais" and "Castor Avantage" corporate mutual funds; Director of the Fondation d'entreprise VINCI pour la Cité; permanent representative of VINCI as Chairman of the Board of Directors of the Association de Médecine Générale du BTP of the VINCI group.

[1] Renewal for four years from 2005 to 2009 proposed to the Shareholders General Meeting.

Bernard Huvelin
(continued)

Appointments outside the VINCI Group: Director of Société d'Économie Mixte Locale de Rueil 2000, Electro Banque, Cofido and SAS Soficot, and Chairman of the professional association Entreprises Générales de France-BTP (EGF-BTP).
Bernard Huvelin's appointment as Co-Chief Operating Officer of VINCI ended on 20 January 2005, at which date his appointment by the Board of Directors on 14 December 2004 to the position of Vice-Chairman of the Board was effective, and at which date Antoine Zacharias, Chairman and CEO of VINCI, appointed him as his adviser. Furthermore, Bernard Huvelin was Vice-Chairman of the Supervisory Board of VINCI Concessions until April 2004, at which date this company was converted into a French limited liability company (société anonyme) with a Board of Directors. He was Director of VINCI Construction Grands Projets until May 2004, the permanent representative of VINCI on the Board of Directors of VINCI Construction until July 2004, Director of VINCI Airports and VINCI Services Aéroportuaires until September 2004 and Chairman of the Supervisory Board of VINCI Innovation until November 2004, at which dates these companies were converted into French simplified limited liability companies (SAS).

Dominique Bazy
Age: 53 • 1996-2008
600
Chairman of the Audit Committee

Vice-Chairman of UBS Investment Bank
Dominique Bazy is also a Director of Atos Origin.
Dominique Bazy was Chairman and Chief Executive of UBS Holding France SA, Chairman of the Board of Directors of UBS Securities France SA and Director of GrandVision until 2004.

François David
Age: 63 • 2003-2009
250
Member of the Investment Committee

Chairman of Coface Group
François David is also Chairman and CEO of Coface Scrl and Coface Ort and Director of Rexel and EADS.

Quentin Davies
Age: 60 • 1999-2000 and 2003-2008
505
Chairman of the Remuneration Committee and Member of the Audit Committee

Member of Parliament, UK
Quentin Davies is also a Director of VINCI plc and of Lloyd's of London.

Guy Dejouany
Age: 84 • 1988-2006
38,250

Honorary President of Vivendi Universal
Guy Dejouany is also a member of the Supervisory Boards of Dalkia and Compagnie des Eaux et de l'Ozone.

Alain Dinin
Age: 53 • 1997-2008
335
Member of the Remuneration Committee

Chairman and CEO of Nexity
Alain Dinin is also Chairman of the Executive Board of Nexity Initiale; Chairman of Compagnie Générale d'Immobilier George V and of George V USA; Chairman of the Board of Directors of Crédit Financier Lillois, a subsidiary of CGI George V; Chairman of the Supervisory Board of Saggel Management; Vice-Chairman of the Supervisory Board of Saggel Holding; manager of Nexity Management, Critère, Clichy Europe 4 and Société d'Aménagement et d'Investissements Fonciers; Director of George V, Nexity Belgium, Nexity España, and Sea Oaks GP; member of the Supervisory Board of Parcoval; representative of SIG 31 Participations on the Boards of Directors of NexiBel 1, NexiBel 2 and Nexity IG; representative of SIG 30 Participations on the Board of Directors of City Garden Real Estate; legal or permanent representative of several companies in the Nexity Group on the Boards of Directors, management, supervisory or controlling committees of numerous other companies in the same group.
Alain Dinin is also a Director of the Fédération Nationale des Promoteurs Constructeurs and of the École Supérieure de Commerce at Lille, France.
Alain Dinin was Chairman of the Board of Directors of Nexity España until April 2004, Chairman of the Executive Board of Nexity Topco until May 2004 and Chairman of the Executive Board of Nexity Holding until September 2004.

Patrick Faure
Age: 59 • 1993-2009 [1]
1,000

Chairman and CEO of Renault Sport-Renault F1 Team and Chairman of the Board of Directors of Renault F1 Team Ltd
Patrick Faure is also Chairman of the Board of Directors of Ertico and Director of AB Volvo, Renault Agriculture, Grigny UK Ltd and Cofiroute.
Patrick Faure was Executive Vice-President and member of the Executive Committee of Renault until 1 January 2005.

[1] Renewal for four years from 2005 to 2009 proposed to the Shareholders General Meeting.

Dominique Ferrero Age: 58 • 2000-2006 *250* Chairman of the Investment Committee and Member of the Remuneration Committee	**Vice-chairman of Merrill Lynch Europe** Dominique Ferrero is also a Director of Assurances Générales de France.
Serge Michel Age: 78 • 1984-1988 and 1990-2008 *436*	**Chairman of SAS Soficot** Serge Michel is also Chairman of SAS CIAM and SAS Carré des Champs-Élysées; Chairman of the Supervisory Board of Segex; Director of Eiffage, Veolia Environnement, Infonet Services, LCC, and SARP Industries; member of the Supervisory Boards of Compagnie des Eaux de Paris and of Trouville, Deauville et Normandie; permanent representative of CEPH on the Board of Directors of Sedibex and permanent representative of Edrif on the Supervisory Board of Compagnie Générale des Eaux. *Serge Michel was Director of DB Logistique, Fomento de Construcciones y Contratas SA, FCC Construccion SA, and Cementos Portland until 2004, and Director of VINCI Construction until July 2004, at which time this company was converted into a French simplified limited liability company (SAS).*
Alain Minc Age: 56 • 1984-1986 and 2000-2006 *250*	**Chairman and CEO of AM Conseil and Chairman of the Supervisory Board of Le Monde** Alain Minc is also Honorary Chairman and Director of Société des lecteurs du Monde, Director of Valeo and Fnac and a member of the Supervisory Board of Pinault Printemps Redoute. *Alain Minc was a non-voting member of the Board of Directors of Ingenico until 2004*
Henri Saint Olive Age: 61 • 2000-2006 *6,374* Member of the Audit Committee	**Chairman and CEO of Banque Saint Olive** Henri Saint Olive is also Chairman of the Supervisory Board of Saint Olive et Cie; Chairman of the Board of Directors of Enyo; Manager of CF Participations and of Segipa; member of the Supervisory Boards of Eurazeo, Prodith and Monceau Générale Assurances; Director of Mutuelle Centrale de Réassurance, Compagnie Industrielle d'Assurance Mutuelle, Centre Hospitalier Saint-Joseph et Saint-Luc and of Association de l'Hôpital Saint-Joseph. *Henri Saint Olive was Chairman of the Board of Directors of CIARL and Director of Monceau Assurances Mutuelles Associées and Groupe Monceau-Mutuelles Associées until 2004.*
Yves-Thibault de Silguy Age: 56 • 2000-2006 *250* Member of the Investment Committee	**Executive Vice-President of Suez, member of the Central Management Committee and of the Executive Committee of Suez** Yves-Thibault de Silguy is also Chairman and CEO of Aguas Argentinas; Chairman of the Board of Directors of Sino French Holdings; Director of Degrémont, Ondeo, Elyo, Fabricom and Suez-Tractebel; Chairman of the Board of Directors or Director of Suez Group subsidiaries in New Caledonia, French Polynesia and Vanuatu, and member of the Supervisory Boards of Métropole Télévision-M6 and Sofisport. Yves-Thibault de Silguy is also Chairman of the France-Algeria Committee of Medef, the French employers association, and Vice-Chairman of its France-China Committee.
Willy Stricker Age: 62 • 2000-2006 *250* Member of the Investment Committee	**Senior banker at Caisse Nationale des Caisses d'Epargne** Willy Stricker is also Chairman of the Board of Directors of IFE Fund (Luxembourg) and a Director of Canal +. *Willy Stricker was Chairman and CEO of CDC IXIS Private Equity and Director of Electropar France, Fondinvest Capital and IN Com until January 2004; Chairman of the Supervisory Boards of CDC IXIS Equity Capital and CDC IXIS Services Industrie until February 2004; Chairman of the Supervisory Boards of CDC IXIS Innovation and Chairman of CDC Innovation 2000 until June 2004; Vice-Chairman of the Supervisory Board of Club Méditerranée and a member of the Supervisory Board of CDC IXIS Private Capital Management until October 2004.*
Denis Vernoux Age: 58 • 2002-2008	**Director representing employee shareholders** Denis Vernoux is an engineer at VINCI Construction Grands Projets, and is also Chairman of the Joint Supervisory Board of the VINCI "Castor" and "Castor Relais" corporate mutual funds, and Chairman of the Supervisory Boards of the "Castor Avantage" and "Castor Equilibre" corporate mutual funds.

Co-Chief Operating Officers who are not Directors

Xavier Huillard Age: 50 • 2002-2008 *83,800*	**Chairman of the Board of Directors of VINCI Energies** Xavier Huillard is also Chairman of the Supervisory Boards of VINCI Energies Netherlands and TMS Produktionsysteme GmbH; Director of VINCI Park, Soletanche, VINCI plc, VINCI Investments Ltd, VINCI Energies UK plc and VINCI Energies Sweden AB; member of the Supervisory Boards of VINCI Deutschland GmbH and VINCI Energies Deutschland GmbH; a representative of SGPF as member of the management committee of Elige Participations and Director of the Fondation d'entreprise VINCI pour la Cité. *Xavier Huillard was Director of VINCI Construction Grands Projets until May 2004 and Director of VINCI Construction until July 2004, at which times these companies were converted into French simplified limited liability companies (SAS).*
Roger Martin Age: 61 • 2002-2008 *30,365*	**Chairman and CEO of Eurovia** Roger Martin is also Chairman of the Supervisory Boards of Eurovia GmbH, Financière Eurinter and Eurinter; Director of VINCI Energies, VINCI Park, the Fondation d'entreprise Eurovia and Sade-CGTH; permanent representative of VINCI Construction on the Board of Directors of Cofiroute; member of the Supervisory Board of VINCI Deutschland GmbH and Chairman, Manager, Director or member of Supervisory Boards of several subsidiaries and affiliates of Eurovia in the USA, Canada, the UK, Switzerland, Spain and Chile; and Director of the Fondation d'entreprise VINCI pour la Cité. *Roger Martin was a member of the Supervisory Board of VINCI Innovation until November 2004, when this company was converted into a French simplified limited liability company (SAS).*

1.2 Assessment of Directors' independence

Of the 15 Directors, 3 are connected with VINCI and therefore cannot be considered as independent:

- Antoine Zacharias, who is Chairman of the Board of Directors and the Company's Chief Executive Officer;
- Bernard Huvelin, who resigned his appointment as Co-Chief Operating Officer of the Company in January 2005. Bernard Huvelin remains an employee however and General Manager of Consortium Stade de France (a 66.66% subsidiary of VINCI), and has several other appointments. He also advises the Chairman and CEO.
- Denis Vernoux, who represents the Company's employee shareholders through the corporate mutual funds.

The 12 other Directors are prominent persons from industry and finance, from outside the Group. Although strict application of the Bouton report criteria could lead to some of them not being regarded as "independent directors", the Board of Directors considers that each of its members has skills and professional experience that are useful to the Company as well as complete freedom and independence of judgment. These Directors, whose appointments outside the Group are listed in paragraph 1.1 above, are:

- Dominique Bazy, who is Vice-Chairman of a financial institution that could at some time be involved in transactions with the Company or its subsidiaries;
- François David, who is Chairman of Coface, which provides credit insurance on contracts entered into by VINCI subsidiaries;
- Quentin Davies, who is a member of the UK parliament and can be considered as a fully independent Director;
- Guy Dejouany, who was Chairman of Compagnie Générale des Eaux and SGE. He is now retired, and is therefore a fully independent Director;
- Alain Dinin, who is Chairman and Chief Executive Officer of Nexity, a property group that could at some time enter into agreements with VINCI subsidiaries in connection with property transactions;
- Patrick Faure, who has management duties or is a Director in automobile manufacturing companies that could at some time enter into contracts for construction work or services with VINCI subsidiaries;
- Dominique Ferrero, who is Vice-Chairman of a financial institution that could at some time be involved in transactions with the Company or its subsidiaries;
- Serge Michel, who is Chairman of a company that could have a business relationship with the Company or its subsidiaries at some time. A consultancy agreement has been entered into between this company and VINCI.

- Alain Minc, who is Chairman and Chief Executive Officer of a consultancy company that has entered into a consultancy agreement with VINCI. He is also Chairman of the Supervisory Board of a media group and Director of companies that could at some time have business relationships with VINCI or its subsidiaries;

- Henri Saint Olive, who is Chairman and Chief Executive Officer of a financial institution that could at some time be involved in transactions with the Company or its subsidiaries;

- Yves Thibault de Silguy, who has management duties within the Suez Group, which is no longer a VINCI shareholder but which could at some time have business relationships with VINCI or its subsidiaries;

- Willy Stricker, who is senior banker in a financial institution that could at some time be involved in transactions with the Company or its subsidiaries.

It should be noted that none of the decisions taken by the Company's Board of Directors in 2004 created a conflict of interest for any of the Directors of VINCI. All the Directors of VINCI have therefore been able to perform their duties with full independence of judgment.

The Board of Directors' internal rules, adopted on 14 May 2003, set out the rules applicable to the functioning of the Board and its committees, and the behaviour expected of each of its members.

In this respect, the rules provide in particular for:
– an obligation on all Directors to maintain, under all circumstances, their independence in analysing, making judgments, taking decisions, and acting, and to reject all pressure, whether direct or indirect, under which they may come and that may come from other Directors, particular groups of shareholders, creditors, suppliers and in general any outside parties, and to advise the Board of any conflicts of interest, even if they are potential or future, that they have or may have;
– an obligation on the Board to examine the position of each of its members as regards their independence, a Director being considered independent whenever there is no commercial or financial relationship (other than that of an insignificant shareholder) with the Company, its Group or its Management, that could compromise the free exercise of judgement;
– an obligation on each Company Officer or Director to declare to the Company all transactions entered into by them directly or through another person in relation to the Company's shares or derivative instruments.

2. The Board of Directors' work

This chapter is the Report of the Chairman on the work of the Board of Directors provided for in Article L. 225-37 of the French Code of Commerce (amended by Article 117 of the Financial Security Act).

2.1 The Board of Directors

The Board of Directors' internal rules require that the Board examines and gives prior approval to any significant transactions undertaken by the Company and in particular determination of its strategic choices, material acquisitions and disposals of equity holdings and assets that are likely to alter the structure of the Company's balance sheet and, in any case, all acquisitions and disposals of equity holdings and assets of €500 million or more, as well as any transactions that fall outside the Company's announced strategy.

In 2004, the Board of Directors discussed all major matters relating to the Group's activities. The Board met six times in 2004 and the average attendance rate at its meetings was 92%.

In particular the Board:
– approved the financial statements for 2003 and for the first half of 2004 and examined the various budget updates;
– discussed the main acquisitions projects and the Group's strategy in its various business lines. In particular, it examined changes regarding the position in respect of ASF and the Group's position in the airport sector;
– regularly examined the group's financial position and changes in its borrowings;
– approved the objectives of the share buy-back programme and decided to cancel the Company's own shares held by reducing the capital stock in order to cancel out the dilutive effect of the exercise of share subscription options and of subscriptions to the Group savings scheme;
– set the distribution policy to be proposed to shareholders, in particular deciding to pay an interim dividend for the first time;
– examined the Group's position with regard to internal control and studied the work undertaken in connection with the Financial Security Act;
– reviewed the situation of the work undertaken by the Finance Department in preparation for the transition to the new IFRS accounting standards;
– decided to issue new shares reserved for employees under the Group savings scheme and implemented a new share subscription option plan.

2.2 The three Board Committees

2.2.1 The Audit Committee

This Committee has the following duties:
- to examine the Group's annual and half-yearly, consolidated and parent company financial statements before they are submitted to the Board; to satisfy themselves that the accounting policies and methods are appropriate and consistently applied from one period to the next; to prevent any non-compliance with these rules; to monitor the quality of the information given to the shareholders; and to examine the budgets and budget updates throughout the period, before they are presented to the Board;
- in respect of the Company's external audit: to assess proposals on the appointment of the Company's Statutory Auditors and their remuneration and to examine with the Statutory Auditors their work programmes, conclusions and recommendations, as well as actions taken as a result;
- in respect of the Company's internal control: to assess the Group's internal control systems with the Company's managers, to examine the internal audit work programme and actions, their conclusions and recommendations arising and the actions taken as a result;
- in respect of risks, to satisfy themselves that these are appropriately assessed by the Company, in particular by means of a regular review of the schedules of provisions for liabilities and off balance sheet commitments.

This Committee is chaired by Dominique Bazy and its other members are Henri Saint Olive and Quentin Davies, none of whom form part of the Group's General Management. The Committee met five times in 2004 and in particular examined, other than the financial statements:
- the statements of provisions and off balance sheet commitments;
- the organisation set up to prepare for the transition to the IFRSs and the corresponding state of progress;
- the organisation and procedures implemented by VINCI in connection with its internal control;
- the Group's policy in respect of insurance.

2.2.2 The Investment Committee

This Committee is charged with examining any external growth or divestment projects that are likely to have a material impact on VINCI's business, results or stock market valuation before they are submitted to the Board.

The Committee is chaired by Dominique Ferrero and its other members are Willy Stricker, Yves-Thibault de Silguy and François David. A meeting had been planned in November 2004 regarding the acquisition of BIAC (Brussels airport), but was cancelled when VINCI was not retained for the final stage of negotiations.

2.2.3 The Remuneration Committee

This Committee has the following duties:
- to make recommendations to the Chairman concerning the remuneration, pension and health and death benefit plans, benefit in kind and miscellaneous pecuniary rights, including any options granted to the Chairman, the Co-Chief Operating Officers and main executives of the Group to subscribe to or purchase the Company's shares;
- to propose to the Board an aggregate amount of Directors' fees and the manner of their allocation;

Regarding appointments:
- to examine all proposed appointments to Directorships and to provide the Board with an opinion, a recommendation or both;
- to prepare recommendations at the appropriate time regarding successors to the Chairman of the Board, Chief Executive officer and Co-Chief Operating Officers.

This committee was chaired until May 2004 by Serge Michel and its other members were Alain Minc and Patrick Faure; it is now chaired by Quentin Davies and its other members are Alain Dinin and Dominique Ferrero. It met three times in 2004.

2.3 Assessment of the Board of Directors' method of operation

At the Chairman's request, an external audit was made on the working of the Board of Directors, at the beginning of 2004. A written questionnaire was completed by all the Directors and 13 of them were interviewed. This audit revealed "the Directors' extremely positive opinion of the management of the Group and on the working of its Board", as well as "their pride in being a member of this Board where each member can express himself freely and where true debates are held on important subjects".

The preparation of Board Meetings was deemed excellent and the presentations by the Finance Department particularly clear and comprehensive. Furthermore, the very professional work carried out by the Audit Committee "provides assurance that the enterprise is correctly organised to manage existing and potential risks".

In addition, this audit allowed certain minor improvements to be suggested with a view to enabling Directors to have a better knowledge of the enterprise and be more involved in its life.

3. The Group's General Management

The general management of the Company is performed by the Executive Committee, which has seven members, whose names are given on page 4. The committee met 11 times in 2004, an average of once every five weeks.

The Managment and Co-ordination Committee consists of the members of the Executive Committee and the main Group executives. Its purpose is to ensure broad consultation on VINCI's strategy and development. This committee has 26 members, whose names are given on page 4.

4. Remuneration of Company Officers

4.1 Directors' fees

The Shareholders General Meeting of 4 May 2004 set the aggregate amount of Directors' fees at €800,000 as from the financial year starting on 1 January 2004.

As proposed by the Remuneration Committee, the Board of Directors allocated the Directors' fees as follows at its meeting on 4 May 2004:
– €80,000 to the Chairman and CEO;
– €30,000 for each Director;
– a supplementary amount of €20,000 for the Chairman of the Audit Committee and €15,000 for the Chairmen of the other committees;
– a supplementary amount of €15,000 for the members of the Audit Committee and €10,000 for the members of the other committees;

Of the €30,000 paid to each Director, €20,000 is variable and depends on presence at Board Meetings.

The aggregate amount of Directors' fees paid in 2004 (for the second half of 2003 and the first half of 2004) amounted to €545,000. Some company officers also received Directors' fees in 2004 from companies controlled by VINCI:

in euros	**Directors' fees paid in 2004 by VINCI**	**Directors' fees paid in 2004 by companies controlled by VINCI**
Antoine Zacharias	80,000	31,768
Bernard Huvelin	25,000	27,837
Dominique Bazy	45,000	—
François David	30,000	—
Quentin Davies	50,000	—
Guy Dejouany	25,000	—
Alain Dinin	30,000	—
Patrick Faure	25,000	—
Dominique Ferrero	47,500	—
Serge Michel	35,000	3,050
Alain Minc	25,000	—
Henri Saint Olive	32,500	—
Yves-Thibault de Silguy	30,000 (1)	—
Willy Stricker	30,000	—
Denis Vernoux	35,000	—
Xavier Huillard	—	28,127
Roger Martin	—	31,759
Total	**545,000**	**122,541**

(1) Including €10,000 paid directly to Suez.

4.2 Remuneration of executice Company Officers

The remuneration of the Chairman and CEO, and of the Co-Chief Operating Officers, is determined by the Board of Directors on proposal by the Remuneration Committee. At its meeting of 7 September 2004, the Board of Directors set the following remuneration conditions:

– as from 1 January 2004, the remuneration of Antoine Zacharias, Chairman and CEO, is totally variable and depends on changes in six equally weighted indicators: net earnings per share, cash flow from operations per share, return on capital employed, the share price, the share price performance (relative to the CAC 40 index and a basket of European companies in the sector), and the dividend;
– for 2004, the remuneration of Bernard Huvelin, Co-Chief Operating Officer, comprised a fixed part and a variable part. The variable part was determined on the basis of the same criteria as for the Chairman and CEO and on an assessment of his individual performance during the year;
– the remuneration of the two other Co-Chief Operating Officers comprises a fixed part and a variable part. For 2004, the variable part was determined on the basis of trends in indicators measuring the performance of the relevant business line (VINCI Energies for Xavier Huillard and Eurovia for Roger Martin) and of the VINCI share price, and on an assessment of their individual performance during the year.

The remuneration paid during the last three years by VINCI and Group companies to the executive company officers of VINCI were as follows:

in euros	**Antoine Zacharias Chairman and CEO**	**Bernard Huvelin Director and Co-Chief Operating Officer**	**Xavier Huillard Co-Chief Operating Officer**	**Roger Martin Co-Chief Operating Officer**
Gross fixed salary	—	405,286	318,354	354,960
Gross variable salary	3,317,296	457,350	330,000	425,000
Directors' fees paid by VINCI SA	80,000	25,000	—	—
Directors' fees paid by subsidiaries of VINCI	31,768	27,837	28,127	31,759
Total paid in 2004	**3,429,064**	**915,473**	**676,481**	**811,719**
Gross fixed salary	1,263,284	416,292	308,243	336,918
Gross variable salary	1,676,940	457,350	362,000	389,170
Directors' fees paid by VINCI SA	80,000	20,000	—	—
Directors' fees paid by subsidiaries of VINCI	13,051	16,101	16,948	12,480
Total paid in 2003	**3,033,275**	**909,743**	**687,191**	**738,568**
Gross fixed salary	1,282,488	416,332	325,677	358,905
Gross variable salary	1,676,940	457,350	304,898	381,123
Directors' fees paid by VINCI SA	80,000	20,000	—	—
Directors' fees paid by subsidiaries of VINCI	4,500	10,740	12,095	12,312
Total paid in 2002	**3,043,928**	**904,422**	**642,670**	**752,340**

Benefits in kind

The four executive company officers have a company car.

Supplementary specific retirement commitments

Antoine Zacharias, Bernard Huvelin and Roger Martin are members, on the same basis as a certain number of Group executives who meet this scheme's eligibility conditions, of a supplementary retirement benefit scheme that guarantees them a full pension of between 40% and 50% of their final year's remuneration or of the average of their final three years' remuneration, the rate being determined on the basis of their length of service and their age.

Xavier Huillard is a member, on the same basis as a certain number of Group executives who meet this scheme's eligibility conditions, of a supplementary retirement benefit scheme that guarantees him a supplementary pension of between 20% and 35% of the average of his final three years' remuneration, with a maximum of €80,000.

Bonuses on joining or leaving

No bonuses are paid to the executive company officers on joining.

The Board of Directors has granted Antoine Zacharias and Bernard Huvelin a leaving bonus equal to three times their last annual remuneration.

5. Stock subscription or purchase option plans

5.1 Record of stock subscription or purchase option plans at 31 December 2004

	Date		Original number of		Of which, options granted to		Dates	
	Shareholders Meeting	Board Meeting	Beneficiaries	Options	Company officers	Top 10 employee beneficiaries [1]	from which option may be exercised	of expiry of options
VINCI 1994	18/06/93	04/11/94	119	305,000	10,000	48,000	01/01/96	04/11/04
GTM 1996	—	—	168	343,800	15,600	43,200	11/06/98	10/06/04
GTM 1997	—	—	194	357,000	18,000	43,800	27/06/99	26/03/05
VINCI 1998	18/06/93	04/03/98	66	240,500	0	45,000	01/01/99	04/03/08
GTM 1998	—	—	211	357,360	20,400	49,800	25/03/00 [2]	24/03/06
VINCI 1999 n° 1	25/05/98	09/03/99	88	652,000	60,000	175,000	09/03/01 [2]	08/03/09
VINCI 1999 n° 2	25/05/98	07/09/99	590	1,003,191	156,667	170,000	07/09/01 [2]	06/09/09
GTM 1999	—	—	369	692,868	42,000	90,000	24/03/01 [2]	23/03/07
Sogeparc 1999	—	—	46	74,903	26,250	27,600	07/12/99	06/12/04
VINCI 2000 n° 1	25/10/99	11/01/00	40	975,000	250,000	340,000	11/01/02 [2]	10/01/10
VINCI 2000 n° 2	25/10/99	03/10/00	999	1,767,500	45,000	132,800	03/10/02 [2]	02/10/10
GTM 2000	—	—	355	564,120	42,000	61,200	24/01/02 [2]	23/05/08
VINCI 2001	25/10/99	08/03/01	3	232,500	232,500	0	08/03/03 [2]	07/03/11
VINCI 2002 n° 1	25/10/99	17/12/02	287	2,450,500	655,000	303,000	25/01/04 [2]	17/12/12
VINCI 2002 n° 2	25/10/99	17/12/02	409	2,500,000	690,000 [3]	255,000	17/12/04 [2]	17/12/12
VINCI 2003	14/05/03	11/09/03	126	1,402,000	350,000	324,000	11/09/05 [2]	11/09/13
VINCI 2004	14/05/03	07/09/04	142	1,586,000	410,000	355,000	07/09/06 [2]	07/09/14
Total subscription plans			**1,834**	**15,504,242**	**3,023,417**	**2,463,400**		
VINCI 1998	18/06/93	04/03/98	8	800,000	300,000	500,000	04/03/00 [2]	05/03/05
VINCI 1999 n° 1	25/05/98	10/05/99	3	101,490	81,190	20,300	10/05/01 [2]	05/03/05
VINCI 1999 n° 2	25/05/98	07/09/99	590	2,006,309	313,333	340,000	07/09/01 [2]	06/09/09
VINCI 2000	25/10/99	03/10/00	999	1,767,500	45,000	132,800	03/10/02 [2]	02/10/10
VINCI 2001	25/10/99	08/03/01	3	232,500	232,500	0	08/03/03 [2]	07/03/11
VINCI 2002	25/10/99	25/01/02	7	49,500	0	49,500	25/01/04 [2]	24/01/12
Total purchase plans			**1,183**	**4,957,299**	**972,023**	**1,042,600**		
Total			**1,863**	**20,461,541**	**3,995,440**	**3,506,000**		

[1] Not company officers.
[2] Beneficiaries may exercise two-thirds of their options two years after receiving them and all of their options three years after receiving them.
[3] The exercise of approximately two-thirds of these options is subject to terms relating to the stock market price of the VINCI share.

5.2 Terms of granting options and policy on stock subscription options

The terms under which options are granted and the names of beneficiaries are decided by VINCI's Board of Directors in accordance with the authorisations given to it by the Shareholders Meeting.

No subsidiary controlled by VINCI grants options to subscribe to or purchase shares to Group employees or officers.

Each option gives the holder the right to subscribe to or purchase one VINCI share.

The Group's policy in respect of share subscription options is to cancel out the dilutive effect of the exercise of such options by purchasing on the market for cancellation an equivalent number of shares to those newly issued on the market. The implementation of this policy in 2004 is described in paragraph 3.5 "Share buy-back policy" of the chapter entitled "General information about the Company and its capital stock", page 235.

	Options exercised in 2004	Options cancelled in 2004	Options exercised/ cancelled at 31/12/04 (cumulative)	Options not exercised at 31/12/04	Exercise price (in euros)	Number of remaining beneficiaries
VINCI 1994	11,568	40,232	305,000	0	25.01	—
GTM 1996	32,850	8,400	343,800	0	19.31	—
GTM 1997	53,000		320,200	36,800	18.74	29
VINCI 1998	52,020		218,765	21,735	25.61	10
GTM 1998	95,090		280,780	76,580	25.41	54
VINCI 1999 n° 1	479,705		578,706	73,294	37.98	17
VINCI 1999 n° 2	643,645		723,400	279,791	42.30	260
GTM 1999	397,025		439,385	253,483	32.93	153
Sogeparc 1999	73,800	1,103	74,903	0	50.70	—
VINCI 2000 n° 1	297,500		387,500	587,500	50.00	35
VINCI 2000 n° 2	504,082		562,907	1,204,593	57.00	773
GTM 2000	142,090		165,970	398,150	35.63	254
VINCI 2001	145,000		145,000	87,500	57.00	2
VINCI 2002 n° 1	175,000		175,000	2,275,500	63.65	286
VINCI 2002 n° 2	165,846		165,846	2,334,154	52.90	408
VINCI 2003	100,000		100,000	1,302,000	61.40	124
VINCI 2004	0		0	1,586,000	82.40	142
Total subscription plans	**3,368,221**	**49,735**	**4,987,162**	**10,517,080**	**59.17**	**1,803**
VINCI 1998	92,809		800,000	0	33.70	—
VINCI 1999 n° 1	101,490		101,490	0	33.80	—
VINCI 1999 n° 2	1,287,038		1,446,549	559,760	43.66	260
VINCI 2000	504,082		562,907	1,204,593	48.04	773
VINCI 2001	145,000		145,000	87,500	57.00	2
VINCI 2002	0		30,000	19,500	63.65	5
Total purchase plans	**2,130,419**	**—**	**3,085,946**	**1,871,353**	**47.31**	**752**
Total	**5,498,640**	**49,735**	**8,073,108**	**12,388,433**	**57.38**	**1,849**

5.3 Stock subscription or stock purchase options granted or exercised in 2004

Stock subscription or stock purchase options granted to or exercised by each company officer

	Number of options granted/shares subscribed to or purchased	Weighted average price (in euros)
Options granted by VINCI during the period to each company officer		
Antoine Zacharias	290,000	82.40
Xavier Huillard	60,000	82.40
Roger Martin	60,000	82.40
Options exercised during the period by each company officer		
Antoine Zacharias	798,841	46.97
Bernard Huvelin	767,538	54.15
Xavier Huillard	107,500	48.21
Roger Martin	91,063	35.69

Options granted to or exercised by the 10 employees, other than company officers, who received or exercised the most options

	Total number of options granted/shares subscribed to or purchased	Weighted average price (in euros)
Options granted by VINCI during the period to the 10 employees, other than company officers, to whom the largest number of options were granted	355,000	82.40
VINCI options exercised during the period by the 10 employees, other than company officers, who purchased or subscribed to the largest number of shares through exercise of options	596,141	44.24

5.4 Stock option developments in 2005

1.497 million options were exercised over the period from 1 January to 16 March 2005, comprising 1.046 million stock subscription options and .451 million stock purchase options.

On 16 March 2005, the Board of Directors decided to implement a stock subscription option plan covering 1.270 million options, including 567,000 granted to company officers, at an exercise price of €98.80.

Taking these developments into account, the number of options not exercised at 16 March 2005 was 12.161 million at an average exercise price of €62.43 (comprising 10.471 million stock subscription options at an average price of €64.83 and 1.42 million stock purchase options at an average price of €47.28).

Contents

Report of the Chairman on internal control procedures

Article L.225-37 of the French Code of Commerce (modified by Article 117 of the French Financial Security Act) requires the Chairman of the Board of Directors of VINCI to report on:
– how the Board of Directors' work is prepared and organised; and
– the internal control procedures put in place by the Group.

The Chairman's report on the work of the Board of Directors is given in paragraph 2 of the Corporate Governance chapter, page 134.

The Chairman's report on internal control procedures follows.

1. Principles governing conduct and behaviour

The businesses in which VINCI operates require its teams to be geographically close to customers in order to provide them promptly with solutions suited to their needs. In order to facilitate this high degree of responsiveness, and to enable each profit centre manager to take the required operational decisions rapidly, a decentralised organisation has been implemented in each of the four business lines (Construction, Roads, Energy, and Concessions).

This organisation entails delegation of authority and responsibility to operational staff at all levels.

This obligation is carried out in compliance with the following principles of conduct and behaviour to which VINCI has decided to make a strong commitment:

– rigorous compliance with the rules common to the whole Group, in particular in respect of delegation (see paragraph 3.3), acceptance of business (see paragraph 4.1) and financial, accounting and management information (see paragraph 4.2). These common rules, which are deliberately restricted in number, given the range of the Group's activities, must be strictly applied by the staff concerned;
– transparency and loyalty of managers towards their line management superiors and towards functional departments of both the divisions and the holding company. In particular, all managers must inform their superiors of any difficulties encountered in the performance of their duties (e.g. with respect to carrying out work on sites, relations with customers and government departments, internal relationships, personnel management, safety, etc). An integral part of operational managers' duties is to take decisions alone on matters falling within their area of competence but to handle any difficulties encountered with the assistance, if necessary, of their line management superiors or divisional or holding company functional departments;
– compliance with the laws and regulations in force in the countries where the Group operates;
– responsibility of operational executive managers to communicate these principles to their staff by appropriate means and to set an example. This responsibility cannot be delegated to functional departments;
– safety of persons;
– a culture of financial performance.

Operational and functional managers at all levels, including the highest within the Group, regularly carry out field visits or specific assignments in order, in particular, to satisfy themselves that these principles are applied effectively.

2. The objectives of internal control

2.1 Definition

The Group has adopted the definition given by the "Committee of Sponsoring Organisations" (COSO), which is the most commonly accepted definition internationally: "internal control is a process, effected by an entity's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
– effectiveness and efficiency of operations;
– reliability of financial reporting;
– compliance with applicable laws and regulations".

2.2 Limits of internal control

One of the objectives of internal control is the prevention and control of risks arising from an enterprise's activities and the risks of error and fraud, in particular in the areas of accounting and finance.

Like any control system, internal control – however well designed and implemented – cannot provide an absolute guarantee that these risks have been completely eliminated.

3. General organisation and environment of internal control

3.1 The Board of Directors and the Audit Committee

The VINCI Board of Directors represents all the shareholders collectively and obliges itself to act in all circumstances in the enterprise's corporate interest. It considers all major matters arising during the Group's business, in particular its major strategic choices.

The Board of Directors has delegated certain specific tasks to the Audit Committee regarding internal control and risk management.

3.2 The Executive Committee

The Executive Committee has seven members: the Chairman and CEO who is also the Chairman of VINCI Concessions, the Director and Co-Chief Operating Officer who became Vice-Chairman of the Board of Directors at the beginning of 2005, the two Co-Chief Operating Officers (who are also Chairmen of the Energy and Roads business lines), the Chairman of the Construction business line, the Chief Financial Officer and the Vice-President, Corporate Communication, HR and Synergies. The Executive Committee is in charge of executing the Group's strategy and of defining and implementing its management policies, relating to finances, human resources, safety, insurance, etc.

3.3 Directives

The Chairmen of the companies heading business lines (VINCI Concessions, VINCI Energies, Eurovia and VINCI Construction) exercise the powers given to them by law. Under the Group's internal organisation, they are also required to comply with the directives issued by VINCI's Chairman. These directives apply to the following areas:

– taking new business, replies to tenders and offers of services and for projects, studies, service provision, concessions and project organisation;
– real-estate investments;
– financial investments and divestments;
– employment matters;
– financial and banking relations, tax, insurance;
– guarantees, collateral and security;:
– external and internal communication;
– major risks.

These directives define the thresholds above which specific authorisation has to be obtained or prior information submitted to the Chairman and CEO or certain VINCI functional departments or both.

3.4 Internal audit

The internal audit department's role is to supervise the improvement of procedures while ensuring that they are adapted to the Group's situation and organisation, complying with the demands of the Financial Security Act. It also records and follows up the decisions taken by the VINCI Risk Committee, charged with authorising acceptance of business above certain thresholds (see paragraph 4.1). Lastly, it undertakes specific assignments requested either by General Management, or the Group's Financial Management or by the Management of the various business lines.

The internal audit department works with business lines' internal audit staff, with whom it undertakes joint assignments, or personnel seconded for this purpose by the operational department concerned or personnel from certain of the holding company's functional departments. Following the example of Eurovia, which formed an internal audit department several years ago, specific organisations have been set up in 2004 by VINCI Concessions and VINCI Energies. VINCI Construction is reviewing the organisation of its internal control, building on the arrangements already existing within the six sub-groups forming the business line.

3.5 The role of the holding company in relation to the business lines

The holding company has staff restricted to some 150 people, suited to the Group's strongly decentralised structure. The main task of the holding company's various functional departments is to ensure that the Group's rules and procedures and General

Management's decisions are applied. Furthermore, and depending on needs expressed, these departments advise business lines on technical matters without interfering in the taking of operational decisions, which remain the business lines' responsibility.

In 2004, the holding company in particular issued guidelines concerning cash management within the Group. It also updated the procedures applicable to the holding company in respect of cash management and accounting.

4. The main internal control procedures

The main procedures described below are common to all companies in the Group. There are specific procedures within each business line, in particular for the monitoring of projects and forecasting of results, especially in connection with contracts spanning several years.

4.1. Procedures for authorisation of new business: the Risk Committee

Strict procedures are applied before orders are accepted. All replies to tenders must be authorised on the basis of pre-established thresholds set out in directives given to operational management by the Group Chairman, the General Management of each business line or by the VINCI Risk Committee.

The VINCI Risk Committee has to assess:
- external growth transactions;
- the terms and conditions of submitting offers and in particular the related technical, legal and financial commitments;
- all transactions relating to property development, concessions or long-term commitments, including the associated financing.

This procedure covers all public or private-sector business whatever the manner in which the enterprise is contacted (e.g.: directly, or through a traditional invitation to tender, project organisation, a public-private partnership, or a concession), both in France and foreign countries.

It applies to all projects of an amount exceeding a threshold set in the business line Management's Directives; the threshold relates to the operation in question as a whole, taking all lots together, whatever the share obtained by Group entities.

Other thresholds, lower than those necessitating consideration by the Risk Committee, trigger submission of prior information to VINCI General Management on an alert form. Lastly, under the system of delegation and sub-delegation of authority and responsibility put in place, other thresholds trigger a requirement for a formal agreement from the business line's General Management, under the procedure specific to and defined by each business line.

The Committee's purpose is to examine business which, particularly because of its size, financial structure, location or specific nature, may be considered as presenting a special risk; other factors may be adopted as criteria for examination, in particular regarding tenders that include a large technical risk. Submission to the Risk Committee constitutes formalisation of the commitment made by the manager of the entity concerned as to the expected level of profit on the project presented.

The Committee is usually composed of the Chairman, one of the Co-Chief Operating Officers, the Chief Financial Officer, and the Chief Audit Officer (for the holding company), and the manager of the business line concerned and representatives from the operational staff (the general manager, project manager, design office, etc.) and functional departments (legal, insurance, finance, etc.) of the company presenting the project. Moreover, the composition of the Risk Committee may be altered depending on the purpose of its meeting (e.g. examination of property transactions, acquisitions and long-term contracts in connection with concessions). Submission to the Risk Committee is obligatory whenever the thresholds determined on the basis of the business line and the nature of the business are exceeded.

The holding company's Risk Committee, in its various configurations, met on average twice a week in 2004.

4.2 Internal control with respect to financial and accounting information

The Budget and Consolidation Department, part of the Finance Department, is responsible for the production, reliability and analysis of the financial information distributed inside and outside the Group. In particular the Department is in charge of:
- preparing and agreeing the Group's half-year and annual financial statements and forecasts (consolidation of budgets, budget updates and three year forecasts applying the same procedures as for the preparation of the consolidated financial statements);
- establishing and monitoring the Group's accounting policies and procedures, preparation of the transition to the IFRSs with effect from 1 January 2005 and preparation of the opening IFRS balance sheet at 1 January 2004 (the state of progress of the IFRS transition project is described in the IFRS Transition section in the Report of the Board of Directors, page 154);

- co-ordination of the "Vision" Group information system, which incorporates the consolidation process and which is used to unify the various VINCI reporting systems (accounting and financial information, human resources information, commercial data, borrowing).

The budget procedure is common to all business lines and their subsidiaries. It is built around five key dates in the year: the budget for the next year in November followed by four updates in March, May, September and November. For each of these stages, management committees are formed to examine the position of each business line and its financial data, in the presence of the Group Chairman.
The monthly report on business on a consolidated basis, new orders taken, the Group's order book and the net borrowing position is prepared by the Finance Department at the end of every month for the previous month, on the basis of detailed information provided by the business lines, and is distributed to the General Management.
The Management of each business line prepares a specific report on the month's key events.
The Budget and Consolidation Department lays down a timetable and closure instructions for the preparation of the half-yearly and annual accounts. These instructions, sent to the business line Finance Departments, are presented in detail to the staff in charge of consolidation.

The line items in the consolidation pack under the "Vision" system are defined beforehand by the Budget and Consolidation Department. The Group's accounting rules and methods are also laid down in the form of procedures. Provisions for liabilities, deferred tax, and off balance sheet commitments are the subject of specific monitoring.

At each accounts closure, business lines submit a dossier with analysis and comments on the consolidated data to the Budget and Consolidation Department.

The Group Finance Department presents the accounting treatment it intends using for any complex transactions to the Statutory Auditors in order to receive their prior opinion.

The Statutory Auditors present their observations on the half-year and annual accounts to the Audit Committee before they are presented to the Board of Directors, after they have been presented to the business lines and the VINCI holding company.

Before signing their reports, the Statutory Auditors request letters of representation from Group Management and business line management. In these declarations, Group Management and business line managements confirm that they consider that the effects of any misstatements noted by the Statutory Auditors but not corrected are not, either individually or in aggregate, material with regard to the financial statements taken as a whole.

Business lines have management accounting systems tailored to their own business. Specific budgetary control tools have been installed in the Construction, Roads and Energy Business Lines and each of their concession activities (airports, car parks and Cofiroute) and allow regular monitoring of the progress of projects.

5. Action plan to strengthen internal control

5.1 The project launched in 2003

VINCI initiated an active approach by launching an action plan in 2003 intended to enhance the quality of the internal control system tailored to the management organisation in force in the Group, which combines an entrepreneurial culture, the autonomy of operational staff, transparency and loyalty, and network-based operations.

The project comprised several stages, of which the first, completed in 2003, was to identify the main risks and the associated controls for the main entities and processes.

The second stage was related to the current organisation of internal control, the aim being to describe the existing internal control arrangements implemented within the Group. Self-assessment questionnaires on the internal control environment, approved by the Executive Committee, were sent at the end of 2003 to managers of a sample of 23 entities, selected from the largest and most representative entities. Their replies were analysed and a list was drawn up of the main procedures in existence.

A third stage related to the listing of the risks and the associated controls. The objective of this stage was to use the self-assessment questionnaires and the interviews conducted with VINCI's General Management, the managers of the main business lines and VINCI's functional departments to list the risks and controls that exist within the Group and the business lines. This work resulted in the identification of those processes for which an assessment of internal control should be made by the various entities. The main area to be assessed as a priority was acceptance of new business. The main risks inherent in the Group's activities are analysed in the "Risk Management" section of the Report of the Board of Directors.

5.2 Work carried out in 2004

In 2004, the decisions taken in 2003 on the improvement of the internal control environment were implemented:

– distribution of the Chairman's directive (see paragraph 3.3) to all the operational and functional managers of business lines in France and abroad, representing approximately 1,000 managers within the Group;
– harmonisation and improvements to the formalisation of certain procedures (through the creation of working groups and specific dedicated resources), including cash management and accounting at holding company level and a complete revision of operational procedures in the Roads business line; holding company procedures have also been made available on the Group's intranet, using outside assistance;
– implementation in certain foreign subsidiaries of management methods and procedures used in France (e.g. at Eurovia, in the USA and the Czech Republic) ;
– creation of internal audit functions in those business lines where none existed (Concessions and Energies), and an increase of business lines' head-office management control staff;
– implementation of a charter in the largest operational entity of the Construction business line (Sogea Construction), covering its 10 internal operating rules (on risk taking, financial engineering, outside appointments or functions, acquisition or disposal of securities and reorganisation, property and other tangible assets, human resources, budgetary management, banking relations and financial commitments, administrative management and media – brands and logos);
– specific internal audit field assignments in the Roads, Concessions and Construction business lines in France and abroad;
– selection of a further 67 entities, in addition to those questioned in 2003, for the annual survey based on the internal control self-assessment questionnaires, comprising three parts: the control environment and risk assessment, the control exercised over financial information, and the control exercised over operations and monitoring of projects.

This approach has enabled the analysis made in 2003 to be added to and refined and changes from one year to the next to be monitored.

5.3 Work remaining to be done in 2005 and beyond

VINCI's various business lines now have an awareness of internal control and are organised to make progress in this area. The priorities for the years to come have been defined as follows: formalisation of procedures, strengthening of control in foreign subsidiaries (in particular through the implementation of the management tools used in France), the start of internal control assessment in particular through specific internal audit assignments.

The annual internal control survey based on self-assessment questionnaires will also be introduced in more operational or functional entities, in France and abroad. The information collected will result in annual action plans being prepared.

5.4 Matters under consideration

While striving to continue to improve the organisation of internal control within the Group, VINCI intends maintaining light command structures at both holding company and business line level, while ensuring that VINCI's principles of conduct, which are grounded in the autonomy of operational entities, are widely disseminated and imperatively complied with, the objectives being to:

– ensure the correct application of the Group's rules and procedures;
– monitor changes in regulatory requirements;
– maintain effective management of the main risks;
– guarantee financial information of quality.

Report of the Statutory Auditors

in application of the last subsection of Article L.225-235 of the French Code of Commerce on the report of the Chairman of the Board of Directors of VINCI on internal control procedures relating to the preparation and treatment of accounting and financial information

Year ended 31 December 2004

To the Shareholders,

As the Statutory Auditors of VINCI, and in application of the provisions of the last subsection of Article L.225-235 of the French Code of Commerce, we present our report on the report prepared by the Chairman of your Company in accordance with the provisions of Article L.225-37 of the French Code of Commerce, for the period ended 31 December 2004.

The Chairman is required to report to you in particular on the conditions under which the work of the Board of Directors is prepared and organised and on the internal control procedures implemented within the Company.

Our role is to communicate to you any comments required by the information and declarations contained in the Chairman's report concerning internal control procedures relating to the preparation and treatment of accounting and financial information.

We conducted our review in accordance with the professional standards applicable in France. Those standards require us to plan and perform our work so as to obtain reasonable assurance that the information presented in the Chairman's report, with respect to the internal control procedures relating to the preparation and treatment of accounting and financial information, is free of material misstatement. Those standards notably require that we:

– inform ourselves of the objectives and the general organisation of internal control, and of the internal control procedures relating to the preparation and treatment of accounting and financial information, presented in the Chairman's report;
– inform ourselves of the work underlying the information thereby provided by the Report.

On the basis of our work, we have no comments to make on the description of the Company's internal control procedures relating to the preparation and treatment of accounting and financial information, contained in the report of the Chairman of the Board of Directors, prepared in application of the provisions of the last subsection of Article L.225-37 of the French Code of Commerce.

Neuilly sur Seine and Paris, 30 March 2005
The Statutory Auditors

Deloitte & Associés	Salustro Reydel
Thierry Benoit	Bernard Cattenoz Benoît Lebrun

Free translation of the original French text. For information purposes only.

Report of the Board of Directors

A - Report on the financial statements for the year

1. Consolidated financial statements

The upturn in the French construction market that began in the second half of 2003 was confirmed last year.

This favourable business environment was reflected by a noteworthy across-the-board increase in order intake in all works business lines and new business was booked under satisfactory terms and conditions.

The business cycle improvement in 2004 benefited European subsidiaries overall, with EU enlargement to the east leading to an acceleration in capital expenditure in transport infrastructure in Eastern Europe.

The Group as a whole recorded faster than expected growth in business activity and a further improvement in operating margins.

1.1 Net sales

VINCI's consolidated net sales totalled €19.5 billion in 2004, up 7.8% from 2003. Acquisitions accounted for net sales of around €320 million, partly offset by the effect of asset disposals and fluctuations in exchange rates that resulted in a loss of approximately €180 million. On a like-for-like basis (at constant consolidation scope and exchange rates), consolidated net sales grew 7.1%.

In France, net sales amounted to €12.1 billion, up 10.2% or 8.7% on a like-for-like basis. Business activity was brisk in all business lines, first and foremost construction, where net sales grew 11.9%.

Outside France, net sales came in at €7.4 billion, accounting for 38% of overall business activity. Net sales climbed 4.1%, or 4.4% on a like-for-like basis, reflecting the robust momentum of local construction and roads business units.

Concessions

Net sales for VINCI Concessions amounted to €1.94 billion, up 4.7% on a like-for-like basis, and 2.9% on an actual basis.

Cofiroute generated net sales of €872 million in 2004. This figure takes into account a 4.2% increase in toll receipts. Traffic on the network, at constant network structure, grew 1.4%, with light vehicles up 1.3% and trucks up 2.1%. The extension of the network had a 0.6% positive impact on receipts while toll tariff rises increased receipts by 2.2%. These figures confirm the renewed growth in truck traffic observed during the year.

Net sales at VINCI Park flattened out at €485 million, reflecting the disposal of non-core business activities. On a like-for-like basis, net sales inched up 0.5%, both within France — despite the negative impact of the expiry of a number of longstanding contracts — and outside France.

The other concession companies performed well overall, with net sales coming in at €125 million, up 30% from the previous year. The Stade de France reported a very good year, with 7.6% growth. Operation of the Rion-Antirion bridge in Greece, which opened to traffic in August, got off to a promising start. Revenues from the Chillán-Collipulli motorway in Chile improved. The Cambodian airports business activity, for its part, grew substantially.

Lastly, airport services further maintained a satisfactory level of activity, up to €468 million, despite the slide in the dollar and the persistent problems encountered in the ground services market in the United States. On a like-for-like basis, net sales grew 4.5%, gaining 10.2% in France.

Energy

Net sales for VINCI Energies amounted to €3.34 billion, up 4.7% on a like-for-like basis and 7.2% on an actual basis.
In 2004, VINCI Energies acquired some 20 business units, representing net sales of some €100 million for the year.

In France, VINCI Energies' net sales climbed 8.7% to €2.4 billion. On a like-for-like basis, they grew 6.7%.

Following a slight cyclical slowdown in the third quarter, overall business activity recovered markedly in the fourth quarter of 2004, jumping 20% like-for-like from the level in the fourth quarter of 2003. This upswing was noticeably robust in tele-communications infrastructure.

Outside France, net sales rose 3.5% from the third quarter of 2003, up to €928 million.

Despite the contraction in business activity following the restructuring undertaken in Germany and Sweden in 2003, VINCI Energies' business outside France grew 8% on an actual basis, when TMS is stripped out. The upswing reflects the vigorous growth in the Spanish market, a recovery in the United Kingdom and the Netherlands and the impact of acquisitions.

The main acquisitions were GFA in Germany, a company that operates in the fire protection sector, and Netlink in the Netherlands, which operates in communications networks. On a like-for-like basis, VINCI Energies' net sales outside France grew 3% when TMS is stripped out.

At TMS, the implementation of the turnaround plan resulted in a 13% decline in trading.

Roads

Eurovia reported net sales of €5.76 billion in 2004, up 7% from 2003 on a like-for-like basis and up 7.9% on an actual basis.

In France, Eurovia posted net sales of €3.3 billion, up 9.1% and 7% on a like-for-like basis.

Business activity got off to a good start, due to the mild winter at the beginning of the year, and remained brisk in the second half. Urban development work enjoyed significant momentum, with construction on several tramway projects under way in Grenoble, Clermont Ferrand and Lyon, while business in quarries gathered pace — note that this segment is a growth priority for the Group.

Outside France, net sales came in at €2.5 billion, up 6.4% from 2003 and up 7% on a like-for-like basis.

Net sales growth accelerated in the fourth quarter, rising 17.2% on a like-for-like basis, reflecting satisfactory trading in the United Kingdom and the Czech Republic. In the United States, despite the negative impact of the September hurricanes in Florida, net sales were up for the year as a whole.

Trabit, a Spanish company acquired in late 2004, will be consolidated from 2005 onwards.

Construction

VINCI Construction's net sales climbed to €8.28 billion in 2004, up 7.5% on a like-for-like basis and 8.1% on an actual basis.

In France, VINCI Construction's net sales came in at €4.7 billion, up 11.9% and 10.6% at constant consolidation scope, lifting total growth over two years to nearly 25%.

In French subsidiaries, following the noteworthy growth recorded in the first half, business activity grew further at a fast pace, up 9.9% on an actual basis in the fourth quarter and 7.5% at constant consolidation scope.

Sogea Construction and GTM Construction reported net sales up by 10.3% and 16.2%, respectively. The commendable growth reflects brisk demand in the residential and functional — healthcare, education and sports facility — building markets. In civil engineering, business activity was bolstered by capital expenditure in motorway and railway infrastructure.

Outside France, net sales grew to €3.6 billion, up 3.4% on an actual basis and 3.7% on a like-for-like basis.

Activity was brisk in the fourth quarter, climbing more than 11% due to the momentum enjoyed by Central and Eastern European subsidiaries. They are reaping the benefits of the infrastructure development drive under way in the region.

VINCI Construction's net sales outside France were also boosted by the good level of business activity in the United Kingdom's building sector and the German maintenance sector. It offset the current decline in the major projects market.

Net sales by business line [1]

(in € millions)	2004	2003	Change 2004/2003 on an actual basis	Change 2004/2003 on a like-for-like basis [2]
Concessions and services	1,943	1,889	2.9%	4.7%
Energy	3,339	3,115	7.2%	4.7%
Roads	5,755	5,332	7.9%	7.0%
Construction	8,284	7,664	8.1%	7.5%
Property	427	274	56.2%	56.2%
Eliminations	(228)	(163)	—	—
Total	**19,520**	**18,111**	**7.8%**	**7.1%**

[1] The above data for each business line is stated before elimination of transactions between business lines.
[2] At constant consolidation scope and exchange rates.

Net sales by geographical area

(in € millions)	2004	% net sales	2003	Change 2004/2003
France	**12,118**	**62%**	**10,999**	**10.2%**
Germany	1,635	8%	1,457	12.2%
United Kingdom	1,513	8%	1,448	4.5%
Central and Eastern European countries	1,096	6%	968	13.2%
Belgium	625	3%	578	8.2%
Spain	314	2%	336	(6.6%)
Other European countries	566	3%	574	(1.3%)
Europe excluding France	**5,749**	**30%**	**5,361**	**7.2%**
North America	831	4%	935	(11.1%)
Rest of the world	822	4%	816	0.7%
Total	**19,520**	**100%**	**18,111**	**7.8%**

1.2 Gross operating surplus

Full-year gross operating surplus grew 14% from 2003 to €2,021 million in 2004. It rose to 10.4% of net sales versus 9.8% in 2003. The improvement cut across all Group business lines.

Gross operating surplus by business line

(in € millions)	2004	% net sales	2003	% net sales	Change 2004/2003
Concessions and services	821	42.2%	782	41.4%	+ 5%
Energy	257	7.7%	196	6.3%	+ 31%
Roads	376	6.5%	364	6.8%	+ 3%
Construction	532	6.4%	449	5.9%	+ 19%
Property and holding companies	35	—	(13)	—	—
Total	**2,021**	**10.4%**	**1,778**	**9.8%**	**+ 14%**

1.3 Operating income

Operating income jumped to €1,373 million, up nearly 18% from 2003. The operating margin stood at 7% of net sales, versus 6.4% in 2003. All business lines contributed to this further increase in operating income.

Concessions

Operating income for the Concessions business line rose to €616 million from €600 million in 2003 and accounted for 45% of the Group's total operating income. Cofiroute's operating income grew 1.3% to €481 million. VINCI Park's operating income rose by nearly 5% to €123 million, i.e. 25.3% of net sales. The contribution of other concession infrastructure increased from €21 million in 2003 to €34 million in 2004. This takes into account the initial months of operation of the Rion-Antirion bridge that generated €6.3 million.

In a troubled business environment in the United States, airport services again made a positive contribution thanks to a commendable performance by cargo activities.

Energy

VINCI Energies' operating income surged to €181 million, up 40% from the previous year, and stood at 5.4% of net sales. The significant contribution of French subsidiaries to this growth was noteworthy, as was the excellent performance of European subsidiaries, above all in Germany, where results increased noticeably. By contrast, the difficulties faced by TMS in the automotive sector and the restructuring measures taken as a result led to substantial operating losses for that subsidiary.

Roads

Eurovia's operating income jumped by more than 10% to €222 million. As a percentage of net sales, operating margin came in at 3.9%, slightly higher than in 2003. French subsidiaries performed very well, increasing their contribution by 20% compared with 2003, and their operating margin exceeded 5%. Outside France, the picture was mixed. Good performances in the United Kingdom and the Czech Republic, where momentum remained strong, were partly offset by the impact of the measures taken to cut back operations in Spain and the United States.

Construction

VINCI Construction's operating income soared 57% to €349 million. The operating margin represented 4.2% of net sales, versus 2.9% in 2003. These excellent results reflect the praiseworthy improvement in the performance of French subsidiaries Sogea Construction and GTM Construction and other units of the division: subsidiaries outside France, major projects and Freyssinet's specialised business lines.

Property

Property subsidiaries Sorif and Elige contributed €25 million to operating income, up from €13 million in 2003.

Operating income by business line

(in € millions)	**2004**	**% net sales**	**2003**	**% net sales**	**Change 2004/2003**
Concessions and services	616	31.7%	600	31.8%	+ 3%
Energy	181	5.4%	129	4.1%	+ 40%
Roads	222	3.9%	201	3.8%	+ 11%
Construction	349	4.2%	222	2.9%	+ 57%
Property and holding companies	5	—	14	—	—
Total	**1,373**	**7.0%**	**1,166**	**6.4%**	**+ 17.7%**

1.4 Net income

Net income for the period came in at €731 million, up 35% from €541 million in 2003. Earnings per share grew 35% to €8.76 from €6.49 in 2003; while diluted earnings per share rose 32% to €7.80 versus €5.93 in 2003. VINCI Construction remained the business line that made the biggest contribution to the Group's income, ahead of VINCI Concessions. Note that both divisions recorded significant income growth. VINCI Energies and Eurovia also improved their contributions.

Net income by business line

(in € millions)	**2004**	**2003**	**Change 2004/2003**
Concessions and services	214	164	+ 31%
Energy	87	53	+ 63%
Roads	131	126	+ 5%
Construction	242	177	+ 36%
Property and holding companies	57	21	—
Total	**731**	**541**	**+ 35%**

Net financial expense improved, up to €24 million from €124 million in 2003. The recovery mainly resulted from the €95 million proceeds from the unwinding of an equity swap set up in 2003 to hedge against a rise in the price of the ASF share and that covered some 4% of ASF's capital. It also reflected an increase in the dividend received from ASF, up to €32 million from €19 million in 2003, and, conversely, a €35 million provision for the impairment of Toll Collect shares held by Cofiroute that was offset by the reversal, booked as exceptional income, of the provision for liabilities set aside in 2003. Costs of financing remained virtually unchanged from 2003, at €151 million versus €153 million in the previous year.

Net exceptional expense of €53 million was recorded, compared with net exceptional income of €13 million in 2003, which included significant capital gains on asset disposals. This year, net exceptional expense included net capital gains on asset disposals amounting to €17 million, €48 million in restructuring costs and a variety of non-recurring expenses that totalled €23 million and related notably to airport activities.

The tax charge increased substantially in 2004, up to €388 million from €234 million in 2003. This corresponds to an effective tax rate of 30%, close to the Group's theoretical tax rate, versus 22.2% in 2003, a level that reflected the favourable impact of legal reorganisation operations carried out abroad.

Goodwill amortisation was lowered to €80 million in 2004 from €184 million in 2003 (which included €134 million in exceptional impairment charges). This amount includes impairment charges totalling €23 million, of which €10 million for WFS goodwill impairment.

The Group's share of the earnings of companies accounted for by the equity method came in at €14 million. This figure includes €4.6 million for the Group's estimated share of ASF earnings in the period elapsed following the appointment of a VINCI representative to the ASF Board, i.e. from 15 to 31 December 2004.

Minority interest of €109 million relates mainly to the shares not owned by VINCI in Cofiroute, i.e. 34.7%, and in Belgian construction company CFE, i.e. 54.6%.

1.5 Cash flow

Cash flow from operations grew to nearly €1.6 billion in 2004, up 13% over 2003. After taking into account capital expenditure in operating assets (net of disposals) that totalled €493 million during the year and the significant improvement in working capital requirement, i.e. €443 million, cash flow available for growth amounted to €1,510 million, up €450 million, or 42%, from 2003.

Growth investments in concessions increased 23%, or €119 million, to €645 million from the previous year. This increase was accounted for by increased capital spending by Cofiroute, up to €506 million in 2004 compared with €313 million in 2003, growth at VINCI Park, up to €46 million in 2004 from €27 million in 2003, and completion of work on the Rion-Antirion bridge in Greece, where they fell to €77 million from €144 million in 2003.

Financial investments (excluding share buy-backs) totalled €442 million, up from €222 million in 2003. They involved primarily the €254 million purchase of additional ASF shares to raise VINCI's equity interest from 20% to 23%, the €35 million subscribed as part of the Toll Collect capital increase, the €39 million investment in BCIA (Beijing Airport) following a swap with ADP, and the €19 million impact of the conversion of SMTCP (Prado Carénage tunnel) convertible subordinate bonds into shares.

Disposal of shares amounted to €201 million, including the sales of the Group's interests in southern Mexican airports (ITA) for €22 million and in TBI for €79 million, as well as the divestment of the Group's stake in ADPM (BCIA swap) for €43 million.

The year's other financial transactions, before changes in capital stock, resulted in a net outflow of €360 million. It included dividends paid by the parent company — 2003 dividend of €2.36 per share and 2004 interim dividend of €1.2 per share — that totalled €287 million, as well as dividends paid to minority shareholders, i.e. mainly Cofiroute.

Net cash flow generated during the year before changes in capital stock climbed to €234 million from €216 in 2003.

Changes in capital stock included the impact of the share buy-back programme aimed at offsetting the dilution resulting from the exercising of stock options and payments into the Group savings scheme during 2004. They led to a financing requirement of €492 million, i.e. 5.9 million shares purchased at an average price of €83.4 per share, and in return generated a €260 million increase in capital stock as 5.5 million shares were created. These transactions gave rise to a negative cash flow of €232 million for the year.

Overall, moves in cash flow over the period cancelled one another out when changes in capital stock are taken into account.

1.6 Balance sheet

VINCI's net debt after treasury stock remained unchanged from the previous year at €2.3 billion at 31 December 2004.
Concessions debt (excl. holding companies) increased from €3.1 billion to €3.3 billion. It rose primarily as a result of Cofiroute's increased capital expenditure that was partly offset by disposals of airport assets and VINCI's recapitalisation of the airport services business. The other divisions posted a net surplus of €2.6 billion, up €605 million from 2003. The holding companies, for their part, increased their debt by approximately €300 million to €1.6 billion. This figure notably includes the increase in the equity interest in ASF, the recapitalisation of airport services activities and the impact of the share buy-back programmes. These flows were partly offset by dividends from subsidiaries.

Net surplus / (debt)

(in € millions)	**2004**	**2003**	**Change 2004/2003**
Cofiroute	*(1,989)*	*(1,691)*	*(298)*
VINCI Park	*(478)*	*(479)*	*1*
Other concessions	*(703)*	*(636)*	*(67)*
Airport services	*(129)*	*(305)*	*176*
Concessions and services (excl. holding companies)	(3,299)	(3,111)	(188)
Energy, Roads, Construction	2,589	1,972	617
Interest in ASF	(1,483)	(1,229)	(254)
Property and holding companies	(180)	(80)	(100)
Net debt before treasury stock	**(2,373)**	**(2,448)**	**75**
Treasury stock	88	182	(94)
Net debt	**(2,285)**	**(2,266)**	**(19)**

The Group's financial structure remains strong, with total shareholders' equity, including minority interest, up from €3.5 billon to €3.7 billion and gearing (debt/equity ratio) lowered to 61% from 65% in 2003.

Provisions for liabilities in the balance sheet stayed at a level equivalent to that of 31 December 2003, at €1.7 billion at 31 December 2004. Provisions for pension commitments totalled €586 million.

Lastly, working capital surplus surged to €1.5 billion at 31 December 2004, versus €1.1 billion at 31 December 2003.

1.7 Return on capital

Return on equity (ROE)

Return on equity (ROE), calculated on the basis of consolidated shareholders' equity at the start of the period, came in at 25% overall, up 21% from the previous period. This improvement reflects the significant increase in Group earnings.

(in € millions)	**2004**	**2003**
Shareholders' equity at 31/12/N-1	2,937	2,597
Net income	731	541
ROE	**24.9%**	**20.8%**

Return on capital employed (ROCE)

ROCE inched up in 2004 from 2003 despite the increase in capital employed, as a result of the Group's ongoing policy of investing in concessions. It reflected two very different activity profiles:
– a very high level of ROCE in non-concession activities, i.e. 91% in 2004, mirroring their low capital intensity combined with their high operating profitability;
– lower ROCE in concessions, i.e. 6% in 2004, impacted by the heavy burden of capital expenditure in the building and operation start-up phases — €1.6 billion in total — when profitability is still relatively low.

(in € millions)	2004	2003
Capital employed at 31/12/N-1	7,596	7,273
Capital employed at 31/12/N	7,959	7,596
Average capital employed	**7,778**	**7,435**
Operating income	1,373	1,166
Theoretical tax [1]	(418)	(261)
Other [2]	76	55
NOPAT	**1,031**	**960**
ROCE	**13.3%**	**12.9%**

[1] On the basis of the effective rate in the period (30% in 2004 and 22.2% in 2003).
[2] Group share in the earnings accounted for by the equity method and financial items (excl. cost of financing, dividends received, depreciation and provisions, foreign exchange gains and the proceeds from the unwinding of the equity swap in 2004).

2. Parent company financial statements

The parent company's net income came in at €330 million in 2004, versus €2,066 million in 2003 (which included the €1.7 billion positive impact of the legal reorganisation of the Concessions business line).

Expenses referred to in Article 39.4 of the French Tax Code totalled €54,568 in 2004.

3. Dividends

The net dividend proposed to the Shareholders Meeting stands at €3.5 per share, i.e. €4.1 per share including the tax credit on the interim dividend of €1.20 paid in December 2004 for eligible shares, up 48% from the €2.36 per share paid out for 2003. The dividend, including the tax credit, gives a yield of 3.7% on the basis of the share price at 28 February 2005. The final dividend of €2.30 will be payable on 6 May 2005.

Total dividend distribution to shareholders for 2004 is estimated at €289 million, up 53% from the 2003 figure of €189 million. It stands at 40% of the consolidated net income in 2004, versus 35% in 2003.

B - Transition to IFRS

In application of European regulation 1606/1202 of 19 July 2002, VINCI is required to publish its consolidated financial statements in accordance with IFRS standards, as endorsed by the European Union, as of 1 January 2005. VINCI will also have to publish, for reference, 2004 consolidated financial statements prepared under these standards.

To date, uncertainty remains about the definition and the interpretation of certain important accounting standards, notably the treatment of concessions. In consequence, the numerical data in this document, examined by our statutory auditors, could be subsequently modified.

1. State of progress

Launched during the course of 2002, the project of a transition to the IFRSs moved into an active phase of deployment during 2004. More than one hundred Group employees have worked on this project, which required the formalising of accounting procedures, the adaptation of systems to obtain the information required to prepare 2004 and 2005 financial statements under the IFRSs and the training of more than 500 accounting staff. IFRS financial statements for 2004 will be prepared by late April 2005 and will be audited by our statutory auditors in the second quarter of 2005.

The Audit Committee has been regularly informed about the progress achieved in terms of carrying out the project. It has discussed the transition to IFRS standards at three meetings. It approved the options chosen by the Group to prepare consolidated financial statements under IFRS and examined the opening balance sheet at 1 January 2004 restated under IFRS.

2. Presentation of IFRS options chosen

The impact of IFRS on Group financial statements is given out issue by issue, specifying each time the accounting method options chosen by VINCI in its first-time adoption of the standards (IFRS 1). All the numerical impacts mentioned hereafter are to be understood as excluding their tax effect.

2.1 Main standards impacting VINCI's financial statements

2.1.1 Financial instruments (IAS 32 and 39)

IAS 32 and 39, defining the recognition, the measurement and the presentation of financial assets and liabilities, were partly endorsed by the European Commission in November 2004 with optional implementation in 2004.
In order to ensure comparability of financial statements for different accounting years, Vinci decided to implement them as of 1 January 2004.

Their main impacts on the opening balance sheet at 1 January 2004 are as follows:

Treasury shares

The VINCI Group held €182 million in treasury shares at 31 December 2003, allocated for stock purchase options granted to management. These shares, recognised as marketable securities under assets in the consolidated balance sheet, must now be recognised as a deduction from equity in application of IAS 32.

Treatment of Oceanes

The two Oceane bonds issued in 2001 and 2002 – maturing in 2007 and 2018, respectively – are classified as borrowings at their par value according to French GAAP. Under the IFRSs, they are to be booked as compound financial instruments. They must therefore be split in the balance sheet into two components in application of IAS 32: a "debt" component and an "equity" component. The latter will correspond to the value of the option to convert the bond into shares.

The debt component is valued, in application of IAS 32, at its market value at issue corresponding to future contractual cash flows discounted at the market rate at the time of issue for non-convertible bonds with the same maturity.

The equity component, corresponding to the value of the conversion option, is determined as the difference between the value of the debt recalculated in this manner and the proceeds of the issue.

The application of these provisions has a positive impact of €77 million on equity at 1 January 2004.

Moreover, this restatement will entail a slight increase in financial expenses in future years.

Loan issue expenses and redemption premiums
In the Group's consolidated financial statements, loan issue expenses and bond redemption premiums are amortised using the straight-line method over the life of the loans issued. The redemption premiums of the Oceane bonds issued by VINCI are accordingly provided for at each balance sheet date, whenever the VINCI share price falls below the redemption value of the bond or when conversion is considered insufficiently probable. Under the IFRSs, issue expenses and redemption premiums are amortised in accordance with an actuarial method, (the amortised cost method). This involves calculating the effective interest rate of the debt, taking into account issue expenses and redemption premiums.

This restatement, which mainly relates to the Oceane bonds, has a negative effect on equity of €30 million at 1 January 2004.

Recognition of derivative financial instruments in the balance sheet
VINCI uses derivative financial instruments, which are generally hedging instruments to manage interest rate risk. They are used by the holding company and Cofiroute. Henceforth, they must be recognised at their fair value in the IFRS balance sheet.

Other restatements carried out in application of IAS 39
The other restatements carried out in application of IAS 39 had a negative impact of €13 million on equity. They relate in particular to the recognition at fair value of financial assets and financial instruments that do not meet the criteria required by IFRS standards to be classified as hedging instruments.

2.1.2 Share-based payment (IFRS 2)
IFRS 2, published in the Official Journal on 11 February 2005, defines in particular the methods for the valuation and recognition of stock options and Group savings schemes.

According to this new standard, benefits granted to employees must be recognised at fair value and a charge booked in the operating result (under employment costs) for the amount thereby determined, with an opposite entry increasing equity.

In accordance with the option available under IFRS 1, VINCI has decided to limit the application of IFRS 2 to stock option plans and Group savings schemes granted after 7 November 2002 and in respect of which rights were not acquired at 1 January 2005.

Stock options
Three stock option plans are concerned. The first was the plan of December 2002 in respect of 2.5 million options at €52.90, of which two-thirds had not been exercised at 1 January 2004. The second was launched in September 2003 with 1.402 million options at €61.40 and the third in September 2004 with 1.580 million options at €82.40.

Assessment of the corresponding benefits is in progress. It is being carried out by an independent expert firm on the basis of a binomial model (the so-called "Monte-Carlo" model). This model has been deemed more pertinent than the Black & Scholes model because it enables a larger number of scenarios to be included in the valuation, including hypotheses about the behaviour of beneficiaries.
This restatement had no material impact on equity at 1 January 2004 but the recognition in expenses at fair value of options granted, during their period of acquisition, will have an impact on operating income as from 2004.

Group savings scheme
Within the framework of the Group savings scheme, VINCI makes issues of new shares reserved for its employees at a discount to the prevailing share price, three times a year. IFRS 2 equates this discount to the granting of a benefit to employees and its fair value is an expense to be recognised in the income statement, with a corresponding increase in consolidated equity. The methods for assessing the related benefits are being analysed.

The application of IFRS 2 to the Group savings scheme has no impact on equity at 1 January 2004. However, subsequent earnings will be affected by the expenses corresponding to the acquisition of rights.

2.1.3 Capitalisation of borrowing costs (IAS 23)
IAS 23 allows borrowing costs incurred during the period of construction to be included in the cost of assets. This applies in particular to assets under concessions.

Under French GAAP, VINCI has already capitalised borrowing costs since 1 January 2003 according to the rules and the methodology recommended by IAS 23. However, the calculation made previously had to be modified retrospectively to comply with IAS 23.
This restatement, which relates primarily to Cofiroute, led to a €60 million increase in the value of concession fixed assets at 1 January 2004 and a corresponding increase in equity. It will lead to a slight increase, in future earnings, of the annual depreciation charge of the fixed assets concerned.

2.1.4 Goodwill on acquisition and intangible assets (IFRS 3 and IAS 38)

Business combinations – goodwill

According to IFRS 3 "Business Combinations", goodwill on acquisition is not amortised.
However, it will be subject to an annual impairment test consisting in a comparison of the value in use of the underlying assets, calculated on the basis of projections of discounted future cash flows, with their carrying amount. Whenever the value at use thereby determined is lower than the carrying amount, an impairment loss corresponding to the loss of value is recognised in the operating result.

This change in accounting method, which had no impact on equity at 1 January 2004, will result in a saving for VINCI in the goodwill amortisation charge of some €60 million per year.

In accordance with the option available under IFRS 1, VINCI has decided not to carry out any retrospective restatement of business combinations made prior to 1 January 2004. Therefore, the accounting treatment of the merger between VINCI and Groupe GTM in July 2000, booked according to the pooling of interests rules under French GAAP, has been maintained under the IFRSs.

Other intangible fixed assets

IAS 38 defines the criteria for recognising and measuring intangible assets. Certain intangible assets in VINCI's balance sheet at 31 December 2003 did not meet the definition of intangible assets according to this standard. This relates, mostly, to goodwill, which was cancelled against a €28 million reduction of equity, and market shares of WFS's cargo handling business, which was reclassified as goodwill on acquisition for €79 million.

2.1.5 Employee benefits (IAS 19)

While preparing the transition to IFRS and to ensure the harmonisation of valuation methods, VINCI carried out in 2003, with the assistance of external actuaries, a comprehensive inventory of its defined benefit obligations; this did not reveal any obligations that the Group had not taken account of earlier.

In accordance with the preferential methods recommended by the CNC and the recommendations made by the AMF on 28 October 2003, VINCI already recognises its post-employment benefit obligations, i.e. lump sums paid on retirement and supplementary pensions, and other employee benefits, in particular long service bonuses, in its balance sheet. These obligations are assessed using the actuarial Projected Unit Credit method, which is also required by IAS 19.
Furthermore, VINCI will continue to use the so-called "corridor method" that consists in amortising any actuarial gains and losses arising outside a range of plus or minus 10% of the amount of commitments or covering assets, over the expected average remaining working lives of the employees participating in the scheme.

Lastly, in accordance with the option available under IFRS 1, VINCI has decided to recognise all identified actuarial gains and losses against a €131m reduction of equity in its opening IFRS balance sheet at 1 January 2004. This option will result in a positive impact on the Group's future earnings as they will not have to bear the amortisation of actuarial gains and losses.

2.1.6 Provisions (IAS 37)

VINCI already recognised provisions in accordance with CRC Regulation 2000.06 on liabilities, which is not very different from the measurement and recognition methods described by IAS 37.
The main modification relates to the discounting of provisions at more than one year calculated on the basis of a provision reversal schedule. The positive impact of this discounting on Group equity amounts to €30 million.

2.2 Other standards

2.2.1 Consolidation scope and methods (IAS 27, 28 and 31)

Financial statements under IFRS are prepared using the same consolidation scope and the same consolidation methods as for those prepared under French GAAP.
Operations carried out by "SEPs", a widely used form of inter-company partnership in the French construction sector, continue to be consolidated according to the proportionate consolidation method.
VINCI is attentively monitoring developments with respect to standards in this field.

2.2.2 Translation of the financial statements of foreign subsidiaries (IAS 21)

No change to the present methods used to translate the financial statements of subsidiaries denominated in foreign currencies has been identified.
However, in accordance with the option available under IFRS 1, VINCI has elected to deduct €86 million of translation differences (losses) from its consolidated reserves at the transition date.
This restatement, which has no impact on the total amount of equity on 1 January 2004, is likely to improve future earnings in the event of the sale of an asset denominated in a corresponding foreign currency.

2.2.3 Construction contracts (IAS 11)

To recognise revenue and earnings on its long-term construction contracts, the Group already uses the stage-of-completion method defined by Comité de la Réglementation Comptable Opinion 99-08, which hardly differs from the rules defined by IAS 11 with respect to construction contracts.
Application of this standard will therefore not have an impact on VINCI's financial statements.

2.2.4 Leases (IAS 17)

VINCI already recognises finance leases in compliance with the AMF's recommendations dated 15 November 2002.
VINCI thoroughly examined all its lease contracts in 2003 on the basis of the criteria defined by IAS 17. This examination did not reveal any significant new contracts to be recognised in the consolidated balance sheet.
Application of this standard, in consequence, will have no material impact on equity or on Group net debt.

2.2.5 Property, Plant and Equipment (excluding those under concessions) and Investment Property (IAS 16 & IAS 40)

In financial statements prepared under French GAAP, items of property, plant and equipment are recorded in the balance sheet at their cost of acquisition or production. When they are depreciated, this is generally according to the straight-line method over the period of their estimated useful life.
After studying the alternatives available under the IFRSs, VINCI has chosen to maintain items of property, plant and equipment at their cost of acquisition and not to adopt the option of recognising them at fair value. The same decision was taken for investment properties, of which the asset values are not very material at VINCI, (€40 million).

2.2.6 Government grants and government assistance (IAS 20)

Certain infrastructures under concession have been partly financed by government grants - this relates mainly to Stade de France and the Rion Antirion bridge. These grants were previously booked under liabilities in the consolidated balance sheet and amounted to €512 million at 31 December 2003.
In VINCI's IFRS financial statements, in accordance with the option available under IAS 20, these grants are now shown as a deduction from the acquisition cost of the corresponding concession assets.
This change in presentation has no impact on Group equity or earnings.

2.2.7 Impairment of Assets (IAS 36)

A test must systematically be performed on the value in use of tangible and non-tangible assets whenever there is an indication that an asset might be impaired. Value in use is defined by referring to discounted future cash flows, using the same method as described previously for goodwill on acquisition (cf. § 2.1.4). In the case of a decrease in the value in use of fixed assets, the impairment loss is recorded under the operating result.

On the basis of tests conducted, the application of this standard has no impact on the opening IFRS balance sheet at 1 January 2004.

2.2.8 Minority interest (IAS 1)

According to the IFRSs, minority interests shown in the liabilities of the balance sheet are an integral part of consolidated equity.
This relates primarily to Cofiroute and CFE and these minority interests amounted to €559 million at 1 January 2004.
This amount will increase consolidated equity under the IFRSs, and it will thus be brought in line with the amount of consolidated net debt, which includes the full amount of the debt of Cofiroute and CFE, which are fully consolidated.

3. Specific accounting treatment of concession contracts

To date, the accounting treatment of concession contracts has not been covered by IFRS.

IASB has called upon IFRIC (The International Financial Reporting Interpretation Committee) to make a statement on how to apply present standards to these contracts in order to harmonise accounting practices that currently diverge widely from country to country.
IFRIC is to publish the three following draft interpretations in the first quarter of 2005:

- The first will set out the scope of application of concession contracts and the criteria determining the accounting model to be applied.
- The other two draft interpretations will deal with the two models that have been proposed:

- The intangible asset model: the asset under concession, generally an infrastructure asset, would be recorded as an intangible asset whenever the concession operator is paid directly by users.
  This asset is considered as a right to receive toll fees in exchange for financing and building the infrastructure. This treatment would apply to most infrastructure concessions currently managed by the Group, notably Cofiroute, the Rion-Antirion bridge, the A 19 motorway and VINCI Park's car parks under concession.

- The financial asset model: this asset would be recognised as an amortisable interest-bearing financial receivable whenever the concession operator is paid directly by the concession grantor. The amount of the financial receivable in the balance sheet would correspond to the discounted value of the revenue to be received from the concession grantor.

This model would be applicable to partnership models such as PPPs and the PFI as well as to some of the infrastructure concessions operated by VINCI whenever the Group is paid by the concession provider, either under an availability scheme, as is the case with the Newport by-pass where part of the revenue is conditional on the availability of the structure, or a shadow toll - as with the A-Modell that is being implemented in Germany, for which the revenue is paid to the operator on the basis of traffic on the structure.

The IFRIC is to publish its recommendations by 30 June 2005. At this stage, first application of the new standards is scheduled for 1 January 2006, but can be applied earlier.

While awaiting implementation of these interpretations, VINCI has maintained, when preparing its 2004 consolidated financial statements under IFRS, the accounting principles it applied until now for concession contracts according to the French GAAP rules in force with regard to:

– The depreciation methods used for concession fixed assets.
– Provisions for renewal and major repairs.
– The depreciation of renewable assets handed over free of charge to the concession grantor at the end of the contract.

4. Main impacts on financial statements

4.1 Reconciliation of equity at 1 January 2004

On the basis of standards known to date, the equity reconciliation table at 1 January 2004 between French GAAP and the IFRSs is as follows:

(in € millions)	**Consolidated equity**	**Minority interest**	**Total equity**
French GAAP	**2,937**	551	3,488
IFRS restatements [1]	(241)	8	(233)
Under IFRS	2,696	559	**3,255**

[1] *Excluding the impact of standards unknown to date, in particular those covering the accounting treatment of concessions.*

Equity would increase from €2,937 million under French GAAP to €3,255 million under the IFRSs, i.e. by €318 million. This increase would result, on the one hand, from the reclassification in equity of minority interests for €559 million and, on the other hand, from adjustments resulting from the application of the new standards, which would account for a net negative balance of €233 million, broken down in the table below:

Analysis of IFRS restatements of equity at 1 January 2004 [1]

(in € millions)	**Notes**	**Total equity**
Shares held in treasury (IAS 32)	*2.1.1*	(182)
Actuarial gains and losses on post-employment obligations (IAS 19/IFRS1)	*2.1.5*	(131)
Restatement of intangible fixed assets (IAS 38)	*2.1.4*	(28)
Discounting to present value of provisions (IAS 37)	*2.1.6*	+ 30
Financial instruments (IAS 39)	*2.1.1*	+ 34
Capitalisation of borrowing costs (IAS 23)	*2.1.3*	+ 60
Other restatements		(1)
Sub-total before tax effect		**(218)**
Tax effect of restatements		(15)
Net restatements		**(233)**

[1] *Excluding the impact of standards unknown to date, in particular those covering the accounting treatment of concessions.*

4.2 Reconciliation of the opening balance at 1 January 2004

The reconciliation of the balance sheet at 1 January 2004 between French GAAP and IFRS includes:

– **reclassifications:**

The reclassifications have no effect on equity, but allow the presentation of the balance sheet under French GAAP to be reconciled with the IFRS balance sheet.

– **restatements:**

The restatements reflect in the lines of the balance sheet the application of the IFRSs (see §2.1 and 2.2). They have an impact on equity.

4.2.1 Presentation of reclassifications

Reclassifications – Assets (in € billion):

Presentation of the balance sheet under French GAAP	Notes	31/12/2003	Reclassifications [1]	01/01/2004	Presentation of the balance sheet under the IFRSs
Intangible fixed assets	*2.1.4*	0.2	(0.1)	0.1	Intangible fixed assets
Goodwill	*2.1.4*	0.7	0.1	0.8	Goodwill
Concession tangible fixed assets	*2.2.6*	5.0	(0.6)	4.4	Concession tangible fixed assets
Other tangible assets		1.9		1.9	Other property, plant and equipment and investment property
Financial assets		1.7		1.7	Non-current financial assets
				—	Fair value of derivative assets
Deferred charges	*2.1.1*	0.1	(0.1)		
			0.1	0.1	Deferred tax
Total fixed assets		**9.6**		**9.0**	**Total non-current assets**
Inventories and work in progress		0.5		0.5	Inventories and work in progress
Trade and other operating receivables		7.1	(0.5)	6.6	Trade and other current receivables
			0.5	0.5	Current tax
Financial receivables		0.3		0.3	Current financial assets
Marketable securities and cash		4.2		4.2	Cash and cash equivalents
Total current assets		**12.1**		**12.1**	**Total current assets**
Deferred tax		0.1	(0.1)		
Total assets		**21.8**	**(0.7)**	**21.1**	**Total assets**

[1] *Excluding the impact of standards unknown to date, in particular those covering the accounting treatment of concessions.*

Reclassifications – Liabilities (in € billion):

Presentation of the balance sheet under French GAAP	Notes	31/12/2003	Reclassifications [1]	01/01/2004	Presentation of the balance sheet under the IFRSs
Shareholders' equity		2.9			Shareholders' equity
Minority interest	*2.2.8*	0.6			Minority interest
		3.5		**3.5**	**Total equity**
Investment subsidies	*2.2.6*	0.5	(0.5)		
Provisions for employee benefits		0.5		0.5	Employee benefit liabilities
Provisions for liabilities		1.6	(1.3)	0.3	Other non-current provisions
Other long-term liabilities		0.1	(0.1)		Other non-current liabilities
Long-term debt		6.2	(0.6)	5.6	Non-current debt
				—	Fair value of derivative liabilities
Short-term debt (less than one year)		0.6	(0.6)		
			0.1	0.1	Deferred tax
				6.5	**Total non-current liabilities**
Trade and other operating payables		8.7	(1.2)	7.5	Trade and other current liabilities
			1.3	1.3	Current provisions
			1.3	1.3	Current tax
Deferred tax		0.1	(0.1)		
			1.0	1.0	Current debt
				11.1	**Total current liabilities**
Total liabilities		**21.8**	**(0.7)**	**21.1**	**Total liabilities**

[1] *Excluding the impact of standards unknown to date, in particular those covering the accounting treatment of concessions.*

4.2.2 Presentation of restatements

Restatements – Assets (in € billion):

Presentation of the balance sheet under the IFRSs	01/01/2004 (before restatements)	IFRS restatements [1]	under IFRSs	Notes
Intangible fixed assets	0.1		0.1	
Goodwill	0.8		0.8	
Concession tangible fixed assets	4.4	0.1	4.5	*2.1.3*
Other property, plant and equipment and investment property	1.9		1.9	
Non-current financial assets	1.7		1.7	
Fair value of derivative assets	—	0.3	0.3	*2.1.1*
Deferred tax	0.1	0.1	0.2	
Total non-current assets	**9.0**	**0.5**	**9.5**	
Inventories and work in progress	0.5		0.5	
Trade and other current receivables	6.6		6.6	
Current tax	0.5		0.5	
Current financial assets	0.3	(0.1)	0.2	*2.1.1*
Cash and cash equivalents	4.2	(0.2)	4.0	*2.1.1*
Total current assets	**12.1**	**(0.3)**	**11.8**	
Total assets	**21.1**	**0.2**	**21.3**	

[1] Excluding the impact of standards unknown to date, in particular those covering the accounting treatment of concessions.

Restatements – Liabilities (in € billion):

Presentation of the balance sheet under IFRS standards	01/01/2004 (before restatements)	IFRS restatements [1]	IFRS standards	Notes
Equity	**3.5**	**(0.2)**	**3.3**	*4.1*
Employee benefit liabilities	0.5	0.1	0.6	*2.1.5*
Other non-current provisions	0.3	(0.1)	0.2	*2.1.6*
Other non-current liabilities	0.0		0.0	
Non-current debt	5.6	0.2	5.8	*2.1.1*
Fair value of derivative liabilities	—	0.1	0.1	*2.1.1*
Deferred tax	0.1	0.1	0.2	
Total non-current liabilities	**6.5**	**0.4**	**6.9**	
Trade payables and other current liabilities	7.5		7.5	
Current provisions	1.3		1.3	
Current tax	1.3		1.3	
Current debt	1.0		1.0	
Total current liabilities	**11.1**	**0.0**	**11.1**	
Total equity and liabilities	**21.1**	**0.2**	**21.3**	

[1] Excluding the impact of standards unknown to date, in particular those covering the accounting treatment of concessions.

4.3 Net debt

The application of the IFRSs will lead to changes in the presentation and the amount of VINCI's consolidated net debt.
Shares held in treasury, which were until now considered as a cash asset to be deducted from gross debt, will now be excluded from the calculation of consolidated cash because they will be directly deducted from equity.
Moreover, a distinction will be drawn in terms of presenting cash between the concepts of available cash and current cash.

– Available cash will include very liquid investments with a maturity of less than 3 months, according to the concept of "cash & cash equivalents", and presenting an insignificant risk of any change in value.
– Other liquid investments with a maturity of more than 3 months will be shown in the "current cash" line.

Under the IFRSs, long-term debt will be reduced by the impact on equity of Oceane conversion options in accordance with IAS 32 and the reclassification of loan issue costs. Conversely, they will be increased by Oceane redemption premiums, until now recognised under provisions.

Moreover, the application of IAS 39 on the recognition in the balance sheet of financial instruments may influence the amount of consolidated cash and/or gross long-term debt, but should have an overall neutral effect on the amount of the net debt.

Net debt at 1 January 2004 under the IFRSs is as follows[1]:

€ billion	01/01/2004
Non-current long-term debt	5.8
Current financial liabilities	1.0
Total gross debt	**6.8**
Available and current cash	(4.0)
Fair value of financial instruments, net	(0.2)
Total net debt under IFRS	**2.6**
Note: net debt under French GAAP	***2.3***

[1] Excluding the impact of standards unknown to date, in particular those covering the accounting treatment of concessions.

4.4 Presentation of the IFRS income statement

VINCI's IFRS income statement will probably be presented as follows:

In comparison with the presentation of the income statement under French GAAP, the main modifications under IFRS relate to the disappearance of the "exceptional income/(expense)" and "goodwill amortisation" items.
The revenue and expenses that were previously shown under exceptional income/(expense) will now be taken into account in profit or loss from operations, apart from the capital gains or losses on the disposal of financial assets that will be recognised in net financial income/(expense).
The "Other operational income and expenses" line will be used to record significant non-recurring items such as goodwill amortisation resulting from impairment tests.

Moreover, the actuarial expense relative to post-employment obligations corresponding to the discounting of provisions, currently included in operating expenses, will now be presented in net financial income/(expense). Only the "cost of services rendered", corresponding to the increase in the obligations, will be maintained in operating expenses.

Net Sales
Other revenue from ancillary activities
Operating expenses
Other operating income and expenses
Amortisation, depreciation and provisions
Current operating profit
Other operational income and expenses
Operating profit
Net financing cost
Other financial income and expenses
Net financial income / (expense)
Tax
Share in equity affiliates
Net income
Minority interest
Net income (Group share)

C - Risk management

1. Operating risk

1.1 New business

Over the past few years, VINCI has pursued a stringent risk control policy, combined with selective order taking. Strict procedures are applied before new business is accepted. Furthermore, the budgetary procedures and reporting and internal control systems, in place within each business line and at holding company level, enable regular, usually monthly, monitoring of key management indicators and a periodic review of each entity's results.

All these procedures are described in the Report of the Chairman on internal control procedures, on page 141.

1.2 Major projects

VINCI's overall exposure to risk on major projects is slight, having regard to the size of the Group. Group subsidiaries' business in fact comprises a very large number of small contracts, in other words around 250,000 a year excluding concessions, which are managed by about 2,500 profit centres. Risk is thus well spread between business lines, countries and customers. Furthermore, the strategy of VINCI Construction Grands Projets – the division concentrating on major projects – is to focus on projects with high technical value-added in countries that it knows well. These projects allow the Group to make the most of its expertise and to manage the risks it is exposed to. In order to further limit the Group's risk exposure, most major projects are carried out in consortium, involving several other companies. VINCI Construction Grands Projets now generates around €550 million in net sales, accounting for less than 7% of the Construction business line's net sales and less than 3% of VINCI's total net sales.

1.3 Concessions

Investments in infrastructure concessions are systematically submitted for approval to the VINCI Risk Committee. Given their financial weight, and in order to share risks better, such projects are generally carried out jointly with local partners, or with companies having complementary know-how to VINCI's, and with the financial institutions taking part in the project financing.

1.4 Property

VINCI's exposure to property risk is low. Based in the Paris region and the other major French conurbations, the operations of subsidiaries specialised in this field (Sorif and Elige) in 2004 accounted for about 2% of VINCI's total net sales. Moreover, in connection with its construction activities, primarily in France and Belgium, VINCI may also be led to participate in isolated property development operations. Such operations are subject to prior approval and appropriate monitoring.

1.5 Acquisitions

VINCI considers that an acquisition is more likely to be successful and risks more easily reduced if it can introduce its own management principles into the company acquired. VINCI therefore always aims to acquire a majority interest and to have operational control. Any new proposed acquisition or disposal is submitted to the Risk Committee and the largest are also submitted to the Board of Directors' Investment Committee.

2. Market risk (liquidity, interest rates, exchange rates and securities)

See Notes 27.3 and 28 to the consolidated financial statements, on page 202.

3. Dependence on raw materials

VINCI is potentially exposed to a rise in the prices of some raw materials used in the construction and road activities of VINCI Construction, Eurovia and VINCI Energies. However, the Group believes that such rises are unlikely to have a significant unfavourable impact on its results. This is because many of the Group's construction contracts include clauses providing for price revision so as to permit selling prices to evolve, during the course of the contract, according to movements in commodity prices. Furthermore, the Group's construction activities are carried out via a great number of contracts, mostly short-term. Even if they do not include price revision clauses, their short duration curtails the impact of a rise in prices of raw materials.

The Group has not recorded any major impact on its 2004 results from the sharp rises witnessed in oil prices that would primarily affect Eurovia's operations as they consume large amounts of asphalt. It should be noted that in fact asphalt prices did not rise in line with oil prices. The same point holds true with respect to fuel for the Group's industrial facilities and its site equipment. It also applies to steel prices, which primarily affects VINCI Construction; with respect to its construction activities that use ready-mixed and prestressed concrete.

4. Dependence on customers, suppliers and subcontractors

Given the nature of VINCI's business lines and the way it is organised, deriving from the essentially local character of the markets in which it operates, the Group considers that overall it is not dependent on a small number of customers, suppliers or subcontractors.

The reason that accounts for this state of affairs, as stated above, is that the Group's activities are carried out through a large number of contracts, executed as part of a wide range of business lines and spread between a noteworthy number of geographical locations. As a result, in 2004, no single client accounted for more than 5% of consolidated net sales.

Moreover, the Group's operational organisation is marked by a high degree of decentralisation. Generally speaking, this *modus operandi* entails significant delegation of decision-making authority to local managers, in particular with regard to purchasing policy.

Lastly, within the Group there is no subcontracting of a structural or permanent nature, as Group companies use subcontractors occasionally as called for by their workload.

5. Industrial and environmental risk

See the “A responsible Company” section, page 115

6. Technological risk

See the “A responsible Company” section, page 115

7. Seasonality

As far as its works activities are concerned, and particularly in road-building and civil engineering, VINCI is subject to the vicissitudes of the weather. Furthermore, the level of traffic recorded by certain concessions, in particular light vehicles on Cofiroute's inter-city network, is generally higher during summer months than in the winter.

As a result, business activity is usually higher in the second half of the year. In 2004, the difference between the two six-month periods was approximately 15%, versus 13% in 2003.

This situation is reflected by lower absorption of fixed costs in the first half – and thus generally lower levels of operating margins than in the full year – as well as strains on operating cash flow because of lower cash receipts from customers.

8. Legal risks

Given the diversity of its activities and site locations, the Group operates within a complex regulatory environment governed by the place where the service is provided and the sector involved. Of particular importance are regulations relating to public sector contracts, public and private tenders for construction work, and civil liability, especially that of construction contractors, both in France and abroad.

Detailed information on the principal disputes in which the Group is involved can be found in Note 34 to the consolidated accounts on page 211.

9. Insurance

9.1 General policy

VINCI Group's insurance policy, given its decentralised organisation, is defined at several levels of responsibility:
– VINCI's Executive Committee lays down the general framework and in particular the standards applicable to all subsidiaries;
– the Management of business lines, or of major subsidiaries, seek at their own level and within this framework, to strike the optimum balance between the level and the extent of the guarantees intended to meet the range of insurable risks and, on the other hand, the level of costs, comprising premiums and uninsured losses, likely to enable operational entities to remain competitive. They do so by identifying and analysing rigorously the risks relating to their various business lines.

With a view to optimising costs and preventing accidents, uninsured losses are defined on a subsidiary by subsidiary basis and usually average €75,000. In the same approach, self-insurance budgets have been allocated, as in Civil Liability or in the automobile sector at Eurovia, GTM Construction or VINCI Energies — with a maximum amount lower than or equal to €2 million for every one of these entities and each risk.

Subsidiaries' specific cover is in addition to that taken out by VINCI SA on behalf of all its subsidiaries together, in particular regarding:
– civil liability of company officers;
– disaster risks under civil liability;
– professional liability of engineering and design offices;
– liability for environmental damage.

The appropriateness of setting up a captive reinsurance company for the Group as a whole has been studied in recent years, but this option has not been pursued, as its financial benefits have not been proven. Only part of VINCI's activity in the United Kingdom is, for historical reasons, covered by a captive insurance company based in Guernsey, with a reinsurance mechanism that caps its exposure at a maximum of €3 million per year.

The Group's main insurers are SMABTP, AXA and AIG. Lastly, VINCI has set up its own brokerage firm, called VINCI Assurances, charged with taking out policies and harmonising cover within the Group. VINCI Assurances acts, except for a few exceptions, as the broker of French subsidiaries. As a simple intermediary, it bears no financial risk as an insurer.

9.2 Loss prevention and claims record

Loss prevention arrangements are systematically adopted on construction sites and operating sites. This policy, which gives a major role to training, is in line with the efforts made by VINCI companies in terms of quality assurance and occupational accident prevention.

The Group's claims record is marked, on the basis of available statistics and data and without prejudging to any actual responsibility, by the low number of incidents (around ten in five years) of more than €1 million, by the occurrence of a few medium-sized incidents (about 20 in 2004), ranging from €75,000 to €1 million and, lastly, by a relatively irreducible number of small incidents, for less than €75,000 each, borne directly by subsidiaries as uninsured losses. The only incident of more than €1 million reported in 2004 was the collapse of part of the passageway of terminal 2E at Roissy airport (see Note 34 to the consolidated accounts, page 211).

9.3 Insurance in the Construction, Roads and Energy business lines

Civil liability

The subsidiaries of VINCI Construction, Eurovia and VINCI Energies have an exposure to their responsibility for bodily, physical or consequential damage caused to third parties, including customers and principals.

Civil liability insurance cover taken out to hedge these risks comprises several lines. The first line encompasses cover taken out at subsidiary level, aimed at meeting ordinary claims and complemented by further cover taken out on behalf of all entities. To date, no claim has been settled under these further lines of insurance in the business lines concerned.

In addition to this basic cover, specific insurance is taken out as a result of legal or contractual requirements or management decisions in the following areas:

– ten-year warranty (in France),
– automobile third-party cover,
– transport.

Damage insurance

Office buildings and fixed production facilities are covered for a contractual rebuilding value, either value as new or an estimate of the maximum insurable loss. Site equipment is covered on a case-by-case basis according to the economic interest of cover, depending on their value, type and age. Road vehicles, mostly pooled within fleets by country, are only exceptionally covered on a comprehensive basis.

All risks insurance is taken out in respect of major construction sites, generally speaking, covering in particular physical damage arising from accidents or natural events up to the value of the project.

9.4 Insurance in Concessions and services

Damage insurance

Concession operation involves a potential exposure of the Group to damage to assets under concession, whether accidental or not, that could result in an obligation to rebuild (bearing the related costs), financial consequences due to the interruption of operations, and obligations to providers of finance relating to debt servicing.

As a general rule, constructions presenting a concentration of risk, such as bridges, tunnels and car parks, are insured from their entry into service for their cost of reconstruction in the event of accidental destruction. This is not, however, the case for constructions of a “linear” nature, such as motorways, where complete destruction is not envisaged.

Civil liability

Assets used by VINCI subsidiaries in France and other countries under concessions are also covered by specific civil liability insurance arrangements, coordinated with the additional lines of insurance taken out at Group level. As in the Construction, Roads and Energy business lines, no claim has been settled to date under these complementary lines. These arrangements are specifically designed to meet local legal requirements and those laid down in the concession agreement. Concession operations in which VINCI is a minority shareholder do not automatically benefit from the Group’s complementary civil liability cover taken out on behalf of all entities.

Airport activities are covered by a separate aviation civil liability policy, applicable to all relevant operations, i.e. assistance services and airport management.

Business interruption insurance

Business interruption insurance is intended to allow concession operators to restore an income stream interrupted by an accidental event affecting the normal operation of an asset, thus enabling the operator to meet any financial commitments towards lenders and cover ordinary operating overheads during the reconstruction period.

Such operating losses are covered subject to various levels of uninsured loss, which may be expressed in absolute value terms or as a number of days of interruption. Operations that have a low exposure to this risk, in particular motorways, are not insured against such losses, as an extended or complete period of interruption of operations is not deemed realistic. Aforementioned uninsured losses are determined on a case-by-case basis to ensure that the concession’s earnings are not materially affected by an accidental interruption in traffic. To date, no claims have been made under such policies.

D - Investment policy and research and development

1. Investment policy

In respect of investment in operating assets, the policy of the Construction, Roads and Energy business lines is initially decided on the basis of the equipment needs of projects to be carried out, based on business forecasts. These needs are updated during the year, in particular at the time of budget updates. Investment decisions take account of the costs of maintaining existing equipment owned by Group companies and possible opportunities on the leasing market or obtained under Group purchasing contracts.

In addition, certain activities, mainly within Eurovia, operate fixed industrial facilities (such as quarries, coating stations and binder plants) that require recurring investments in maintenance.

Capital expenditure policies are implemented under the authority of business line management, under the powers delegated to them, within budgets approved by the Group's General Management.

Investments in concessions, whether for new construction, replacements or major repairs, are generally covered by detailed contracts entered into with the concession providing authorities.

In the area of development, whether relating to new concession projects or external growth, possible investments are submitted to the VINCI holding company's Risk Committee (see the Report of the Chairman on internal control procedures on page 141) and choices are made by the General Management. In particular, investments in new concession projects are covered by specific legal and financial arrangements that seek to limit the Group's exposure and the capital tied up.

2. Research and development

To ensure its sustainable growth, VINCI must be permanently innovative to be able to offer new products and services. Given the nature of the Group's businesses and its strongly decentralised organisation, innovation is to be found in a large number of projects in all the business lines, which are usually individually of fairly limited size and not necessarily part of overall research and development programmes. As an indication, expenses booked under research and development as such by French subsidiaries amounted, on average, to more than 0.1% of their net sales in 2004.

See also "Innovation", page 121.

E - Presentation of the Resolutions submitted for approval to the Shareholders Meeting

Approval of the 2004 financial statements

The first two resolutions concern the approval of the consolidated financial statements, establishing net income attributable to group shareholders at €731.3 million (**first resolution**) and the financial statements of the parent company (**second resolution**). The purpose of the **third resolution** is to appropriate the net income amounting to €330.5 million and the payment on 21 December 2004 of am interim dividend of €1.20 per share and on 6 May 2005 of a final dividend of €2.30 per share. The **fourth resolution** deals with the approval of the agreements shown in the Statutory Auditors' Special Report on agreements covered by Article L.225-38 and following articles of the French Code of Commerce.

Renewal of the appointment of two Directors

In the **fifth and sixth resolutions**, it is proposed that you renew the appointment as Director of Mr Patrick Faure and Mr Bernard Huvelin. These appointments will be for four years subject to the passing of the twenty-first resolution. If the twenty-first resolution is not passed, the appointments will be for six years.

Merger by absorption of Deloitte Touche Tohmatsu by Deloitte & Associés

The **seventh resolution** notes the merger by absorption of Deloitte Touche Tohmatsu by Deloitte Touche Tohmatsu - Audit and notes that Deloitte Touche Tohmatsu's appointment as statutory auditor will be continued by Deloitte Touche Tohmatsu - Audit of which the new name is "Deloitte & Associés".

Share buy-back programme

You are requested, under the terms of the **eighth resolution**, to authorise the Board of Directors to purchase up to 10% of the shares making up the capital stock. This authorisation may be used to cancel shares thus purchased as part of VINCI's financial policy, to comply with obligations entered into to issue shares, to allocate in payment of or in exchange for shares in other companies (particularly within the context of acquisitions) and also to ensure the liquidity of the market in the shares under a liquidity agreement that conforms to a Code of Ethics approved by the Autorité des Marchés Financiers and is entrusted to an independent investment services provider. The maximum price for the purchase of shares is set at €170 each and the maximum amount authorised by the Shareholders Meeting for the purchase of shares is set at €1,200 million. This authorisation is granted for a period of 18 months.

Reduction of the capital stock through the cancellation of shares held in treasury

You are requested, under the terms of the **ninth resolution** to renew the authorisation granted to the Board of Directors to cancel, at its own initiative, shares acquired by virtue of authorisations given to the Company to purchase its own shares, and to reduce the capital stock accordingly. The number of shares thus cancelled cannot exceed 10% of the capital stock on the day on which the Board of Directors decides to cancel the shares, over periods of 24 months. This authorisation is granted for a period of 18 months.

Delegation of powers to the Board of Directors to issue – maintaining shareholders' preferential subscription rights – all shares and securities giving the right to a part of the capital stock of the Company

The **tenth resolution** concerns the authorisation to be granted to the Board of Directors to issue, maintaining the shareholders' preferential right to subscribe at the time of first issue, common stock or securities giving a right – through conversion, exchange, redemption, presentation of warrants or in any other way authorised by the law – to the capital stock of the Company or of any company of which the Company owns more than half the share capital directly or indirectly. The maximum nominal value of the capital increases which may result from the tenth, eleventh, twelfth and thirteenth resolutions cannot exceed €400 million and the maximum nominal value of the issues of securities representing debts owed by the Company and giving a right to capital stock may not exceed €2,000 million. This authorisation is granted for a period of 26 months from the date of this Shareholders Meeting.

Delegation of powers to the Board of Directors to issue bonds (known as Oceanes) convertible into and/or exchangeable with new and/or existing shares and also securities representing debts and giving a right to capital stock

The next two resolutions relate to authorising the Board of Directors to issue, cancelling the shareholders' preferential right to subscribe at the time of first issue, bonds (known as Oceanes) convertible into and/or exchangeable with new and/or existing shares (**eleventh resolution**) and also securities representing debts owed by the Company and giving a right - through conversion, exchange, redemption, presentation of warrants or in any other way authorised by the law - to the capital stock of the Company or of any company of which the Company owns more than half the share capital directly or indirectly (**twelfth resolution**). The maximum nominal value of the capital increases which may result from these two resolutions cannot exceed €200 million and the maximum nominal value of the issues of securities representing debts owed by the Company and giving a right to capital stock may not exceed €2,000 million. This authorisation is granted for a period of 26 months from the date of this Shareholders Meeting.

Authorisation to be given to the Board of Directors to increase the amount of an issue if demand exceeds its proposed amount

The **thirteenth resolution** relates to the authorisation to be given to the Board of Directors, in the event that there is excessive demand for securities in a share capital increase made in application of the tenth, eleventh and twelfth resolutions, to increase the number of securities offered, namely within thirty days of the closing date for subscriptions, up to a maximum of 15% of the initial issue and at the same price as for the initial issue. This authorisation is granted for a period of 26 months.

Delegation of powers to the Board of Directors to issue all shares and securities giving the right to a part of the Company's capital stock as consideration for contributions in kind made to the Company

The **fourteenth resolution** concerns the authorisation to be given to the Board of Directors to undertake a share capital increase, within a maximum of 10% of the share capital, by issuing shares in the Company and any other securities giving the right to a part of the capital stock, to use as consideration for contributions in kind made to the Company consisting of equity securities or securities giving the right to capital stock, whenever the provisions of Article L. 225-148 of the French Code of Commerce do not apply. The present authorisation is granted for a period of 26 months.

Renewal of the delegation of powers to grant stock purchase or subscription options to Company employees and/or Company officers

You are requested, under the terms of the **fifteenth resolution**, to authorise the Board of Directors to grant options giving rights to subscribe to new shares in the Company issued as part of a capital increase, or to purchase existing shares in the Company purchased by the Company under the conditions specified by law, to employees and/or officers of the Company or of companies in France or abroad or of groups related to the Company.

The total number of options which may be granted under this authorisation:
– in respect of stock purchase options, may not give rights to more than 10% of the capital stock nor result in the Company holding more than 10% of its capital stock at any time, and
– in respect of total stock subscription options, may not give rights to subscribe to shares representing more than 5% of the capital stock,

it being clearly stated that the total number of shares subject to the options that may be granted under this authorisation plus the total number of bonus shares allocated under the eighteenth resolution may not exceed 10% of the capital stock.

The present authorisation is granted for a period of 38 months beginning on the day of this Shareholders Meeting.

Authorisation given to the Board of Directors to undertake capital stock increases reserved for employees of the Company and VINCI Group subsidiaries in connection with company savings schemes (Plans d'Epargne)

In the **sixteenth resolution**, you are requested to authorise the Board of Directors to make share capital increases, within a maximum of 10% of the capital stock on the day on which the decision is made, at its own initiative, on one or more occasions, reserved for members of a VINCI company savings plan (plan d'épargne d'entreprise) or a group savings plan (plan d'épargne groupe) of VINCI and of companies related to it as defined in Article L.225-180 of the French Code of Commerce.

The total amount of share capital increases resulting from the use of the sixteenth and seventeenth resolutions of this Shareholders Meeting, of the sixteenth resolution submitted to the Shareholders Meeting of 6 June 2002 and the twelfth resolution of the Shareholders Meeting of 4 May 2004 may not exceed 10% of the capital stock on the day on which the Board of Directors takes its decision.

This authorisation is granted for a period of 26 months beginning on the date of this Shareholders Meeting.

Authorisation given to the Board of Directors to undertake capital stock increases reserved for employees of certain VINCI Group subsidiaries outside France

The purpose of the **seventeenth resolution** is to authorises the Board of Directors to make share capital increases, within a maximum of 10% of the capital stock on the day on which the decision is made, at its own initiative, on one or more occasions, reserved for employees of certain subsidiaries outside France who are members of a VINCI group savings plan (plan d'épargne groupe).

The total amount of share capital increases resulting from the use of the sixteenth and seventeenth resolutions submitted to this Shareholders Meeting, of the sixteenth resolution of the Meeting of 6 June 2002 and the twelfth resolution of the Meeting of 4 May 2004 may not exceed 10% of the capital stock on the day on which the Board of Directors takes its decision.

This authorisation is granted for a period of 26 months beginning on the date of this Shareholders Meeting.

Delegation of powers to the Board of Directors to allocate bonus shares to Company employees and/or Company officers

The **eighteenth resolution** concerns the authorisation to be given to the Board of Directors to allocate bonus shares, either existing or to be issued, on one or more occasions, to employees or officers of the Company or of French or foreign companies or groups related to it.

The total number of bonus shares which may be allocated under this authorisation:
– in respect of existing shares, may not result in the Company holding more than 10% of its capital stock at any time, and
– in respect of new shares, may not involve a number of shares to be subscribed to greater than 5% of the capital stock,

it being clearly stated that the total number of bonus shares that may be allocated under this authorisation plus the total number of shares to which options are granted under the fifteenth resolution, may not exceed 10% of the capital stock.

The present authorisation is granted for a period of 38 months beginning on the date of this Shareholders Meeting.

Reduction in the nominal value of the share by splitting the share

In the **nineteenth resolution**, it is proposed, in order to ensure greater liquidity for the Company's shares, to divide the nominal value of the Company's shares by two and, in consequence, to exchange each of the existing shares for two new shares of €5 nominal value bearing the same rights. All powers are granted to the Board of Directors to determine the manner in which this change will be carried out.

Delegation of powers to the Board of Directors to issue all securities giving a right to the allocation of debt securities

In the **twentieth resolution**, it is proposed that you authorise the Board of Directors, for a period of 26 months, to issue, at its own initiative, on one or more occasions, when and to the extent it deems appropriate, all securities representing a debt owed by the Company giving the right by conversion, exchange, redemption, presentation of a warrant or in any other manner allowed by law, to the allocation of debt securities issued by the Company or any company of which the Company owns more than half the capital stock, whether directly or indirectly. The maximum nominal amount of the issues that may be made under this authorisation is set at €2,000 million.

Amendment to Article 11 "Board of Directors"

The **twenty-first resolution** relates to the amendment to Article 11.3 of the corporate statutes to reduce from six years to four years the term of appointment of directors if they are appointed or their appointment is renewed on or after 1 January 2005 and to provide that no-one aged 75 or more may be appointed or reappointed as a Director.

Authority to carry out formalities

The **twenty-second and last resolution** concerns authority to carry out the formalities required for both the Ordinary and the Extraordinary parts of this Shareholders Meeting.

The sections entitled "Stock market and shareholder base" (pages 12-13), "A responsible Company" (pages 90-125), "Corporate governance" (pages 130-140), "Report of the Chairman on internal control procedures" (pages 141-145) and "General information about the Company and its capital stock" (pages 231-236) form an integral part of the Report of the Board of Directors.

Consolidated financial statements

Key figures

(in € millions)	2004	2003	2002
Consolidated net sales	**19,520.2**	**18,110.8**	**17,553.8**
Of which net sales outside France	7,402.7	7,111.9	7,236.2
% of net sales	*37.9%*	*39.3%*	*41.2%*
Gross operating surplus	**2,021.3**	**1,777.9**	**1,664.0**
% of net sales	*10.4%*	*9.8%*	*9.5%*
Operating income	**1,372.5**	**1,166.0**	**1,067.3**
% of net sales	*7.0%*	*6.4%*	*6.1%*
Net income before amortisation of goodwill	**811.5**	**725.6**	**580.1**
Net income	**731.3**	**541.4**	**477.8**
Earnings per share (in euros)	8.76	6.49	5.62
Diluted earnings per share (in euros)	7.80	5.93	5.21
Dividend per share, excluding tax credit (in euros)	3.50 [1]	2.36	1.80
Shareholders' equity	3,147.7	2,936.9	2,597.4
Provisions for liabilities	1,687.3	1,619.4	1,627.9
Net financial (debt) / surplus *(excluding treasury stock)*	(2,372.5)	(2,447.5)	(2,680.6)
Net financial (debt) / surplus *(including treasury stock)*	**(2,284.8)**	**(2,265.8)**	**(2,492.9)**
Cash flow from operations	**1,560.9**	**1,376.7**	**1,219.2**
Net investments in operating assets	(493.4)	(429.4)	(454.6)
Free cash flow	1,510.1	1,060.3	1,117.9
Investment in concessions	(644.7)	(525.8)	(406.8)
Net financial investments *(excluding treasury stock)*	(240.9)	(132.9)	(1,162.2)
Number of employees at 31 December	**128,433**	**127,513**	**127,380**

[1] Subject to approval by the Shareholders Meeting (including interim dividend of €1.2 per share paid 21 December 2004)

Consolidated statement of income

(in € millions)	Notes	2004	2003	2002
Net sales	*1-2-3*	**19,520.2**	**18,110.8**	**17,553.8**
Other revenue		665.5	765.2	890.1
Operating income		**20,185.8**	**18,875.9**	**18,443.9**
Operating expense	5	(18,164.5)	(17,098.0)	(16,779.9)
Gross operating surplus	*2-3*	**2,021.3**	**1,777.9**	**1,664.0**
Amortisation and depreciation		(616.7)	(602.6)	(608.6)
Provisions		(32.0)	(9.3)	11.8
Operating income	*2-3-5*	**1,372.5**	**1,166.0**	**1,067.3**
Financial income / (expense)		44.5	(72.9)	(152.9)
Depreciation and provisions		(68.9)	(51.1)	(39.2)
Net financial income / (expense)	*6*	**(24.3)**	**(124.0)**	**(192.1)**
Operating income after net financial income / (expense)		**1,348.2**	**1,042.0**	**875.1**
Exceptional items		(133.6)	(15.8)	(87.4)
Amortisation, depreciation and provisions		80.2	29.3	94.6
Net exceptional income / (expense)	*7*	**(53.5)**	**13.5**	**7.1**
Income tax	*8*	(388.3)	(234.0)	(223.1)
Amortisation of goodwill	*12*	(80.2)	(184.3)	(102.3)
Net income after tax of consolidated entities		**826.3**	**637.3**	**556.8**
Share in net earnings of companies accounted for by the equity method	*16*	14.2	8.7	0.8
Minority interest	*23*	(109.2)	(104.5)	(79.8)
Net income		**731.3**	**541.4**	**477.8**
Earnings per share (in euros)	*9*	8.76	6.49	5.62
Diluted earnings per share (in euros)	*9*	7.80	5.93	5.21

Consolidated balance sheet

Assets

(in € millions)	Notes	2004	2003	2002
Intangible assets other than goodwill	*11*	172.7	176.9	192.3
Goodwill	*12*	1,386.6	719.7	921.6
Concession fixed assets	*2-3-4-13*	5,567.1	5,023.6	4,706.4
Tangible assets	*2-3-4-14*	2,041.3	1,938.5	1,926.7
Financial assets				
Investments in subsidiaries and affiliates	*15*	*180.0*	*1,458.0*	*1,302.1*
Investments accounted for by the equity method	*16*	*845.9*	*101.3*	*107.3*
Other financial fixed assets	*17*	*146.9*	*120.8*	*126.4*
		1,172.8	**1,680.2**	**1,535.8**
Deferred charges	*18*	49.6	48.3	51.4
Total fixed assets		**10,390.1**	**9,587.2**	**9,334.2**
Inventories and work in progress	*19*	543.8	473.7	423.7
Trade and other operating receivables	*19*	7,554.2	7,150.6	6,998.3
Financial receivables	*20-28*	318.6	283.5	262.3
Marketable securities	*21*	3,711.4	3,569.0	2,205.7
Cash	*28*	830.4	658.2	898.0
Total current assets		**12,958.3**	**12,135.0**	**10,788.0**
Deferred tax	*8*	168.5	121.2	159.5
Total assets		**23,517.0**	**21,843.4**	**20,281.6**

Equity and liabilities

(in € millions)	Notes	2004	2003	2002
Shareholders' equity				
Capital stock		*838.1*	*838.0*	*828.7*
Consolidated reserves		*1,673.3*	*1,644.0*	*1,322.2*
Currency translation reserves		*(95.1)*	*(86.4)*	*(31.2)*
Net income for the year		*731.3*	*541.4*	*477.8*
		3,147.7	**2,936.9**	**2,597.4**
Minority interest	*23*	595.8	551.3	511.9
Investment subsidies	*24*	580.5	512.2	472.5
Provisions for employee benefits	*25-26*	585.7	543.2	491.8
Provisions for liabilities	*2-3-27*	1,687.3	1,619.4	1,627.9
Debt				
Subordinated debt, bonds and debentures		*4,703.9*	*4,781.7*	*4,126.6*
Other long-term debt		*1,764.2*	*1,390.6*	*1,134.2*
Short-term debt (less than 1 year)		*677.1*	*604.2*	*598.0*
	28	**7,145.1**	**6,776.5**	**5,858.8**
Other long-term liabilities		51.6	63.2	59.5
Trade and other operating payables	*19*	9,596.2	8,725.3	8,500.9
Deferred tax	*8*	127.2	115.5	160.9
Total equity and liabilities		**23,517.0**	**21,843.4**	**20,281.6**

Consolidated cash flow statement

(in € millions)		Notes	2004	2003	2002
Operating activities					
Gross operating surplus			2,021.3	1,777.9	1,664.0
Financial and exceptional transactions			(44.4)	(167.0)	(259.7)
Current tax			(416.1)	(234.2)	(185.1)
Cash flow from operations		*2-3-10*	**1,560.9**	**1,376.7**	**1,219.2**
Net investments in operating assets					
Investments in operating assets [1]		*2-3*	(571.4)	(526.1)	(557.5)
Disposals of operating assets			78.0	96.7	102.9
			(493.4)	**(429.4)**	**(454.6)**
Change in working capital requirement		*2-3-19*	**442.6**	**113.0**	**353.4**
Free operating cash flow	**(I)**	*2-3*	**1,510.1**	**1,060.3**	**1,117.9**
Investment in concessions [1] *net of subsidies*	**(II)**		**(644.7)**	**(525.8)**	**(406.8)**
Net financial investments					
Acquisition of investments and securities *(excluding treasury stock)*		*2-3*	(441.9)	(222.2)	(1,218.4)
Proceeds from the disposal of non operating securities and property			201.0	89.3	56.2
Net change in other financial fixed assets			(30.3)	4.7	132.8
	(III)		**(271.1)**	**(128.2)**	**(1,029.4)**
Financing activities					
VINCI stock issues			259.6	53.1	147.7
Reductions in VINCI capital stock and buy-back of shares			(492.1)	(34.8)	(195.5)
Minority interest in capital increases of subsidiaries			1.4	0.2	2.2
Dividends paid by VINCI			(287.3) [2]	(142.0)	(131.3)
Dividends paid to minority interest in subsidiaries			(55.5)	(57.6)	(50.8)
Dividends received from companies accounted for by the equity method			2.6	4.0	4.9
Other long-term liabilities			(21.5)	5.2	(1.1)
	(IV)		**(592.7)**	**(171.9)**	**(223.8)**
Cash flow for the period (I + II + III + IV)			**1.6**	**234.4**	**(542.1)**
Net financial (debt) / surplus at 1 January *(excluding treasury shares)*			**(2,447.5)**	**(2,680.6)**	**(2,427.9)**
Impact of exchange rate fluctuations, scope of consolidation and other			73.4	(1.3)	289.4
Net financial (debt) / surplus at 31 December *(excluding treasury shares)*			**(2,372.5)**	**(2,447.5)**	**(2,680.6)**

[1] Excluding change in payables and receivables relating to fixed assets
[2] Including €98 million interim dividend 2004 (paid 21 December 2004).

Changes in consolidated shareholders' equity

(in € millions)	Notes	Capital stock	Reserves	Currency translation conversion	Net income	Total
At 31 December 2002		**828.7**	**1,322.2**	**(31.2)**	**477.8**	**2,597.4**
Reduction of capital through cancellation of shares		(4.2)	(22.7)			(26.9)
Capital increases		13.4	39.7			53.1
Treasury stock taken as a reduction of shareholders' equity			(8.0)			(8.0)
Allocation of net income and dividend payment			335.8		(477.8)	(142.0)
Change in method			(23.0)	(0.5)		(23.6)
Translation differences				(54.7)		(54.7)
Net income for the year after minority interest					541.4	541.4
At 31 December 2003		**838.0**	**1,644.0**	**(86.4)**	**541.4**	**2,936.9**
Reduction of capital through cancellation of shares	*22*	(55.3)	(402.2)			(457.5)
Capital increases	*22*	55.5	204.1			259.6
Treasury stock taken as a reduction of shareholders' equity	*22*		(34.6)			(34.6)
Allocation of net income and dividend payment			352.1		(541.4)	(189.3)
Interim dividend			(98.0)			(98.0)
Miscellaneous			7.9	1.3		9.2
Translation differences				(10.0)		(10.0)
Net income for the year after minority interest					731.3	731.3
At 31 December 2004		**838.1**	**1,673.3**	**(95.1)**	**731.3**	**3,147.7**

The goodwill arising on the takeover of GTM by VINCI following the share exchange offer and subsequent merger, corresponding to the difference between the increases in VINCI's capital (€2,172.8 million) and GTM's consolidated shareholders' equity at 1 July 2000 (€966.7 million), was not recognised, in application of Article 215 of Regulation 99-02.

Goodwill allocated to shareholders' equity in 1997 on the contribution by Compagnie Générale des Eaux of GTIE to Santerne, represents an annual theoretical amortisation of €5.2 million.

Notes to the consolidated financial statements

A . Key events in 2004

1. Autoroutes du Sud de la France

Following the appointment of a Director representing VINCI on the Board of Directors of ASF, VINCI is reporting its 23% holding in this company using the equity method as from 15 December 2004.

The net effect of this change on the net income for 2004 amounts to €3.6 million after taking account of amortisation of €1 million in respect of goodwill on first consolidation, which is provisionally valued at €691 million.

2. Signature by the French government and Cofiroute of the 11th amendment to the intercity network concession agreement and a master plan for 2004-2008

On 4 May 2004, the French Ministry for Capital Works and Transport and Cofiroute signed a new amendment to Cofiroute's intercity network concession agreement. It set out the cost and timetable for the construction by Cofiroute of the new motorway sections. The amendment also sets out the terms and conditions for operating the motorway network managed by Cofiroute and the pricing legislation applicable to revenues until 2030.

The master plan for 2004-2008, agreed at the same time, sets the terms under which the sections to be constructed will be built and the supplementary investments that Cofiroute is obliged to make during the corresponding period. This contract also defines the inflation-related price increases, for the five years that it covers.

3. Amendment to the Toll Collect consortium's operating contract

The Toll Collect consortium, in which Cofiroute has a 10% holding, has a contract to develop and operate an automated heavy goods vehicle toll collection service on the German motorway network.

An amendment to this contract was signed with the German government in April 2004 providing for entry into service on 1 January 2005 of the system with a reduced range of functions and on 1 January 2006 for the full version.

In April 2004, the project agreed bank refinancing of €1,200 million guaranteed by Deutsche Telekom and Daimler Chrysler, Cofiroute's partners in the project. On this occasion, Cofiroute obtained release of the guarantees that it had given to the banks for €69.4 million and consequently subscribed to a share capital increase for €34.5 million.

The exceptional provision taken in the 2003 accounts was therefore reversed in 2004 and replaced by a provision of the same amount against securities.

In August 2004, an amendment to the consortium contract was agreed by Cofiroute and its partners confirming the ceiling on the company's commitment in respect of the project at €70 million.

In consequence, this should no longer have any unfavourable impact on VINCI's financial situation.

4. Share buy-back

At 1 January 2004, VINCI held 4,122,272 of its own shares in treasury. During 2004, VINCI purchased 5,901,000 of its own shares at an average price of €83.4 per share. Taking account of the disposal of 2,130,419 shares following exercise of purchase options during the year, and the cancellation of 5,533,500 shares, at 31 December 2004 VINCI held 2,359,353 of its own shares (representing 2.8% of the capital stock), of which 488,000 were intended for cancellation, the remaining 1,871,353 shares being allocated to cover purchase options remaining to be exercised.

5. Other financial transactions

Termination of an equity swap relating to 4.2% of the share capital of ASF

VINCI terminated the equity swap entered into in 2003 relating to a notional representing 4.2% of the share capital of ASF.

This transaction resulted in the recognition of financial income of €95 million in the 2004 financial statements. After tax, its impact on net income for the period was €62 million.

Disposal of the holding in TBI

VINCI sold its 14.9% holding in the British airport operator TBI, which it had acquired in August 2001, for £53.4 million (€78.4 million). This disposal, made in March and July 2004, was made for a total amount close to the carrying amount of the shares in the Group's financial statements and therefore had no material impact on the net income for the period.

Disposal of the holding in the Mexican airport management company, ITA

In April 2004, VINCI sold its 24.5% holding in ITA (Inversiones y Tecnicas Aeroportuarias) to a Mexican investor. This company holds 15% of the concession operating company that operates nine airports in South-east Mexico, including Cancun airport.
The proceeds of the sale amounted to $28.2 million (€22.4 million), generating a pre-tax capital gain of €2.4 million in the consolidated financial statements.

End of the connection between VINCI and ADP within ADPM

On 30 December 2004, VINCI and ADP ended their relationship within their common subsidiary ADP Management.

This operation took the form of an exchange of VINCI's 34% holding in ADPM, accompanied by a cash payment of approximately €1 million, against a 3.4% holding in Beijing airport (BCIA) and ADP's 60% holding in the Cambodian airport management company, Cambodia Airport Management Services (CAMS).
This transaction had no material impact on VINCI's 2004 net income.
It should be noted that VINCI sold the holding in BCIA that it acquired in this transaction on the market, in February 2005.

Conversion of SMTPC Subordinated Convertible Notes into shares

Following the stock market flotation of Société Marseillaise du Tunnel du Prado-Carénage (SMTPC), VINCI converted most of the Subordinated Convertible Notes held in this company into shares.
The capital gain after tax on the exchange amounted to €13 million.
On completion of the transaction, VINCI's holding in SMTPC increased from 31.34% to 34.27%.

Disposal of the North American subsidiary SKE Support Services Inc

In September 2004, VINCI disposed of its subsidiary SKE Support Services Inc, a provider of technical services to the US Army, for $28 million (€22.8 million).
This transaction resulted in a pre-tax capital gain of €6 million.

B. Accounting policies and valuation methods

1. General principles

VINCI's consolidated financial statements are prepared in accordance with the consolidation rules introduced by Regulation 99-02 of the French Accounting Regulation Committee (the CRC).

Application of new CRC regulations

The French Accounting Regulation Committee has adopted Regulations 2002-10 and 2003-07 on depreciation and impairment of assets and Regulation 2004-06 on the definition, recognition and measurement of assets.
These new regulations will be applicable to financial years commencing on or after 1 January 2005, early application being possible in the 2004 financial statements. VINCI has not applied these new regulations early in its financial statements at 31 December 2004.

2. Consolidation methods

Consolidation scope

Companies over which VINCI exercises majority control are fully consolidated. Those in which VINCI's interest represents less than 50%, but over which it exercises exclusive control, are also fully consolidated.
Those over which the Group exercises significant influence are accounted for using the equity method. Significant influence is defined as being the power to participate in the financial and operating policy decisions of the investee but is not to have control over over those policies. As VINCI was granted a seat on the Board of Directors of ASF on 15 December 2004 following the signature of a shareholders' agreement with the French government and this company, the holding in this company is accounted for using the equity method from that date.
Proportionate consolidation is used for jointly controlled entities, regardless of the percentage of ownership. This applies in particular to the Consortium Stade de France, in which VINCI has a 66.67% holding.
The consolidated financial statements include the financial statements of all companies with net sales greater than €2 million, and those of subsidiaries whose net sales are below this figure but whose impact on VINCI's financial statements is material.

Joint ventures created for specific construction projects, and which manage over €45 million in net sales (on a 100% basis), are consolidated proportionately.
Other joint ventures are consolidated according to a semi-proportionate method that involves recording only VINCI's share of net sales and expenses in the income statement, but the full current accounts of associates in the balance sheet.

At 31 December 2004, VINCI's scope of consolidation included 1,676 companies (compared with 1,564 a year earlier). The breakdown by method of consolidation is as follows:

	31 December 2004			31 December 2003		
	Total	France	Foreign	**Total**	France	Foreign
Full consolidation	**1,347**	913	434	**1,239**	832	407
Proportionate consolidation	**291**	139	152	**287**	137	150
Equity method	**38**	18	20	**38**	14	24
	1,676	**1,070**	**606**	**1,564**	**983**	**581**

In 2004, Eurovia acquired and disposed of holdings in coating companies, binding plants and quarries that were previously jointly owned with other companies in the sector. These transactions, undertaken with the aim of ensuring better control over its industrial facilities, have resulted in Eurovia consolidating 63 new entities.

The acquisition of the Aulafi Group by VINCI Energies has resulted in the full consolidation of 12 new entities.

Translation of the financial statements of foreign subsidiaries

The financial statements of consolidated foreign companies are translated at year-end exchange rates for the balance sheet and at average exchange rates for the statement of income. The resulting translation differences are recorded in consolidated reserves. The foreign currency translation gains or losses of companies in euro zone countries have been retained in consolidated shareholders' equity in accordance with applicable rules. Whenever the decline in value of a given currency is considered irreversible, the impact of the devaluation is recorded in the statement of income.

3. Valuation rules and principles

Intangible fixed assets

Intangible fixed assets consist mainly of commercial goodwill and software. Commercial goodwill is recorded at acquisition cost and amortised, according to the best estimates of useful life, over periods of between 10 and 20 years. Software is depreciated over its useful life. In some cases, the acquisition of companies can result in the recognition of non-amortisable intangible assets, such as market share, when these assets can be valued separately and when it is possible to monitor their value over time. Purchased intangible fixed assets are recorded in the balance sheet at acquisition cost.

Goodwill

Goodwill represents the difference, recorded at the date a company is first consolidated, between the cost of acquiring the shares in that company and the value in use, on the date of acquisition, of the assets and liabilities acquired.

Goodwill is recognised under assets in the balance sheet under "Goodwill" and amortised over a period not exceeding 20 years, with the following exceptions:

- goodwill arising on the acquisition of quarry operating companies is amortised over the expected operating life of the quarry, with a maximum of 40 years;
- goodwill arising on the acquisition of companies that operate infrastructure facilities (motorways, parking facilities) is amortised over the average remaining period of the relevant contracts.

The value in use of goodwill is reviewed whenever events or circumstances occur that are likely to impair its value. Such events or circumstances include significant unfavourable changes of a lasting nature that affect the economic environment or the assumptions and objectives taken into account at the time of the acquisition.

The possible need to record an impairment loss is assessed with reference to value in use, based on future discounted cash flows calculated according to reasonable, documented assumptions, representing management's best estimate of prevailing economic conditions throughout the asset's useful life.

Whenever an asset's value is impaired, the difference between book value and value in use is recorded in the income statement.

Concession fixed assets

Infrastructure operated through public service delegation or concession contracts is included under a specific heading under balance sheet assets. It is depreciated from the date of entry into service until the contract expires. The depreciation method employed depends on the specific characteristics of each individual concession and on how close to the end of its term it is. Depreciation is usually on a straight-line basis for concessions that have reached maturity but the diminishing balance method can be used in their early stages.
Whenever the concession period is less than the useful life of the infrastructure asset, which is usually the case, special concession amortisation charges are recognised through the income statement.

Capitalised interest expenses

Capitalised interest expenses are borrowing costs capitalised during the period of construction of an asset. They are deducted from financial expenses and are included in the cost of construction until the date of entry into service and capitalised in the balance sheet. Borrowing costs included in the cost of assets are determined as follows:

- to the extent that funds are borrowed specifically for the purpose of constructing an asset, the borrowing costs eligible for capitalisation on that asset are the actual borrowing costs incurred on that borrowing during the period less any investment income arising from the temporary investment of those borrowings;
- to the extent that funds are borrowed generally and used for the purpose of constructing several assets, the amount of borrowing costs eligible for capitalisation on an asset is determined by applying a capitalisation rate to the expenditures incurred during the construction phase. This capitalisation rate is the weighted average of the enterprise's borrowing cost during the period, excluding the costs of any borrowing contracted specifically in connection with the construction of a specific asset.

The amount of borrowing costs capitalised in this way during a period may not exceed the total amount of borrowing costs incurred during the period.

Tangible fixed assets

Land, buildings and plant and equipment are generally valued at their acquisition or production cost. For investment property, borrowing costs associated with the construction period are capitalised.
Depreciation is generally calculated on a straight-line basis; the declining balance method may however be used when it appears more appropriate to the conditions under which the asset is used:

Buildings	15 to 40 years
Plant and equipment	2 to 10 years
Vehicles	3 to 5 years
Fixtures and fittings	8 to 10 years
Office equipment and furniture	3 to 10 years

Impairment of fixed assets (excluding goodwill)

Tangible and intangible fixed assets (excluding goodwill) are written down whenever it appears likely that their value in use has been permanently reduced to less than book value as a result of unfavourable events or circumstances during the year. Value in use is based on the asset's estimated future discounted cash flow based on economic assumptions and management's projections of operating conditions, or on the cost of replacement less wear and tear, or on the market price of comparable goods in recent transactions, if any.

Whenever an asset's value is impaired, the difference between book value and value in use is recorded in the income statement.

Capital leases and operating leases

Fixed assets financed through leasing arrangements are recorded as capital expenditure whenever the terms of the contract are those of a capital lease. A capital lease is an arrangement under which the lessor conveys to the lessee in return for payment or a series of payments the right to use an asset for an agreed period of time, and under which the lessor transfers substantially all risks and rewards incident to ownership of the asset to the lessee.
Such fixed assets are shown under assets at their historical cost and depreciated over the same periods as assets owned outright by or made fully available to the company.
Leases that do not meet the definition of a capital lease are recognised as operating leases and only the rental payments are accounted for as expenses. (See Note 31.2 for information concerning the obligations and commitments relating to these contracts.)

Investments in operating assets

Investments in operating assets comprise all investments in intangible and tangible assets other than those in concessions.

Financial assets

Shares in non-consolidated companies and other financial fixed assets are recorded in the balance sheet at net acquisition cost less any provision for impairment when applicable.
A provision is made against shares in non-consolidated companies whenever their value in use falls below book value. Value in use is determined on the basis of the proportion of capital stock held, adjusted if necessary to take into account the market value of the shares, their strategic importance for VINCI and the growth and earnings prospects of the company concerned.

Inventory and work in progress
Inventory and work in progress is valued at the lower of cost and net realisable value.

Trade and other operating receivables
Trade and other operating receivables are valued at their nominal value less provisions taking account of the probability of recovery.

Marketable securities
Marketable securities are recorded at acquisition cost and valued at the lower of book value and market value.

Share subscription and purchase options
Share subscription options granted to Group employees are not recognised at their grant date. Capital stock is increased by the number of shares subscribed to, at the date when beneficiaries exercise these options.
VINCI shares acquired for allocation to employees under share purchase plans are recorded under marketable securities using the same valuation and impairment methods as for other marketable securities.

Provisions for employee benefits
Provisions for retirement commitments
In accordance with the preferential method under French accounting rules, commitments for both lump-sum payments on retirement and supplementary pension benefits are measured using a prospective actuarial method (the projected unit credit method) and are covered by balance sheet provisions, for both current and retired employees.
Actuarial differences that exceed 10% of commitments or of the market value of the investments covering the obligations are amortised over the average expected duration of the residual working life of employees covered by the pension provisions, which is approximately 15 years on average (the "corridor method").

In the case of defined benefit plans, the actuarial expense recognised under operating expenses comprises the cost of services rendered during the period, the change in the present value of benefits, the expected return on plan assets, past service cost and the amortisation of any actuarial gains or losses.

Commitments relating to lump-sum payments on retirement for manual construction workers, which are met in France by contributions to an outside insurance scheme, are recognised as an expense as and when contributions are payable.

Provisions for other employee benefits
Provisions have been taken in respect of long-service bonus commitments since 1 January 2003. This provision is calculated on the basis of employees in service within the Group at the year end. It is measured using the projected unit credit method applied to all types of potential bonus.

Provisions for liabilities
Provisions for liabilities are those of which the maturity or amount cannot be accurately assessed. They are measured at the best estimate of the outflow of resources required to settle the obligation.

Provisions for after-sales service cover the statutory commitments of VINCI businesses in respect of completed projects, in particular under ten-year warranties in the construction sector. They are estimated statistically on the basis of observations of expenses for previous years or individually on the basis of identified defects.

Provisions for completion losses on contracts and construction project liabilities are made mainly when end-of-contract projections, based on the most likely estimated outcome, indicate a loss, and when work needs to be carried out on completed projects under completion warranties.

Provisions for major repairs are calculated at the end of each year based on a work plan covering several years drawn up by the relevant concessionaire companies' engineering services and revised annually.

Provisions for disputes mainly relate to disputes with customers, sub-contractors, joint contractors or suppliers, and to disputes taken to employment courts.

Provisions for other operating liabilities mainly comprise provisions for late delivery penalties, provisions for individual dismissals and for other risks related to operations.

Restructuring provisions include the cost of plans and measures announced before the balance sheet date.

Provisions for other exceptional liabilities are intended to cover liabilities of a non-recurring nature.

Bond issue costs and redemption premiums
Bond issue costs and redemption premiums are amortised on a straight-line basis over the life of the issue.

Oceane bond redemption premiums
A provision is taken to cover the redemption premiums on Oceane bond issues at the end of the year, in proportion to the number of years remaining to maturity, whenever the VINCI share price falls below the bond's redemption value or when conversion is considered insufficiently probable.

Translation of foreign currency items
Consolidated balance sheet items denominated in foreign currencies are translated at year-end exchange rates or at the hedged rate. Any resulting unrealised foreign currency translation gains or losses are recorded in financial income or expense of the year in which they occur.

Interest and exchange rate hedging instruments

VINCI uses derivative financial instruments in connection with the management of exchange rate risks on commercial transactions and of interest rate risks on borrowing. These financial instruments include forward purchases and sales of foreign currencies, currency swaps, and purchases of foreign exchange options, interest rate swaps, caps and floors.

Whenever exchange or interest rate transactions are carried out for hedging purposes, gains and losses on hedging contracts are recognised symmetrically to gains and losses arising on the hedged transactions.

Otherwise, when the market value of the derivative is lower than its initial value, the unrealised capital loss is recorded as a provision for a liability or as a provision for impairment or both.

Net sales

Consolidated net sales is the total revenue from work, goods and services provided in their main line of business by the companies consolidated, including work carried out by the Group on behalf of concession granting bodies on concession infrastructure operated by the Group.

The total includes the net sales, after elimination of intercompany transactions, of:

– fully consolidated companies;
– jointly controlled companies, which are consolidated proportionately, on the basis of VINCI's share in the company; and
– joint venture companies, based on VINCI's share in the company.

In the concessions sector, net sales comprises tolls for the use of motorways and infrastructures operated under concessions, sales booked by car parks and airport service concessions, and ancillary income such as fees for the use of commercial installations, rental of optical fibre telecommunication networks, and advertising space.

Other operating revenue

Other operating revenue comprises:

– services provided to joint venture entities;
– miscellaneous fees and income collected on behalf of third parties;
– rental income from property, and from plant and equipment.

Long-term contracts

VINCI recognises income from long-term contracts using the percentage of completion method, in accordance with CRC Regulation 99-08 of the French Accounting Regulation Committee. For construction projects in which VINCI's share is less than €10 million, it is considered that the net income recognised is in line with that determined on a percentage of completion basis, other than in exceptional cases.

If the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion based on the most probable estimates of income, including, where applicable, rights to additional revenue or claims, based on a reasonable assessment.

Operating income after net financial income / (expense)

This comprises the profit or loss from operations, the costs related to incentive schemes and statutory employee profit-sharing and the cost of financing the Group's activities.

It does not include items of a non-recurring nature nor those not directly related to operations, such as the costs and provisions associated with the disposal of non-operating assets, the costs of closing companies or industrial sites, restructuring costs, and debt forgiveness of a financial nature.

Deferred taxes

Deferred taxes are recorded on all temporary differences between the value of consolidated assets and liabilities for tax and accounting purposes, and are calculated by the liability method. The impact of changes in the tax rate is recorded under net income for the year in which the change is decided.

Deferred tax assets resulting from these temporary differences, tax losses and carryforward tax credits are recognised only if they are likely to be recovered in the future.

This likelihood is assessed at the year end, based on the projected earnings of the taxable entities in question.

In accordance with the rules in force, no deferred tax is recognised on the elimination of intragroup disposal gains or losses or on provisions recognised within the Group in respect of shares in consolidated subsidiaries.

Earnings per share

Earnings per share corresponds to net income after minority interest, divided by the weighted average number of shares outstanding during the year less the Group's own shares held recognised as a reduction of consolidated shareholders' equity.

Diluted earnings per share is calculated on the basis of the average number of shares outstanding, adjusted for financial instruments issued by the Company that could increase the number of shares outstanding, such as the convertible bonds or stock subscription options.

C. Information by business line

The tables below present financial information by business line and by geographical area.

- Concessions and services: management under concessions, tenancy agreements or service provision agreements of motorways and major infrastructures such as bridges, tunnels and the Stade de France stadium, car parks, and airports, and provision of airport support services.
- Energy: electrical works and engineering, information and communication technology, climate engineering, insulation, fire protection.
- Roads: building of new roads, road maintenance, production of road-building materials and products, environmental and urban development work, demolition, and recycling.
- Construction: design and construction in the building, civil engineering, and hydraulic sectors, and multi-technical maintenance.

Information by business line is based on the same accounting methods as those used in preparing aggregate financial statements.

From 2004, information on net sales is presented for each business line after allocation of eliminations of intra-Group sales to each business line. 2002 and 2003 data have been restated to ensure fiscal years can be compared.

1. Net sales

1.1 Breakdown of net sales by business line

			Change 2004/2003			
			consolidation basis		constant	
(in € millions)	**2004**	**2003**	**actual**	**comparable** [1]	**exchange rate**	**2002**
Concessions and services	1,943.1	1,888.6	2.9%	4.7%	4.3%	1,850.7
Energy	3,338.5	3,115.0	7.2%	4.7%	7.2%	3,043.9
Roads	5,755.2	5,332.2	7.9%	7.0%	8.3%	5,205.9
Construction	8,283.8	7,664.4	8.1%	7.5%	8.4%	7,312.6
Property and eliminations	199.6	110.6				140.7
	19,520.2	**18,110.8**	**7.8%**	**7.1%**	**8.2%**	**17,553.8**

[1] *At constant consolidation scope and exchange rates*

1.2 Breakdown of net sales by geographical area

Breakdown of net sales by recipient country

(in € millions)	2004	%	2003	%	2002	%
France	**12,117.6**	**62%**	**10,998.9**	**61%**	**10,317.6**	**59%**
Germany	1,635.1	8%	1,457.3	8%	1,506.7	9%
UK	1,513.2	8%	1,447.9	8%	1,404.3	8%
Central and Eastern Europe	1,095.8	6%	968.1	5%	873.9	5%
Belgium	624.9	3%	577.7	3%	536.1	3%
Spain	313.8	2%	336.0	2%	327.4	2%
Other European countries	566.5	3%	574.1	3%	622.3	4%
Europe (1)	**17,866.9**	**92%**	**16,360.0**	**90%**	**15,588.3**	**89%**
of which European Union	*17,706.7*	*91%*	*16,205.2*	*89%*	*15,410.7*	*88%*
North America	830.7	4%	934.7	5%	1,005.5	6%
Rest of the world	822.6	4%	816.1	5%	960.0	5%
Total	**19,520.2**	**100%**	**18,110.8**	**100%**	**17,553.8**	**100%**

(1) Includes the euro zone for €15,057 million in 2004, €13,767 million in 2003 and €13,125 million in 2002.

Net sales made outside of France amounted to €7.4 billion, representing 38% of total activities, and was up 4.1% in 2004 against the previous year.

Breakdown of net sales by country of origination

(in € millions)	2004	%	2003	%	2002	%
France	**12,345.3**	**63%**	**11,192.2**	**62%**	**10,636.1**	**61%**
Germany	1,617.4	8%	1,459.6	8%	1,505.2	9%
UK	1,513.9	8%	1,463.3	8%	1,368.5	8%
Central and Eastern Europe	1,022.4	5%	908.8	5%	782.1	4%
Belgium	982.6	5%	934.2	5%	931.3	5%
Spain	301.5	2%	312.1	2%	270.1	2%
Other European countries	482.3	2%	502.3	3%	544.3	3%
Europe (1)	**18,265.4**	**94%**	**16,772.5**	**93%**	**16,037.6**	**91%**
of which European Union	*18,128.2*	*93%*	*16,638.2*	*85%*	*15,873.8*	*81%*
North America	820.7	4%	907.1	5%	1,075.8	6%
Rest of the world	434.1	2%	431.2	2%	440.4	3%
Total	**19,520.2**	**100%**	**18,110.8**	**100%**	**17,553.8**	**100%**

(1) Includes the euro zone for €15,525 million in 2004, €14,230 million in 2003 and €13,696 million in 2002.

2. Other information by business line

(in € millions)	Concessions and services	Energy	Roads	Construction	Property, holding companies and eliminations	Total
2004						
Statement of income						
Net sales	1,943.1	3,338.5	5,755.2	8,283.8	199.6	**19,520.2**
Gross operating surplus	820.9	257.1	376.5	532.3	34.4	**2,021.3**
as a percentage of net sales	*42.2%*	*7.7%*	*6.5%*	*6.4%*	*N/M*	***10.4%***
Operating income	615.9	180.7	221.9	349.0	5.0	**1,372.5**
as a percentage of net sales	*31.7%*	*5.4%*	*3.9%*	*4.2%*	*N/M*	***7.0%***
Net income	214.2	87.1	131.5	241.7	56.8	**731.3**
as a percentage of net sales	*11.0%*	*2.6%*	*2.3%*	*2.9%*	*N/M*	***3.7%***
Cash flow statement						
Cash flow from operations	552.8	179.1	303.8	446.8	78.3	**1,560.9**
Investments						
Operating	*80.7*	*62.5*	*181.7*	*217.5*	*29.0*	*571.4*
Concessions	*644.7*	—	—	—	—	*644.7*
Financial	*357.1*	*40.6*	*16.1*	*27.8*	*0.2*	*441.9*
Change in working capital requirement	(21.9)	(21.9)	168.8	264.7	52.9	**442.6**
Free operating cash flow	452.6	105.6	315.7	531.6	104.7	**1,510.1**
Balance sheet						
Concession fixed assets	5,561.2	—	0.3	5.6	—	**5,567.1**
Net tangible fixed assets	323.7	233.9	651.2	738.4	94.1	**2,041.3**
Provisions for liabilities	103.1	217.6	284.6	813.1	269.0	**1,687.3**
Operating	*69.1*	*172.1*	*233.2*	*660.2*	*43.8*	*1,178.4*
Financial	*0.1*	—	*0.2*	*10.0*	*100.0*	*110.3*
Exceptional	*33.9*	*45.4*	*51.1*	*143.0*	*125.2*	*398.6*
Working capital requirement	(126.4)	(151.4)	(325.0)	(853.1)	(42.3)	**(1,498.2)**
Capital employed less investment subsidies received	7,439.3	223.0	469.5	(398.5)	225.6	**7,958.9**
Shareholders' equity	2,881.2	349.0	711.5	639.7	(1,433.7)	**3,147.7**
Net debt *(excluding treasury stock)*	(3,696.7)	421.9	660.8	1,505.9	(1,264.5)	**(2,372.5)**
Return on capital						
Net operating profit after tax (NOPAT)	417.0	114.0	160.0	266.0	75.0	**1,031.0**
Return on capital employed (ROCE) [1]	5.9%	57.6%	30.8%	(92.7%)	—	**13.3%**
Return on equity (ROE) [2]	7.9%	32.3%	19.1%	46.1%	—	**24.9%**
Employees at 31 December	18,948	27,212	36,805	45,016	452	**128,433**

[1] NOPAT / average capital employed (average of the opening and closing figures)
[2] Net income / shareholders' equity at the start of the year

(in € millions)	Concessions and services	Energy	Roads	Construction	Property, holding companies and eliminations	Total
2003						
Statement of income						
Net sales	1,888.6	3,115.0	5,332.2	7,664.4	110.6	**18,110.8**
Gross operating surplus	782.5	195.7	363.7	449.1	(13.0)	**1,777.9**
as a percentage of net sales	*41.4%*	*6.3%*	*6.8%*	*5.9%*	*N/M*	***9.8%***
Operating income	599.8	129.2	200.8	221.9	14.2	**1,166.0**
as a percentage of net sales	*31.8%*	*4.1%*	*3.8%*	*2.9%*	*N/M*	***6.4%***
Net income	163.9	53.3	125.5	177.5	21.2	**541.4**
as a percentage of net sales	*8.7%*	*1.7%*	*2.4%*	*2.3%*	*N/M*	***3.0%***
Cash flow statement						
Cash flow from operations	536.1	137.4	268.7	333.4	101.1	**1,376.7**
Investments						
Operating	*77.5*	*71.5*	*144.9*	*210.6*	*21.5*	*526.1*
Concessions	*522.0*	—	—	*3.8*	—	*525.8*
Financial	*204.5*	*2.5*	*4.7*	*9.8*	*0.8*	*222.2*
Change in working capital requirement	69.2	(102.0)	183.9	10.7	(48.9)	**113.0**
Free operating cash flow	540.4	(15.9)	342.1	158.4	35.2	**1,060.3**
Balance sheet						
Concession fixed assets	5,017.3	—	0.4	5.9	—	**5,023.6**
Net tangible fixed assets	299.7	236.4	599.7	730.9	71.8	**1 938.5**
Provisions for liabilities	136.9	191.7	271.2	775.7	243.9	**1,619.4**
Operating	*79.1*	*156.4*	*223.8*	*647.8*	*39.8*	*1,147.0*
Financial	*10.0*	*0.1*	*0.7*	*6.8*	*78.2*	*95.7*
Exceptional	*47.8*	*35.3*	*46.7*	*121.1*	*125.9*	*376.7*
Working capital requirement	(137.5)	(184.7)	(168.9)	(616.0)	6.1	**(1,101.0)**
Capital employed less investment subsidies received	6,764.6	171.6	566.9	(174.6)	268.0	**7,596.5**
Shareholders' equity	2,723.6	269.6	690.1	524.8	(1,271.2)	**2,936.9**
Net debt *(excluding treasury stock)*	(3,233.4)	359.6	476.5	1,136.3	(1,186.4)	**(2,447.5)**
Return on capital						
Net operating profit after tax (NOPAT)	437.0	107.0	143.0	173.0	100.0	**960.0**
Return on capital employed (ROCE) (1)	6.7 %	89.2 %	21.5 %	(129.2 %)	—	**12.9%**
Return on equity (ROE) (2)	6.1 %	23.8 %	20.5 %	40.2 %	—	**20.8%**
Employees at 31 December	21,873	25,933	35,072	44,207	428	**127,513**

(1) NOPAT / average capital employed (average of the opening and closing figures)
(2) Net income / shareholders' equity at the start of the year

3. Information relating specifically to the Concessions and services business line

(in € millions)	**Cofiroute**	**ASF**	**VINCI Park**	**Other concessions**	**Airport Services**	**VINCI Concessions holding cos.**	**Total**
2004							
Statement of income							
Net sales	872.2		485.2	124.8	467.7	(6.8)	**1,943.1**
Gross operating surplus	583.5		176.4	60.0	20.6	(19.6)	**820.9**
as a percentage of net sales	*66.9%*		*36.4%*	*48.1%*	*4.4%*	*N/M*	***42.2%***
Operating income	481.2		122.9	33.6	0.9	(22.8)	**615.9**
as a percentage of net sales	*55.2%*		*25.3%*	*27.0%*	*0.2%*	*N/M*	***31.7%***
Net income	167.6	35.6 [1]	49.5	11.7	(41.1)	(9.0)	**214.2**
as a percentage of net sales	*19.2%*		*10.2%*	*9.4%*	*(8.8%)*	*N/M*	***11.0%***
Cash flow statement							
Cash flow from operations	392.4		123.4	26.6	9.6	0.8	**552.8**
Investments							
Operating	*3.2*		*40.9*	*4.8*	*31.6*	*0.2*	*80.7*
Concessions	*506.3*		*45.7*	*92.7*	—	—	*644.7*
Financial	*34.5*		*5.8*	*6.1*	—	*310.6*	*357.1*
Change in working capital requirement	(18.9)		4.5	12.3	(8.4)	(11.4)	**(21.9)**
Free operating cash flow	370.6		89.0	34.1	(30.4)	(10.7)	**452.6**
Balance sheet							
Concession fixed assets	3,377.9		823.0	1,360.0	0.4	—	**5,561.2**
Net tangible fixed assets	15.3		216.9	3.6	87.2	0.7	**323.7**
Provisions for liabilities	46.4		21.1	11.9	18.9	4.8	**103.1**
Working capital requirement	(19.3)		(114.1)	(23.8)	28.2	2.7	**(126.4)**
Capital employed less investment subsidies received	3,297.4 [2]	1,487.3	1,370.2	896.4 [3]	328.0	60.0	**7,439.3**
Net debt	(1,989.2)		(477.5)	(702.7)	(129.3)	(398.0)	**(3,696.7)**
Employees at 31 December	2,193		5,061	419	11,258	17	**18,948**

(1) Including dividend of €32 million received in 2004 and proportionate share of earnings since 15 December 2004 less amortisation of goodwill on acquisition for €3.6 million.
(2) Including €1,130 million in respect of sections under construction (mainly tunnels on the A86 motorway and new sections of the A85 and A28 motorways).
(3) Including €426.9 million in respect of the Charilaos Trikoupis (Rion-Antirion) bridge that entered service in August 2004 and €44.2 million in respect of the Newport bypass that entered service in December 2004.

(in € millions)	**Cofiroute**	**ASF**	**VINCI Park**	**Other concessions**	**Airport Services**	**VINCI Concessions holding cos.**	**Total**
2003 Pro forma [1]							
Statement of income							
Net sales	837.3		490.7	96.0	471.0	(6.5)	**1,888.6**
Gross operating surplus	577.0		165.0	40.1	19.4	(19.0)	**782.5**
as a percentage of net sales	*68.9%*		*33.6%*	*41.8%*	*4.1%*	*N/M*	***41.4%***
Operating income	475.2		117.3	21.0	5.6	(19.2)	**599.8**
as a percentage of net sales	*56.7%*		*23.9%*	*21.8%*	*1.2%*	*N/M*	***31.8%***
Net income	150.9	19.1 [2]	46.9	4.0	(48.9)	(8.0)	**163.9**
as a percentage of net sales	*18.0%*		*9.6%*	*4.1%*	*(10.4%)*	*N/M*	***8.7%***
Cash flow statement							
Cash flow from operations	395.7		113.5	16.8	9.2	0.8	**536.1**
Investments							
Operating	*4.6*		*25.5*	*1.0*	*46.2*	*0.1*	*77.5*
Concessions	*313.0*		*26.7*	*182.3*	*—*	*—*	*522.0*
Financial	*12.7*		*6.6*	*—*	*0.2*	*185.0*	*204.5*
Change in working capital requirement	3.4		13.0	26.3	(8.4)	35.0	**69.2**
Free operating cash flow	395.5		102.2	42.2	(35.2)	35.8	**540.4**
Balance sheet							
Concession fixed assets	2,995.9		789.4	1,231.6	0.3	—	**5,017.3**
Net tangible fixed assets	16.6		208.9	2.3	71.3	0.7	**299.7**
Provisions for liabilities	90.8		20.7	9.0	14.3	2.1	**136.9**
Working capital requirement	(38.2)		(101.6)	(11.7)	22.7	(8.7)	**(137.5)**
Capital employed less investment subsidies received	2,886.4	1,229.0	1,347.8	884.1	416.6	0.7	**6,764.6**
Net debt	(1,691.3)		(479.1)	(635.8)	(304.6)	(122.6)	**(3,233.4)**
Employees at 31 December	2,048		6,162	358	13,276	29	**21,873**

[1] Segmental data for 2003 corresponds to the new organisation of the Concessions and services business line defined in 2004.
[2] Dividend received in 2003

4. Other segmental information by geographical area

(in € millions)	France	Germany	UK	Central and Eastern Europe	Belgium	Spain	Other European countries	Europe	North America	Rest of the world	Total
2004											
Concession fixed assets	4,292.3	—	69.3	4.4	18.8	47.6	836.5	5,268.9	82.8	215.4	**5,567.1**
Gross tangible fixed assets	2,941.2	346.3	181.8	268.3	654.9	91.2	92.3	4,575.8	237.0	136.1	**4,948.9**
Depreciation	(1,747.7)	(232.2)	(69.2)	(150.7)	(387.3)	(42.3)	(59.5)	(2,688.8)	(133.1)	(85.7)	**(2,907.6)**
Net tangible fixed assets	**1,193.5**	**114.1**	**112.6**	**117.6**	**267.6**	**48.9**	**32.7**	**1,887.0**	**103.9**	**50.4**	**2,041.3**
Employees at 31 December	73,560	9,758	7,699	7,728	4,005	2,296	2,304	107,350	10,418	10,665	**128,433**
2003											
Concession fixed assets	3,914.7	—	46.8	0.1	10.3	48.0	697.5	4,717.3	86.7	219.6	**5,023.6**
Gross tangible fixed assets	2,616.0	308.7	146.2	242.6	644.7	83.1	147.2	4,188.5	246.8	168.3	**4,603.7**
Depreciation	(1,557.4)	(217.6)	(54.2)	(131.7)	(368.5)	(36.5)	(79.0)	(2,444.9)	(130.2)	(90.1)	**(2,665.3)**
Net tangible fixed assets	**1,058.7**	**91.1**	**92.0**	**110.8**	**276.2**	**46.6**	**68.2**	**1,743.7**	**116.6**	**78.3**	**1,938.5**
Employees at 31 December	71,648	9,154	7,172	6,970	3,973	2,133	2,610	103,660	14,139	9,429	**127,513**

D. Notes to the statement of income

5. Operating income

5.1 Breakdown of operating expenses by nature

(in € millions)	2004	2003	2002
Purchases consumed	(5,065.9)	(4,556.6)	(4,573.4)
Outside services	(7,713.5)	(7,422.7)	(7,196.1)
Employment costs *(including social benefit charges and profit-sharing)*	(5,033.9)	(4,786.0)	(4,684.3)
Other expenses	(351.2)	(332.7)	(326.1)
	(18,164.5)	**(17,098.0)**	**(16,779.9)**

5.2 Amortisation, depreciation and provisions

(in € millions)	2004	2003	2002
Amortisation and depreciation			
Intangible assets other than goodwill	(25.0)	(21.4)	(20.8)
Concession fixed assets	(180.0)	(161.3)	(170.0)
Tangible fixed assets	(411.8)	(419.9)	(417.8)
	(616.7)	**(602.6)**	**(608.6)**
Provision charges / (reversals)			
Asset impairment charges	22.8	15.4	(2.4)
Operating liabilities and charges	(54.8)	(24.7)	14.2
	(32.0)	**(9.3)**	**11.8**
Total amortisation, depreciation and provisions	**(648.7)**	**(611.9)**	**(596.8)**

6. Net financial income / (expense)

(in € millions)	2004	2003	2002
Net financial income / (expense) excluding capitalised interest expenses [1]	(228.8)	(222.9)	(220.2)
Capitalised interest expenses	77.4	69.9	31.9
Net financial expenses	*(151.4)*	*(153.0)*	*(188.3)*
Dividends received	41.8	33.6	15.7
Other financial income and expenses	119.5	19.8	(13.6)
Provision charges and reversals	(34.2)	(24.3)	(5.9)
Total	**(24.3)**	**(124.0)**	**(192.1)**

[1] Including provisions for redemption premiums in respect of Oceane bonds issued in 2001 and 2002 for €31.8 million in 2004, €31.7 million in 2003 and €27.5 million in 2002.

Net financial expenses for the period arise mainly from concessions, which accounted for €95.8 million (of which €43.6 million relating to Cofiroute) against €100.1 million in 2003 and €141.2 million in 2002.

Dividends received include the dividends received from ASF for €32 million in 2004 and €19 million in 2003.

For 2004, the other financial income and expenses include €95 million arising on termination of a swap relating to 4.2% of the capital stock of ASF. This item also includes exchange gains and losses for the period.

Provision charges and reversals include an impairment loss in respect of the Toll Collect shares held by Cofiroute for €35 million in 2004 (see A.3 Key events) against €12.5 million in 2003.

7. Net exceptional income / (expense)

(in € millions)	2004	2003	2002
Net gains from asset disposals	17.5	64.5	24.4
Restructuring costs (net of provisions)	(47.7)	(48.1)	(65.3)
Other exceptional income and expenses (net of provisions)	(23.3)	(2.9)	48.0
	(53.5)	**13.5**	**7.1**

2004

Net gains from asset disposals includes the gain on conversion into shares of Subordinated Convertible Notes of SMTPC (the Prado-Carénage tunnel) for €13 million, gains on the disposal of the shares in SKE SSI for €6 million and the shares in ITA for €2.4 million.

Restructuring costs mainly relate to VINCI Energies for €15 million, in connection with TMS and the insulation business in Germany, and VINCI Construction for €19 million, including the cost of closing Bruggeman in Germany.

Other exceptional income and expenses includes the reversal of a provision for €36.3 million in connection with the release obtained of guarantees given by Cofiroute to financial institutions in relation to the Toll Collect project (see note A.3 Key events) and to various expenses of a non-recurring nature.

2003

Net gains from asset disposals included gains on the sale of property for €39 million and on sales of shares in subsidiaries and affiliates for €26 million.

Other income and expenses included a loss of €56.3 million intended to cover Cofiroute's financial commitments in respect of the Toll Collect project and the reversal of provisions relating to old disputes.

8. Income tax

8.1 Analysis of net tax expense

(in € millions)	**2004**	**2003**	**2002**
Current tax	(436.0)	(236.9)	(205.0)
Deferred tax	47.7	2.9	(18.1)
	(388.3)	**(234.0)**	**(223.1)**

The tax expense for the period comprises:
– the tax recognised by the French subsidiaries of €346.8 million, including €146.5 million (against €60 million in 2003), by the VINCI holding company, the lead company of a tax consolidation group comprising 557 companies in France and €153 million for Cofiroute (against €111 million in 2003).
– the tax recognised by foreign subsidiaries, amounting to €41.6 million.

The parent company and its subsidiaries are subject to regular inspection by the tax authorities.

8.2 Effective tax rate

The differences recognised in the last three years between the theoretical tax rate in force in France and the effective tax rate for the period are as follows:

(in € millions)	**2004**	**2003**	**2002**
Net income before tax and amortisation of goodwill	1,294.7	1,055.5	882.2
Theoretical tax rate in France	35.43%	35.43%	35.43%
Expected theoretical tax charge	**(458.7)**	**(373.9)**	**(312.6)**
Impact of taxes due on revenues subject to a lower tax rate	(14.9)	(6.6)	21.0
Impact of tax loss carryforwards and other unrecognised temporary differences or previously capped differences	(66.5)	(1.9)	22.4
Tax rate differences (foreign countries)	11.5	6.2	24.1
Permanent and miscellaneous differences	140.3	142.3	22.0
Tax charge recognised	**(388.3)**	**(234.0)**	**(223.1)**
Effective tax rate	29.99%	22.17%	25.29%

Permanent and miscellaneous differences includes the impact of the change in French tax law on the taxation of long-term capital gains arising on the sales of shares in subsidiaries and affiliates.

8.3 Analysis of deferred tax assets and liabilities at 31 December 2004

(in € millions)	**Assets**	**Liabilities**	**Net**
From tax loss carryforwards	20.1	—	20.1
From temporary differences	148.4	(127.2)	21.2
Net deferred taxes recognised	**168.5**	**(127.2)**	**41.4**

8.4 Unrecognised deferred tax assets

At 31 December 2004, deferred tax assets that are unrecognised on the grounds that their recovery is not certain amounted to €356.2 million and mainly related to the German subsidiaries (of which €134.8 million related to their carryforward tax losses). Given the return to profits and the changes in 2004 to German tax legislation, VINCI has recognised a deferred tax asset of €12 million corresponding to one year's forecast tax charge, on the basis of tax forecasts for 2005.

9. Earnings per share

Earnings per share is calculated on the basis of the weighted number of shares outstanding over the year, including treasury stock recorded under marketable securities and held by the company for sale to employees under share purchase option schemes.

Diluted earnings per share is based on the weighted average number over the year of dilutive equivalent shares.

In addition, net income is restated for financial savings, net of tax, that would result from the conversion of convertible bonds into shares.

Dilution resulting from the exercise of share subscription options is determined, in accordance with rules currently in force, according to the treasury stock method as defined by international standards.

The following tables compare earnings per share and diluted earnings per share:

2004	Net income [1]	Number of shares	Earnings per share [2]
Earnings per share	**731.3**	**83,455,708**	**8.76**
Subscription options	—	3,084,734	—
Convertible bonds	32.4	11,308,334	—
Diluted earnings per share	**763.7**	**97,848,776**	**7,80**
2003			
Earnings per share	**541.4**	**83,443,736**	**6.49**
Subscription options	—	1,763,413	—
Convertible bonds	31.3	11,308,334	—
Diluted earnings per share	**572.7**	**96,515,483**	**5.93**
2002			
Earnings per share	**477.8**	**85,019,698**	**5.62**
Subscription options	—	2,176,980	—
Convertible bonds	26.6	9,579,075	—
Diluted earnings per share	**504.4**	**96,775,753**	**5.21**

[1] *In € millions*
[2] *In €*

10. Cash flow from operations

The reconciliation of net income of consolidated companies to cash flow from operations is as follows:

(in € millions)	2004	2003	2002
Net income of consolidated companies	**826.2**	**637.3**	**556.8**
Deferred tax	(47.7)	(2.9)	18.1
Net amortisation and depreciation charges	619.1	607.6	618.2
Amortisation of goodwill on acquisition and impairment	80.2	184.3	102.3
Net allocation to provisions	80.1	36.7	(54.7)
Gross cash flow from operations	**1,558.0**	**1,462.8**	**1,240.7**
Net gains from asset disposals	2.9	(86.1)	(21.5)
Cash flow from operations	**1,560.9**	**1,376.6**	**1,219.2**

Exceptional goodwill impairment charges for 2004 amount to €23 million (of which €10 million relates to the goodwill on acquisition on VINCI Airports in the USA), against €134 million in 2003 and €37 million in 2002.

E. Notes to the balance sheet

11. Intangible assets other than goodwill

Changes in 2003 and 2004 were as follows:

(in € millions)	Gross	Depreciation	Net
At 31 December 2002	**363.7**	**(171.5)**	**192.3**
Changes in consolidation scope	10.4	(0.4)	**10.0**
Increases during the year	20.4	(23.2)	**(2.8)**
Decreases during the year	(13.8)	10.8	**(3.0)**
Translation differences	(23.0)	3.3	**(19.7)**
At 31 December 2003	**357.8**	**(181.0)**	**176.9**
Changes in consolidation scope	10.9	(0.3)	**10.6**
Increases during the year	28.9	(37.1)	**(8.1)**
Decreases during the year	(12.9)	11.0	**(2.0)**
Translation differences	(6.2)	1.5	**(4.7)**
At 31 December 2004	**378.5**	**(205.8)**	**172.7**

Intangible assets at 31 December 2004 include $85 million net (€62.6 million) corresponding to the estimated value of market shares of the cargo assistance business of WFS. The impairment tests conducted on the basis of forecast cash flows, in accordance with the method described in Note 12, have led VINCI to recognise an impairment loss in 2004 of €12 million on these market shares. Other intangible assets mainly relates to commercial goodwill (€46.9 million) and software (€19.8 million).

12. Goodwill

Changes in 2003 and 2004 were as follows:

(in € millions)	Gross	Depreciation	Net
At 31 December 2002	**1,576.5**	**(654.9)**	**921.6**
Goodwill recognised during the period	7.4	—	**7.4**
Amortisation and provisions	—	(184.3)	**(184.3)**
Translation differences	(42.3)	26.6	**(15.7)**
Entities no longer consolidated	(52.5)	43.2	**(9.3)**
At 31 December 2003	**1,489.0**	**(769.3)**	**719.7**
Goodwill recognised during the period	748.9	—	**748.9**
Amortisation and provisions	—	(80.2)	**(80.2)**
Translation differences	(10.5)	10.6	**0.1**
Entities no longer consolidated	(15.1)	13.2	**(1.9)**
At 31 December 2004	**2,212.3**	**(825.7)**	**1,386.6**

Goodwill arising on the reporting of ASF using the equity method from 15 December 2004 amounts to €691 million.

It was calculated on the basis of an acquisition value of the ASF shares held by VINCI at that date of €1,483 million and a share of 22.99% of the net equity of ASF at 15 December 2004, provisionally valued at €792 million. This was calculated on the basis of the ASF's consolidated equity at 30 June 2004 corrected for an estimated result for the period from 1 July to 15 December 2004 on the basis of the average consensus of financial analysts' expectations for 2004 earnings.

The goodwill thus determined is amortised on a straight-line basis from 15 December 2004, over 28 years, which corresponds to the remaining period of ASF's concession contract.

The main goodwill items at 31 December 2004 are as follows:

(in € millions)	Remaining amortisation period at 31/12/2004	31/12/2004 Gross	Amortisation	Net	31/12/2003 Net
ASF	28 years	690.7	(1.0)	689.6	—
VINCI Park (formerly Sogeparc and Finec)	25 years	413.1	(84.4)	328.7	343.1
VINCI Airports US (WFS/ACAC)	17 years	126.8	(126.8)	—	10.5
Norwest Holst	3 years	102.4	(86.7)	15.7	20.8
Teerbau GmbH	7 years	82.8	(49.7)	33.2	38.7
Entreprise Jean Lefebvre	9 years	74.4	(38.6)	35.7	39.3
Emil Lundgren AB	15 years	26.2	(6.6)	19.7	21.0
EFS (formerly SEN)	17 years	21.6	(3.7)	17.9	19.0
Lusoponte	25 years	14.2	(1.5)	12.7	13.2
SMTPC	21 years	12.7	—	12.7	—
Netlink BV	20 years	10.6	(0.3)	10.3	—
Other goodwill under €10 million (1)		636.8	(426.4)	210.4	214.0
		2,212.3	**(825.7)**	**1,386.6**	**719.6**

(1) ***On the basis of the net value for individual entities, in each of the two periods.***

A study has been made to identify the most material potential impairment of goodwill on acquisition. Tests made at 31 December 2004 have led the Group to recognise exceptional impairment losses of €22.7 million in the financial statements for the period.
These exceptional losses relate to the airport services subsidiary VINCI Airport US for €10 million, in addition to the €12 million impairment of market shares of the Cargo activity (see Note 11). In 2003, an exceptional impairment loss of €93 million was recognised in respect of this goodwill.

The value in use retained for this entity was determined by discounting forecast operating cash flows (gross operating surplus less standard tax less investments in operating fixed assets less change in operating WCR) at the rates shown below. The forecasts were prepared for the first two years from the Group's internal budgetary forecasts and for subsequent years on the basis of the growth rates shown below.

VINCI Airports US - WFS	**Assumptions 2004**	**Assumptions 2003**
After-tax discount rate	8.8%	8.2%
Growth rate (1) on forecasts for years 3 to 5	2.0%	3.0%
Growth rate (2) on terminal value	2.0%	2.0%

(1) ***Applied to net sales***
(2) ***Applied to the operating cash flow as defined above***

13. Concession fixed assets

Concession fixed assets comprise both investments by VINCI under commitments in connection with concession contracts and the fixed value of assets under concession.

13.1 Movements in 2003 and 2004

(in € millions)	Gross	Amortisation	Net
At 31 December 2002	**6,595.0**	**(1,888.6)**	**4,706.4**
Changes in consolidation scope and other reclassifications	(75.8)	(1.8)	**(77.6)**
Acquisitions	577.3	—	**577.3**
Disposals and decreases	(64.9)	56.5	**(8.4)**
Amortisation, depreciation and provisions	—	(165.0)	**(165.0)**
Translation differences	(11.2)	2.2	**(9.0)**
At 31 December 2003	**7,020.4**	**(1,996.8)**	**5,023.6**
Changes in consolidation scope and other reclassifications	51.6	(20.3)	**31.3**
Acquisitions	727.3	—	**727.3**
Disposals and decreases	(63.9)	40.8	**(23.1)**
Amortisation, depreciation and provisions	—	(183.8)	**(183.8)**
Translation differences	(10.5)	2.3	**(8.2)**
At 31 December 2004	**7,724.9**	**(2,157.7)**	**5,567.1**

The investments for the period mainly relate to Cofiroute for €509.5 million, the Charilaos Trikoupis (Rion-Antirion) bridge for €133.6 million and VINCI Park for €55.5 million.

Investment subsidies of €73.7 million were received in respect of these investments (€2.9 million for Cofiroute and €56.4 million for the Charilaos Trikoupis bridge).

13.2 Breakdown by activity

	31/12/2004			31/12/2003	31/12/2002
(in € millions)	Gross	Amortisation	Net	Net	Net
VINCI Park	1,287.9	(464.9)	**823.0**	**789.4**	**804.9**
Cofiroute	4,977.3	(1,599.4)	**3,377.9**	**2,995.9**	**2,865.9**
Other concessions	1,459.7	(93.5)	**1,366.2**	**1,238.3**	**1,035.5**
	7,724.9	**(2,157.7)**	**5,567.1**	**5,023.6**	**4,706.4**

14. Tangible fixed assets

14.1 Movements in 2003 and 2004

(in € millions)	Gross	Depreciation	Net
At 31 December 2002	**4,530.9**	**(2,604.1)**	**1,926.7**
Changes in consolidation scope and other reclassifications	15.1	22.9	**38.0**
Acquisitions	568.9	—	**568.9**
Disposals	(442.0)	304.8	**(137.2)**
Depreciation and provisions	—	(424.4)	**(424.4)**
Translation differences	(69.2)	35.8	**(33.4)**
At 31 December 2003	**4,603.7**	**(2,665.0)**	**1,938.6**
Changes in consolidation scope and other reclassifications	130.0	(109.3)	**20.7**
Acquisitions	542.5	—	**542.5**
Disposals	(329.9)	287.7	**(42.2)**
Depreciation and provisions	—	(420.1)	**(420.1)**
Translation differences	2.7	(1.0)	**1.8**
At 31 December 2004	**4,948.9**	**(2,907.6)**	**2,041.3**

14.2 Breakdown by type of asset

(in € millions)	31/12/2004 Gross	Depreciation	Net	31/12/2003 Net	31/12/2002 Net
Land	278.6	(55.4)	**223.2**	**235.3**	**208.2**
Buildings	988.2	(380.7)	**607.5**	**555.1**	**548.1**
Plant and equipment	2,662.8	(1,823.2)	**839.6**	**791.0**	**818.5**
Fixtures and fittings, office equipment and furniture	926.0	(647.3)	**278.7**	**300.7**	**313.5**
Assets under construction	93.3	(1.0)	**92.3**	**56.6**	**38.4**
	4,948.9	**(2,907.6)**	**2,041.3**	**1,938.6**	**1,926.7**

15. Investments held as fixed assets

At 31 December 2004, investments in subsidiaries and affiliates broke down as follows:

(in € millions)	% held	Net book value	Stock market value	Share price
BCIA (Beijing airport)	3.4%	38.8	40.7	3.30 HKD
Other shares, in unlisted subsidiaries and affiliates	—	141.2	—	—
Total	—	**180.0**	—	—

Following the ending of the links between VINCI and ADP within ADPM, VINCI is no longer a shareholder of ADPM and had a direct 3.4% holding in Beijing airport (BCIA) at 31 December 2004 (see Note A.5 Key events).

The other shareholdings relate mainly to subsidiaries whose financial criteria are below VINCI's consolidation thresholds (see Note B.2 Consolidation scope).

At 31 December 2003, this item included a 20% equity interest in ASF, which is now accounted for by the equity method (see Note 16) and the shares in TBI that were sold in July 2004 (see Note A.5 Key events).

16. Investments accounted for by the equity method

16.1 Movements in 2003 and 2004

(in € millions)	31/12/2004	31/12/2003	31/12/2002
Value at the beginning of the year	**101.3**	**107.3**	**135.4**
Holding in ASF reported under the equity method [1]	792.0	—	—
Change in consolidation method	—	(1.1)	(5.5)
Increase of capital stock of equity accounted companies	6.3	0.2	—
Group share of net income for the period	14.2	8.6	0.8
of which concessions and services	*9.2*	*4.3*	*(2.5)*
Dividends paid	(2.6)	(4.0)	(4.9)
Changes in consolidation scope and translation differences	(65.4) [2]	(9.7)	(18.5)
Value at the end of the year	**845.9**	**101.3**	**107.3**
of which concessions and services	*823.9*	*79.7*	*86.1*

(1) Equity method since 15 December 2004 (see Note A.1 Key events)
(2) Including €45.6 million related to the disposal of the 34% holding in ADPM following the exchange of these shares against in particular the 3.4% holding in Beijing airport (see Note A.5 Key events), and €17.3 million related to the disposal of the ITA holding.

16.2 Financial information on investments accounted for by the equity method

Investments in companies accounted for by the equity method at 31 December 2004 are mainly in concession operating companies in which the Group exercises significant influence. These are ASF (Autoroutes du Sud de la France), SMTPC (which operates the Prado-Carénage tunnel in Marseille under a concession), Lusoponte (bridges over the Tagus in Portugal), Severn River Crossing (bridges over the Severn River in the UK) and SETA (Mexican airports in the GACN consortium).

The key figures for these companies for 2004 are as follows (on a 100 % basis):

(in € millions)	SMTPC	Lusoponte	Severn River Crossing	SETA (GACN)
% held	*34.27%*	*30.85%*	*35.00%*	*37.25%*
Net sales	26.8	74.7	97.8	2.4
Group share	*8.4*	*23.1*	*34.2*	*0.9*
Gross operating surplus	20.6	64.5	—	1.8
Operating income	14.3	34.9	—	0.1
Operating income after net financial income / (expense)	9.6	(3.9)	—	(2.0)
Net income	6.5	5.1	—	2.5
Group share of net income / (loss)	**2.0**	**1.6**	—	**0.9**
Shareholders' equity at 31 December 2004	34.2	17.5	0.1	27.2
Group share of shareholders' equity	**11.7**	**5.4**	—	**10.1**
Net debt at 31 December 2004 (VINCI share)	(28.8)	(110.2)	(215.2)	(8.7)
Shareholder advances and interest-bearing loans	—	12.4	5.0	12.2
Value of equity accounted affiliates in parent company accounts	5.7	20.2	—	19.5
Market value of shares at 31 December 2004	34.2	—	—	—

VINCI has a 22.99% holding in ASF, accounted for by the equity method since 15 December 2004. For the period from 15 to 31 December 2004, ASF's net income was estimated at €20.2 million on the basis of the average consensus of financial analysts' expectations for 2004 earnings. ASF's shareholders' equity at 31 December 2004 is estimated at €3,466 million, giving a share of €797 million for VINCI. The figures adopted by VINCI are close to the actual figures published by ASF on 10 March 2005.

The carrying amount of these shares in the individual financial statements of VINCI Concessions amounts to €1,377.2 million, which should be compared with a market capitalisation of €1,964 million at 31 December 2004.

17. Other financial fixed assets

This item includes:

(in € millions)	31/12/2004	31/12/2003	31/12/2002
Deposits, guarantees and long-term receivables	134.3	98.9	104.7
Other net fixed asset securities	12.6	21.9	21.7
	146.9	**120.8**	**126.4**

Deposits, guarantees and long-term receivables includes in particular guarantee deposits made under concession agreements and loans to employees.
Other fixed asset securities comprises the Group's holding of Subordinated Convertible Notes issued by SMTPC, for €2 million at 31 December 2004 (€8.5 million at 31 December 2003).

18. Deferred charges

Deferred charges booked as fixed assets in the balance sheet mainly relate to bond issue costs and redemption premiums.

19. Working capital requirement

(in € millions)	31/12/2004	31/12/2003	31/12/2002	Change 2004/2003 Operating	Change 2004/2003 Other
Inventories and work in progress (net)	543.8	473.7	423.7	53.1	17.0
Trade and other operating receivables	7,992.7	7,579.6	7,431.8	123.3	289.8
Provisions against operating receivables	(438.5)	(429.0)	(433.5)	36.9	(46.4)
Inventories and operating receivables (I)	**8,098.0**	**7,624.3**	**7,422.0**	**213.3**	**260.5**
Trade and other operating payables (II)	**9,596.2**	**8,725.3**	**8,500.9**	**655.9**	**215.0**
Working capital requirement (I-II)	**(1,498.2)**	**(1,101.0)**	**(1,078.9)**	**(442.6)**	**45.4**

The improvement in the operating working capital requirement mainly relates to Eurovia and VINCI Construction.

The working capital requirement comprises operating receivables and payables that are generally due within one year.

20. Financial receivables

Financial receivables include in particular loans and advances to unconsolidated entities and accrued interest on interest rate swaps.

21. Marketable securities

Changes in marketable securities are as follows:

(in € millions)	31/12/2004	31/12/2003	31/12/2002
Treasury shares [1]	87.7	181.6	187.8
Other marketable securities	3,623.7	3,387.4	2,017.9
	3,711.4	**3,569.0**	**2,205.7**

[1] See Note A.4 Key events.

Other marketable securities consist mainly of negotiable debt instruments and cash instruments (mutual funds or SICAVs). In connection with its cash management, VINCI has moved a certain number of UCITSs and SICAVs (OEICs) into eight dedicated funds of which the carrying amount in the consolidated balance sheet was €681.1 million at 31 December 2004, very close to their market value, which was €682.1 million at that date.
VINCI considers that these funds meet the criteria set by the Conseil National de la Comptabilité (French accounting regulator) for them not to be separately consolidated, because:
– they do not undertake transactions on financial instruments issued by VINCI, either directly or indirectly;
– they only undertake financial investments that are not of a strategic nature for VINCI;
– VINCI receives no benefit and bears no risks other than those normally associated with investments in these funds; and
– the funds do not have borrowings or liabilities other than those related to their normal transactions.

22. Change in shareholders' equity

At 31 December 2004, capital stock consisted of 83,813,803 shares of €10 nominal value.

The increases in capital stock during the period, amounting to €259.6 million, correspond to the shares issued in connection with the exercise of subscription options (3,368,221 shares for €150.9 million) and with the group savings scheme (2,184,050 shares for €108.7 million).

Under its policy of cancelling out the dilutive effect of these transactions, the Board of Directors of VINCI decided to reduce the capital stock on four occasions during the period by cancelling a total of 5,533,500 of the Company's own shares held. This reduced shareholders' equity by €457.5 million, (comprising €55.3 million capital stock and €402.2 million other paid-in capital).
VINCI has also taken 488,000 own shares held but not allocated as a reduction of shareholders' equity, for €42.6 million.

23. Minority interest

In the last three financial years, movements in minority interest were as follows:

(in € millions)	31/12/2004	31/12/2003	31/12/2002
Value at the beginning of the year	**551.3**	**511.9**	**511.4**
Changes in consolidation scope	(10.5)	(7.7)	(30.7)
Issues of new shares subscribed to by third parties	1.4	0.2	2.2
Minority interest share in net income for the period	109.2	104.5	79.8
Dividends paid	(55.5)	(57.6)	(50.8)
Value at the end of the year	**595.8**	**551.3**	**511.9**

At 31 December 2004, minority interest in Cofiroute amounted to €413.6 million (against €368.1 million at 31 December 2003), representing 34.66% of the capital stock, and minority interest in CFE totalled €90.4 million (the same as at 31 December 2003) representing 54.62% of the capital stock.

24. Investment subsidies

This item consists of investment subsidies for infrastructure concession contracts, including, at 31 December 2004, €384.2 million for the Charilaos Trikoupis bridge in Greece, €140.3 million for Consortium Stade de France and €53.3 million for Cofiroute.

25. Provisions for employee benefits

Provisions for employee benefits amounted to €585.7 million at 31 December 2004 (against €543.2 million at 31 December 2003). These comprise provisions for retirement benefit obligations (lump-sums payable on retirement and supplementary pensions) for €539.1 million and provisions for other employee benefits for €46.6 million.

25.1 Provisions for retirement benefit obligations

VINCI's obligations in respect of supplementary retirement benefits under defined benefit plans fall into three categories:

- Obligations borne directly by VINCI or its subsidiaries, covered by provisions recognised in the consolidated balance sheet:
  - For French subsidiaries these are generally closed plans, such as Auxad (formerly Compagnie Générale d'Électricité), RTG (formerly Saint Gobain) or other in-house plans of which most of the beneficiaries are today retired.
  - For the German subsidiaries, there are three internal plans within the Group, including one so-called "direct promises" plan. The other two plans are now closed: the "Fürsorge" plan for former employees of G+H Montage, closed in 2001, and the Eurovia GmbH subsidiaries' plan, closed in 1999.
- Obligations under which assets are ring-fenced within insurance companies. These mainly relate to a policy taken out with Cardif of which certain current or retired Group executives are beneficiaries.
  In 2004, VINCI set up a new supplementary pension plan for Group executives who are not beneficiaries of that Cardif contract.
- Obligations borne through external pension funds. For the most part these relate to the UK subsidiaries (VINCI plc (Norwest Holst), Freyssinet UK, Ringway, and VINCI Energies UK) and CFE in Belgium.

The retirement benefit obligations that are covered by provisions mainly relate to France and Germany. For these two countries, the provisions are calculated on the basis of the following assumptions:

	2004	2003
Discount rate	4.75%	4.75%
Inflation rate	2.0%	2.0%
Rate of salary increases	2% – 3%	2% – 3%
Rate of pension increases	1.5% – 2.5%	1.5% – 2.5%
Probable average remaining working life of employees	10 – 15 years	10 – 15 years

For the other countries, actuarial assumptions are selected on the basis of current local conditions. They are adjusted to reflect interest rate and mortality trends. For the UK, the discounting and inflation rates used at 31 December 2004 were respectively 5.25% and 2.80%, and the return on plan assets assumed was 7%.

Retirement benefit obligations (before tax effects) break down as follows:

(in € millions)		31/12/2004	31/12/2003	31/12/2002
Commitments in France				
Lump-sums payable on retirement		215.7	153.6	124.8
Pensions and other retirement commitments		107.9	91.6	80.4
of which	*- staff in service*	*70.3*	*57.3*	*45.3*
	- retired	*37.6*	*34.3*	*35.0*
Total		**323.6**	**245.2**	**205.2**
of which	*- covered by provisions*	*198.1*	*167.1*	*161.3*
	- covered by insurance	*57.8*	*55.2*	*33.3*
Commitments outside France				
Pensions and other retirement commitments		706.5	630.5	561.7
of which	*- staff in service*	*381.8*	*318.1*	*277.4*
	- retired	*324.7*	*312.5*	*284.3*
Total		**706.5**	**630.5**	**561.7**
of which	*- covered by provisions*	*341.0*	*332.5*	*330.5*
	- covered by pension funds	*280.8*	*213.9*	*167.9*
Total commitments		**1,030.1**	**875.7**	**766.9**
of which	*- covered by provisions*	*539.1*	*499.6*	*491.8*
	- covered by insurance	*57.8*	*55.2*	*33.3*
	- covered by pension funds	*280.8*	*213.9*	*167.9*

Actuarial gains and losses (the difference between the present value of commitments, or plan assets, and the amounts recognised in the accounts) amounted to €119.4 million at 31 December 2004, of which €68.5 million related to UK pension funds. These actuarial gains and losses are amortised over the remaining working life of the employees involved, which is estimated 15 years on average.

Furthermore, following adoption of the "Fillon Act" in France, the collective bargaining agreement of executives in the public works sector was amended on 1 June 2004. The effect of this amendment was an increase in the Group's commitments in connection with lump-sums payable on retirement, for €46 million at 31 December 2004. The past service cost relating to this change is amortised over the average remaining working life of the employees, as from 1 June 2004.

Movements in provisions for retirement commitments over the last three years were as follows:

(in € millions)	31/12/2004	31/12/2003	31/12/2002
Value at the beginning of the year	**499.6**	**491.8**	**472.5**
Expense for the year	75.4	63.2	45.4
Contributions	(10.7)	(22.9)	(8.2)
Benefits paid	(29.9)	(21.9)	(25.6)
Changes in consolidation scope, translation differences and	4.7	(10.6)	7.8
Value at the end of the year	**539.1**	**499.6**	**491.8**

For the last three years, retirement costs (before tax effects) recognised under operating expenses break down as follows:

(in € millions)	2004	2003	2002
Cost of services rendered	(35.0)	(25.1)	(21.3)
Change in present value of obligation	(43.9)	(39.7)	(39.5)
Return on plan assets	19.8	13.9	17.4
Amortisation of actuarial gains and losses *(including amortisation of past service cost)*	(12.1)	(8.2)	(2.1)
Other	(4.3)	(4.1)	0.1
Net cost over the year (before tax effects)	**(75.4)**	**(63.2)**	**(45.4)**

25.2 Provisions for other employee benefits

Provisions have been taken in respect of long-service bonus or jubilee obligations since 1 January 2003. At 31 December 2004, this provision amounted to €46.5 million. These provisions mainly relate to France and Germany. They are calculated using the same assumptions as for retirement commitments (see above).

26. Provisions for liabilities

Movements in provisions for liabilities over the year were as follows:

(in € millions)	31/12/2003	Charges	Used	Other reversals	Changes in consolidation scope and miscellaneous	31/12/2004
After-sales service	230.6	91.6	(53.5)	(16.6)	1.7	253.8
Losses on completion and construction project liabilities	346.7	242.6	(227.5)	(27.9)	(13.5)	320.4
Major repairs	136.7	32.9	(50.8)	(2.2)	5.5	122.1
Disputes	265.0	116.7	(75.3)	(20.6)	11.7	297.5
Other operating liabilities	167.9	77.3	(62.1)	(5.2)	6.7	184.6
Operating liabilities	**1,146.9**	**561.1**	**(469.2)**	**(72.5)**	**12.1**	**1,178.4**
Financial liabilities	**95.7**	**38.6**	**(7.7)**	**(6.8)**	**(9.5)**	**110.3**
Restructuring	61.0	39.6	(33.5)	(5.8)	3.8	65.1
Other exceptional liabilities	315.7	177.8	(136.3)	(38.9)	15.2	333.5
Exceptional liabilities	**376.7**	**217.4**	**(169.8)**	**(44.7)**	**19.0**	**398.6**
	1,619.3	**817.1**	**(646.7)**	**(124.0)**	**21.6**	**1,687.3**

Other reversals mainly relates to favourable developments in several disputes.

Under "Other exceptional liabilities", provisions for disputes amounted to approximately €110 million at 31 December 2004. This amount includes in particular the impact of the disputes described in Note 34 "Litigation and arbitration".

27. Net debt

27.1 Analysis of net debt by nature

(in € millions)	31/12/2004	31/12/2003	31/12/2002
Subordinated debt with indefinite maturity	(10.8)	(10.1)	(15.6)
Bond issues	(4,693.1)	(4,781.7)	(4,126.6)
of which, convertible bond issues (Oceane)	*(1,017.8)*	*(1,017.8)*	*(1,017.8)*
Other long-term debt	(1,764.2)	(1,380.5)	(1,118.6)
Total long-term debt	**(6,468.0)**	**(6,172.3)**	**(5,260.8)**
Bank overdrafts and other short-term borrowings	(677.1)	(604.2)	(598.0)
Gross debt	**(7,145.1)**	**(6,776.5)**	**(5,858.8)**
Financial receivables	318.6	283.5	262.3
Marketable securities excluding treasury stock	3,623.7	3,387.4	2,017.9
Cash	830.4	658.2	898.0
Net financial debt	**(2,372.5)**	**(2,447.5)**	**(2,680.6)**
Treasury stock	87.7	181.6	187.8
Net financial debt after treasury stock	**(2,284.8)**	**(2,265.8)**	**(2,492.9)**

27.2 Detail of long-term debt

A. Bond issues

		Nominal outstanding at 31 December					Type of rate after hedging	
(in € millions)	Currency	2004	2003	2002	Maturity	Fixed annual rate [2]	% at fixed rate	% at floating rate
VINCI SA - Oceanes								
Oceane bond issue, July 2001	EUR	517.5	517.5	517.5	January 2007	1%	—	100%
Oceane bond issue, April 2002	EUR	500.3	500.3	500.3	January 2018	2%	15%	85%
VINCI SA - other bond issues								
Loan July 2002	EUR	1,000.0	1,000.0	850.0	July 2009	5.875%	20%	80%
Loan ex-GTM June 1998	EUR	137.2	137.2	137.2	June 2005	5.20%	—	100%
Cofiroute								
Bond March 1993	EUR	76.2	152.4	152.4	September 2005	8.20%	100%	—
Bond December 1995	EUR	243.9	243.9	243.9	December 2006	7.50%	100%	—
Bond July 1996	EUR	304.9	304.9	304.9	July 2007	6.80%	100%	—
Bond November 1997	EUR	350.6	350.6	350.6	November 2008	5.90%	100%	—
Bond November 1999	EUR	300.0	300.0	300.0	November 2009	6.00%	—	100%
Bond October 2001	EUR	300.0	300.0	300.0	October 2016	5.875%	—	100%
Bond April 2003	EUR	600.0	600.0	—	April 2018	5.25%	—	100%
Other	EUR	18.9	19.1	72.6				
Other concessions								
SCDI - 1998 [1]	CAD	98.4	100.0	98.4	September 2031	6.17%	100%	—
Autopista Del Bosque -2001	UF	175.3	175.8	175.9	March 2021	7.405%	100%	—
Other loans and accrued interest		69.9	80.1	122.9				
Total bond issues		**4,693.1**	**4,781.7**	**4,126.6**				

[1] VINCI's share (49.9% proportionate consolidation)
[2] Before management of interest rate risks

Issues of Oceane bonds (bonds convertible into and / or exchangeable for new and / or existing shares)
The details of the two VINCI Oceane bond issues are as follows:

	Oceane bond, July 2001	Oceane bond, April 2002
Amount	€517,500,000	€500,250,060
Number of bonds	5,750,000	5,558,334
Nominal	€90	€90
Maturity	1 January 2007	1 January 2018
Annual coupon	1%	2%
Gross yield to maturity	4.35%	3.875 %
Conversion date and rate	at any time; one share for one bond	at any time; one share for one bond
Redemption price at maturity	€108.12; premium 20.13%	€125.46; premium 39.4%
Early redemption at VINCI's discretion	possible from 1 January 2005, if the stock price exceeds 130% of the anticipated redemption price during 20 of 40 consecutive trading days, ensuring that bondholders receive the equivalent of the actuarial yield they would have received at maturity, i.e. 4.35%.	possible from 1 January 2006, if the stock price exceeds 125% of the anticipated redemption price during 20 of 40 consecutive trading days, ensuring that bondholders receive the equivalent of the actuarial yield they would have received at maturity, i.e. 3.875%.
Early redemption at holders' discretion	N/A	On 2 May 2006, 2 May 2010 and 2 May 2014 at the contractual redemption price
Bonds converted at 31/12/2004	—	—

B. Other long-term debt

Other long-term debt mainly comprises syndicated loans and loans granted by various financial establishments (in particular the European Investment Bank - EIB) as part of concession infrastructure projects.

Details of loans of a nominal amount greater than €50 million are as follows:

		Nominal outstanding at 31 December					Type of rate after hedging	
(in € millions)	Currency	2004	2003	2002	Maturity	Rate before hedging	% at fixed rate	% at floating rate
VINCI SA								
Syndicated loan April 2000: €107.0 million								
of which:	EUR	22.0	22.0	22.0	April 2005	floating	100%	—
	EUR	37.8	37.8	37.8	April 2005	6.20%	100%	—
	EUR	47.2	47.2	47.2	April 2005	floating	—	100%
Cofiroute								
EIB March 2002	EUR	75.0	75.0	75.0	March 2027	floating	—	100%
EIB December 2002	EUR	50.0	50.0	50.0	June 2027	floating	—	100%
EIB March 2003	EUR	75.0	75.0	—	March 2018	4.92%	—	100%
EIB December 2004	EUR	200.0	—	—	December 2019	floating	—	100%
Other concessions								
Gefyra - EIB 2001	EUR	370.0	320.0	220.0	December 2025 to June 2029	floating	—	100%
Stade de France – 1998 (1)	EUR	56.0	60.8	65.3	July 2013	5.28%	100%	—
Others (2) and accrued interest		831.2	692.8	601.3				
Total Other long-term debt		**1,764.2**	**1,380.5**	**1,118.6**				

(1) VINCI's share (66.67% proportionate consolidation)
(2) Individual amounts of less than €50 million. At 31 December 2004, this item includes debt relating to capital leases for €170 million in total and VINCI Park bank loans for €313 million in total.

C. Breakdown of long-term debt by currency

(in € millions)	31/12/2004		31/12/2003		31/12/2002	
Euro	5,990.3	92.6%	5,714.3	92.6%	4,758.6	90.5%
Chilean peso	192.5	3.0%	194.0	3.1%	186.4	3.5%
Sterling	113.1	1.7%	100.9	1.6%	86.6	1.6%
Canadian dollar	109.0	1.7%	115.0	1.9%	118.4	2.3%
US dollar	19.1	0.3%	25.3	0.4%	85.7	1.6%
Other	44.0	0.7%	22.8	0.4%	25.1	0.5%
Total	**6,468.0**	**100.0%**	**6,172.3**	**100.0%**	**5,260.8**	**100.0%**

The debt in Chilean pesos corresponds mainly to the bond issue by concession operator Autopista Del Bosque (€175 million at 31 December 2004). This loan is indexed to the local inflation rate. The cost of this indexation was €3.9 million in 2004.

27.3 Liquidity analysis

A. Financial debt by maturity

	31/12/2004				
(in € millions)	Concessions and services	Other business lines	Total	31/12/2003 Total	31/12/2002 Total
Short-term debt	**34.6**	**642.5**	**677.1**	**604.2**	**598.0**
Long-term debt	**3,796.7**	**2,671.3**	**6,468.0**	**6,172.3**	**5,260.8**
Maturing in less than one year	171.4	354.7	**526.1**	**303.5**	**217.7**
Maturing in more than 1 year and not after 2 years	305.8	36.9	**342.7**	**404.4**	**201.4**
Maturing in more than 2 years and not after 5 years	1,142.0	1,663.3	**2,805.3**	**1,611.0**	**1,622.6**
Maturing in more than 5 years and not after 10 years	294.1	61.6	**355.7**	**1,617.7**	**1,752.7**
Maturing in more than 10 years	1,881.2	531.1 (1)	**2,412.3** (1)	**2,161.9** (1)	**1,424.5** (1)
Indefinite maturities	2.2	23.7	**25.9**	**73.9**	**41.8**
Gross debt	**3,831.3**	**3,313.7**	**7,145.1**	**6,776.5**	**5,858.8**

(1) Includes €500.3 million relating to the Oceane 2018 bond, issued in April 2002, for which subscribers have an early redemption option exercisable in 2006, 2010 and 2014.

At 31 December 2004, the average maturity of the Group's long-term debt was 8.1 years, against 8.5 years at 31 December 2003. The average in the Concessions and services business line was 9.7 years.

At 31 December 2004, debt relating to capital leases amounted to €170 million, of which €40 million maturing within one year, €59 million in from one to five years and €71 million after five years.

B. Analysis of non-recourse borrowings

Of the Group's overall debt, subsidiaries' debt that can be considered as being without recourse against VINCI (or as being with limited recourse in the case of Autopista Del Bosque) amounts to a total of long-term debt outstanding at the end of 2004 of €3,539 million, which is 55% of the Group's long-term debt. Regarding concessions, debt without recourse or with limited recourse, amounting to €3,377 million, represents 89% of the Concessions and Services business line's long-term debt.

(in € millions)	Long-term debt 31/12/2004	31/12/2003
Cofiroute	**2,629.2**	**2,518.2**
Other concessions	**747.7**	**697.8**
Gefyra (Rion-Antirion bridge - Greece)	370.4	320.9
SCDI (Confederation bridge - Canada)	98.4	99.9
Consortium Stade de France	59.3	65.6
Morgan VINCI Ltd (Newport bypass - Wales)	44.3	35.6
Autopista Del Bosque (Chillán Collipulli motorway - Chile) (limited recourse)[1]	175.3	175.8
Subtotal Concessions	***3,376.9***	***3,216.0***
PFI companies in the UK	**36.8**	**29.6**
CFE (45.4%-owned Belgian construction subsidiary)	**125.6**	**147.7**
of which DEME (a dredging company subsidiary of CFE, indirectly owned by VINCI for 22.7%)	*80.1*	*111.3*
Total long-term debt without recourse or with limited recourse	**3,539.3**	**3,393.3**

[1] The possibility of a recourse against VINCI is limited in the following case: if a concession agreement is terminated before the end of its normal term as a result of a fault on the part of the operator, the shareholders undertake to repay the outstanding debt less the termination compensation paid by the concession granting body.

All the companies shown in the table above are less than 100%-owned by VINCI. They are financed autonomously without guarantees from VINCI and do not participate in the centralised "cash pooling" cash management arrangements described in paragraph D. below.

Furthermore, concessions for major infrastructure and Private Finance Initiative projects, under the British public-private partnership arrangements, use project finance allocated to specifically formed companies. The repayment of such finance, which is backed by the concession contracts, is ensured solely from the cash flows generated by the project.

Lastly CFE's debt is mainly within its 50%-owned dredging subsidiary DEME, which is thus 22.7% indirectly owned by VINCI. DEME's debt, which is without recourse against CFE, mainly relates to the financing of vessels.

C. Ratings

VINCI and Cofiroute are rated as follows:

	Agency	Rating Long term	Outlook	Short term
VINCI	Standard & Poor's	BBB+	Stable	A2
	Moody's	Baa1	Stable	P2
Cofiroute	Standard & Poor's	A+	Stable	A1

D. Cash surpluses

Net cash surpluses generated by the lead companies of business lines and by the main fully-owned operating subsidiaries are transferred to the holding company through a "cash pooling" system, and redistributed to the subsidiaries according to their needs. Cash surpluses are invested on, or funds are borrowed from, the market. This centralised management makes it possible to optimise the cost of resources and closely monitor cash levels generated by the various group entities.

Cash surpluses are managed so as to generate a return close to the money market rate, while avoiding risk to capital and maintaining low volatility. Cash surpluses are mainly invested in UCITS, "dedicated funds" (funds entrusted to external managers) and money market securities.

At 31 December 2004, cash surpluses invested in marketable securities amounted to €3,623.7 million in total. Of this, €2,718 million was managed by the holding company. The balance was made up of investments by French and foreign subsidiaries that do not have a cash management agreement with the holding company (of which €629 million was accounted for by Cofiroute).

E. Commercial paper issuance programmes and unused credit facilities

VINCI can issue €700 million in commercial paper to cover its short-term financing needs. The programme is rated A2 by Standard & Poor's and P2 by Moody's. At 31 December 2004, €17 million had been drawn.

Cofiroute has its own €300 million commercial paper programme, rated A1. This was not used at 31 December 2004.

VINCI's confirmed and unused facilities, for €1,151 million at 31 December 2004, are subject to the usual covenants applying to this type of finance, relating to the Group respecting certain ratios (the minimum amount of shareholders' equity, the ratio of net debt to gross operating surplus and of gross operating surplus to financial expenses). At 31 December 2004, all these ratios were complied with. There are however no conditions in connection with VINCI's ratings.

These lines were terminated at the beginning of 2005 following the implementation of a credit agreement relating to €1.5 billion over 5 years with an option for a further 2 years. This new line was afforded without financial covenants.

In order to contribute to the financing of its investment programme, Cofiroute obtained a revolving credit facility of €1 billion over 5 years, with an option for a further 2 years. The terms of this credit facility do not include conditions relating to financial ratios or the company's rating.

Under these various credit lines, commission is due in proportion to the amount of the unused facility.

The maturities of VINCI's and Cofiroute's credit lines were as follows at 31 December 2004:

		Maturity		
(in € millions)	**31/12/2004**	within 1 year	after 1 and within 2 years	after 2 and within 5 years
VINCI	**1,151**	713	58	380
Cofiroute	**1,165**	145	—	1,020

F. Risk of the existence of covenants resulting in early repayment of debt

As a general rule, contracts for bond or bank loans taken out by Group entities contain no conditions regarding financial ratios that would constitute grounds for demanding early repayment if not met or that could determine the applicable spreads. At 31 December 2004, the outstanding amounts due under contracts that are an exception to this rule amounted to €142 million, (against €185 million at 31 December 2003), and related to bank loans made to VINCI SA for an amount of €107 million, maturing in 2005, and to CFE, a 45% subsidiary of VINCI Construction, for the balance. At 31 December 2004, all the ratios relating to these loans were complied with.

Moreover, the Group's bond issues and bank loans contain no conditions regarding VINCI's, or the borrowing subsidiary's, rating that would constitute grounds for demanding early repayment if not met, or that could determine the applicable spreads.

28. Management of market risk

Operating divisions manage market risk within VINCI with the help of the holding company's specialised support functions, which are responsible for implementing and executing risk management. In the particular case of Cofiroute, a 65%-owned subsidiary that has its own resources, the respective finance departments co-ordinate their management policies.

To cover its exposure to market risks, the Group mainly uses derivatives, principally of a traditional nature of which the risks are well understood.

28.1 Interest rate risk

A. Breakdown of long-term debt between fixed and floating rate borrowing

Long-term debt can be broken down between fixed and floating rates, before and after the effects of hedging, as follows:

	31/12/2004			31/12/2003			31/12/2002		
(in € millions)	**Total due**	**%**	**Rate** (1)	**Total due**	**%**	**Rate** (1)	**Total due**	**%**	**Rate** (1)
Fixed rate	5,141.7	79%	5.53%	5,121.6	83%	5.66%	4,402.8	84%	5.63%
Floating rate	1,326.3	21%	2.64%	1,050.7	17%	3.06%	858.0	16%	3.65%
Total before hedging	**6,468.0**	**100%**	**4.94%**	**6,172.3**	**100%**	**5.22%**	**5,260.8**	**100%**	**5.30%**
Fixed rate	2,276.6	35%	6.11%	3,267.7	53%	5.86%	3,385.3	64%	5.79%
Floating rate	4,191.4	65%	2.92%	2,904.6	47%	2.96%	1,875.5	36%	3.10%
Total after hedging	**6,468.0**	**100%**	**4.04%**	**6,172.3**	**100%**	**4.50%**	**5,260.8**	**100%**	**4.83%**

(1) Weighted average interest rates at 31 December

VINCI has relied mainly on bond markets for the long-term financing of its concession operations. In consequence, a majority of its long-term debt (79% at 31 December 2004) was at fixed rates before hedging.

By increasing the proportion of borrowing at floating rates after hedging to 65% against 47% at the end of 2003, VINCI has been able to benefit from the fall in interest rates in 2004. It was thus also possible to reduce the instantaneous rate of borrowing at 31 December 2004 from 4.94% before hedging to 4.04% after hedging.

B. Detail of interest rate derivatives

The various interest rate hedging transactions were as follows, ignoring any offsetting of symmetrical risks:

(in € millions)	31/12/2004				31/12/2003
Notional amounts	**Total**	**within 1 year**	**after 1 and within 5 years**	**> 5 years**	**Total**
FRA (Future Rate Agreement) - purchases	**225.0**	225.0	—	—	—
Swaps of floating borrowing rates and fixed or variable lending rates	**4,714.6**	158.0	3,576.1	980.5	**3,474.9**
Swaps of fixed borrowing rates and fixed or variable lending rates	**1,039.7**	139.7	842.9	57.1	**2,640.3**
Firm financial instruments	**5,979.3**	**522.7**	**4,418.9**	**1,037.6**	**6,115.2**
Caps - purchases	**623.0**	250.5	289.8	82.7	**341.5**
Floors – purchases/sales	**—**	—	—	—	**125.0**
Collars – purchases	**—**	—	—	—	**28.7**
Other options	**1.6**	1.6	—	—	—
Option financial instruments	**624.6**	**252.1**	**289.8**	**82.7**	**495.2**

C. Sensitivity of financial expenses to interest rate trends

At 31 December 2004, the Group's floating rate borrowings amounted to €4.87 billion after hedging and can be broken down as follows:

(in € millions)	**31/12/2004**
Long-term floating rate borrowing after hedging	4,191.4
Bank overdrafts and other short-term borrowings	677.1
Total floating rate borrowing after hedging	**4,868.5**

Based on this position, a 1% increase in interest rates would generate extra financial expenses of €48.7 million. It should however be noted that such an increase in interest rates would conversely also result in comparable greater income from the Group's cash surpluses, which amounted to €4,772.6 million at 31 December 2004.

28.2 Currency risk

A. Nature of the Group's risk exposure

Approximately 80% of VINCI's activities in international markets are through subsidiaries in the euro zone. Consequently, VINCI's exposure to currency risk on commercial transactions is limited.

Transactions outside the euro zone are generally in the local currency for permanent establishments and in a strong currency in the case of major export projects.

VINCI can also find itself exposed to currency risk when, on a one-off basis, financing is provided by the parent company to certain foreign subsidiaries.

B. Detail of currency exposure

VINCI's currency exposure management policy concentrates on the management of the exchange risk connected with subsidiaries' ordinary operations (transaction exposure). These risks are monitored through a foreign exchange position detailing cash flows and maturity dates. However VINCI does not have a policy for systematically hedging currency risks related to foreign investments (translation exposure).
The table below shows the transaction exposure of VINCI and its main subsidiaries to currency risks, except for the Belgian subsidiary DEME which is 50%-owned by CFE, which is a 45%-subsidiary of VINCI Construction.

(in € millions)	**USD**	**Other currencies linked to the USD**	**GBP**	**Other currencies**	**Total**
Exposure before hedging [(1)]	**92.9**	**45.3**	**68.4**	**(44.3)**	**162.3**
Hedges	(111.6)	(4.1)	(25.7)	32.3	**(109.1)**
Net currency position	**(18.7)**	**41.2**	**42.8**	**(12.0)**	**53.2**

[(1)] Actual positions in foreign currency + forecast future flows related to firm commitments

C. Detail of exchange rate derivatives

Transactions to hedge currency risk are designed to cover commercial and financial transactions and break down as follows:

(in € millions)	**31/12/2004**				**31/12/2003**			
Notional amounts	**Total**	**USD**	**GBP**	**Other currencies**	**Total**	**USD**	**GBP**	**Other currencies**
Forward purchases	**14.1**	4.7	0.6	8.8	**6.0**	4.9	—	1.2
Forward sales	**58.6**	40.5	1.3	16.8	**143.5**	20.3	88.3	34.8
Total forward contracts	**72.8**	**45.2**	**2.0**	**25.7**	**149.5**	**25.2**	**88.3**	**36.0**
Currency swaps to receive	—	—	—	—	—	—	—	—
Currency swaps to deliver	**63.1**	40.3	8.3	14.5	**46.5**	39.3	—	7.2
Total currency swaps	**63.1**	**40.3**	**8.3**	**14.5**	**46.5**	**39.3**	**—**	**7.2**
Currency options	**236.3**	**108.9**	**2.2**	**125.2**	**74.3**	**8.4**	**14.6**	**51.3**

28.3 Equity securities risk

At 31 December 2004, the only shares in listed companies held by the Group were those in BCIA (Beijing airport) of which the carrying amount at that date was €38.8 million and the market valuation was €40.7 million.

In order to hedge against a rise in the price of the ASF share, and in the context of a possible future increase in its holding, on 2 September 2003 VINCI entered into an equity swap with the ASF as the underlying on a notional amount of €260 million expiring on 2 March 2006. This swap was terminated between 10 November and 31 December 2004, bringing the notional amount of the swap to zero. This early termination resulted in a pre-tax gain of €95 million.

At 31 December 2004, VINCI held 2,359,353 of its own shares, of which 1,871,353 were allocated to cover share purchase options, the remaining 488,000 own shares being taken as a reduction of shareholders' equity. A 10% decrease in the price of the VINCI share from the closing price at 31 December 2004 would have no impact on the Group's earnings, given the value of these shares in the balance sheet which was much lower than the market price at that date.

28.4 Counterparty risk

The Group's cash surpluses invested in marketable securities amounted to €3,623.7 million at 31 December 2004. Of this, the amount managed directly by the holding company amounted to €2,718 million. The Group's policy is to invest its cash surpluses in monetary instruments negotiated exclusively with leading counterparties and previously authorised by the financial departments of the entities involved. This policy also applies to off balance sheet derivatives.

VINCI's policy is to diversify counterparties (banks and financial institutions) so as to avoid a concentration of risk. To do this, VINCI controls credit risk associated with financial instruments by setting investment limits based on counterparty ratings.

29. Market value of financial instruments

29.1 Market value

At 31 December 2004, VINCI held the following instruments with the estimated market values shown:

	31/12/2004	
(in € millions)	**Balance sheet value**	**Market value [1]**
Assets		
Shares in listed subsidiaries and affiliates (BCIA)	38.8	40.7
Investments in unlisted subsidiaries and affiliates	141.2	141.2
Investments in subsidiaries and affiliates (I)	***180.0***	***181.9***
Securities held for trading (SICAVs, negotiable debt instruments, etc.)	3,623.7	3,626.7
Treasury shares	87.7	87.7
Marketable securities (II)	***3,711.4***	***3,714.4***
Total securities portfolio (I)+(II)	**3,891.4**	**3,896.3**
Financial receivables	**318.6**	**318.6**
Cash	**830.4**	**830.4**
Total assets	**5,040.3**	**5,045.2**
Liabilities		
Subordinated debt of indefinite maturity	10.8	10.8
Bond issues	4,693.1	5,166.4
Other long-term debt	1,764.2	1,781.0
Long-term debt	**6,468.0**	**6,958.1**
Bank overdrafts and other short-term borrowings	**677.1**	**677.1**
Total liabilities	**7,145.1**	**7,635.2**

	Balance sheet value [2]	**Market value [1] [2]**
Off balance sheet		
Interest rate swaps and forward rate agreements	99.3	253.9
Interest rate options (caps, floors and collars)	0.2	2.5
Currency forward contracts	—	4.7
Currency swaps	—	9.3
Currency options	—	16.0
Total off balance sheet	**99.5**	**286.5**

[1] Including accrued interest not yet due
[2] Asset: (+) ; Liability: (-)

29.2 Valuation assumptions and methods

Estimated market value is based either on valuation information supplied by bank counterparties or on information available on financial markets, using specific valuation methods appropriate for the instrument concerned. However, the methods and assumptions used are by their nature theoretical. Other assumptions and/or valuation methods could yield very different results.

Market values have been determined on the basis of prices quoted on financial markets on 31 December 2004.

The main valuation assumptions and methods are as follows:

Equity investments and marketable securities

The market value of listed equity investments and marketable securities (excluding treasury shares) has been determined on the basis of the closing prices on 31 December 2004. The market value of treasury shares is equal to the exercise price of the stock purchase options to which they are allocated. The market value of unlisted equity investments has been estimated at the value in use represented by their book value.

Financial receivables

The market value is the same as the nominal value.

Cash and cash equivalents

The value recorded in the balance sheet is considered equivalent to market value, given their short-term and liquid nature.

Bonds and other financial debt

The market value of listed loans is the quoted price of the bond at the year-end date. The market value of unlisted bonds and fixed rate debt is based on discounted future flows, using the interest rates at 31 December 2004, taking account of credit risk. The market value of floating rate debt is the same as its nominal value. The market value of short-term debt and individual items of debt of less than €1 million at 31 December 2004 is represented by book value.

Interest rate and foreign currency hedging instruments

The market value of interest rate and foreign exchange financial instruments has been estimated on the basis of valuations provided by banking counterparties or derived from financial models commonly used on financial markets, on the basis of market data at 31 December 2004.

30. Transactions with related parties

Transactions with related parties are mainly transactions with the equity accounted affiliates described in Note 16.

31. Off balance sheet commitments, maturity of contractual obligations and other commitments

VINCI has defined and implemented procedures to list off balance sheet commitments and identify their nature and purpose. As part of these procedures, consolidated subsidiaries provide VINCI with information on the following commitments:

- commitments given (other than operating leases and purchase and capital investment commitments) comprising:
  - personal sureties (securities, guarantees and other);
  - collateral security (mortgages, pledges and other securities);
  - joint and several guarantees covering unconsolidated partnerships;
  - other commitments.
- operating leases and purchase and capital investment commitments.

The commitments described in this Note include all the off balance sheet commitments identified by the Group with the exception of the commitments on financial instruments described in Note 28 and actuarial gains and losses relating to retirement benefit obligations described in Note 25.

31.1 Commitments given (excluding operating leases and purchase and capital investment commitments)

These break down as follows:

(in € millions)	31/12/2004	31/12/2003	31/12/2002
Personal sureties	4,624.6	4,179.7	4,133.4
Collateral security	907.9	783.6	606.2
Joint and several guarantees covering unconsolidated partnerships	129.8	262.5	95.2
Other commitments	44.5	120.1	146.8
	5,706.8	**5,345.9**	**4,981.6**

Breakdown of commitments made by business line at 31 December 2004

(in € millions)	Personal sureties	Collateral security	Joint and several guarantees of partnerships	Other commitments	Total
Concessions and services	87.2	722.7	—	8.6	**818.5**
Energy	328.4	3.7	1.0	3.3	**336.4**
Roads	1,098.3	13.3	115.8	9.4	**1,236.8**
Construction	2,469.0	158.4	13.0	18.5	**2,658.9**
Property and holding companies	641.7	9.8	—	4.7	**656.2**
	4,624.6	**907.9**	**129.8**	**44.5**	**5,706.8**

Personal sureties (securities, guarantees and other)

These break down as follows:

(in € millions)	31/12/2004	31/12/2003
Performance guarantees	1,682.2	1,461.2
Performance bonds	529.0	597.3
Retentions	1,411.7	1,251.2
Deferred payments to subcontractors	603.4	483.8
Deferred payments to suppliers	35.5	8.8
Bid bonds	57.5	51.9
Bank overdrafts	15.3	6.2
Other	290.0	319.3
Total personal sureties	**4,624.6**	**4,179.7**

Personal guarantees given are mainly issued to guarantee construction work in progress. Whenever events such as late completion or disputes concerning the execution of a contract make it likely that a liability covered by a guarantee will materialise, a provision is taken in respect of that liability.

In general, any risk of loss in connection with performance under a commitment given by VINCI or its subsidiaries results in a provision being recognised in the Group's financial statements, under the rules in force. VINCI therefore considers that these commitments are unlikely to have a significant impact on Group assets.

It should also be remembered that, opposite the commitments given, the Group has an order book of firm orders accepted by customers which are thus under a contractual obligation to pay for work as it is carried out.

VINCI also grants two-year and ten-year warranties in its normal course of business. These warranties are covered by provisions that are estimated on a statistical basis having regard to past experience or on an individual basis in the case of any major problems identified. These commitments are therefore not included in the above table.

Collateral security (mortgages and collateral pledged in exchange for finance)

Charges on property guaranteeing finance obtained amount to €896.4 million, of which €711.1 million relating to infrastructure concession companies and €70.9 million for CFE's dredging activities (DEME).

Mortgages and pledges by the Concession and services business line break down as follows:

(in € millions)	**Start date**	**End date**	**Amount**
Gefyra (Rion-Antirion bridge - Greece)	April 2001	December 2004	358.5
Autopista Del Bosque (Chillán-Collipulli motorway - Chile)	March 2001	April 2021	180.2
SCDI (Confederation Bridge - Canada)	June 1998	September 2031	98.4
Morgan VINCI Ltd (Newport bypass - Wales)	March 2002	March 2042	44.3
Other			29.7
			711.1

Joint and several guarantees covering unconsolidated partnerships (SNCs, Economic Interest Groupings, etc.)

Part of VINCI's business in the Construction and Roads business lines is conducted through joint venture entities, in line with industry practice. In partnerships, partners are jointly and severally liable for debts to third parties, without limit. In order to contain their risks, the Group usually makes a study of its partners' solvency when partnerships are entered into, which may result in the setting up of crossed counter guarantees between partners.

Whenever VINCI becomes aware of a risk in connection with a partnership's activities, a provision is recorded in the partnership accounts if the entity is consolidated or in the parent company accounts if the entity is not consolidated.

The amount recorded under off balance sheet commitments corresponds to 100% of the partnership's liabilities, less the equity and financial debts (loans and current accounts) in the names of the partners.

However, given in particular the quality of its partners, the Group considers that the risk of its guarantee being invoked in respect of these commitments is slight.

Other commitments

These include all commitments other than those described above, such as return to financial health clauses and guarantees in respect of liabilities as part of business divestments.

31.2 Operating leases and purchase and capital investment commitments

		Payments due by period		
(in € millions)	**Total**	**within 1 year**	**after 1 and within 5 years**	**after 5 years**
Purchase and capital investment obligations	3,077.5	826.2	2,184.7	66.6
Operating leases	447.4	149.9	216.3	81.2
Total	**3,524.9**	**976.1**	**2,401.0**	**147.8**

Under concession contracts, certain Group entities have entered into commitments to build infrastructure assets in order to operate them. These commitments mainly relate to Cofiroute, for €2,887 million over the next five years, including €1,701 million for the intercity network and €1,186 million for the A86. This amount takes account of the commitments entered into under the amendment signed between the French government and Cofiroute on 4 May 2004 (see Note A.2 Key events).

The other purchase commitments relate to the property subsidiary Sorif, with promises to buy in respect of DBS (redevelopment of land on the former Renault factory site at Boulogne Billancourt) and Docks Vauban (redevelopment of Le Havre town centre).

Operating lease commitments amounted to €447.4 million at 31 December 2004 (against €409.7 million at 31 December 2003); of this, €229.9 million was for property (against €293.8 million at 31 December 2003) and €147.5 million for movable items (against €115.9 million at 31 December 2003).

31.3 Commitments received

The commitments received by the Group break down as follows:

(in € millions)	**31/12/2004**	**31/12/2003**
Personal sureties	702.2	494.9
Collateral security	6.0	8.4
Other commitments	37.4	46.2
	745.6	**549.5**

Breakdown of commitments received by business line at 31 December 2004

(in € millions)	**Personal sureties**	**Collateral security**	**Other commitments**	**Total**
Concessions and services	17.3	—	15.0	32.3
Energy	41.9	—	0.1	42.0
Roads	186.4	0.9	0.9	188.2
Construction	455.7	5.1	21.4	482.2
Property and holding companies	0.9	—	—	0.9
	702.2	**6.0**	**37.4**	**745.6**

32. Number of employees

At the balance sheet date the number of employees of the consolidated companies breaks down as follows:

	2004	**2003**	**2002**
Engineers and managers	16,242	15,433	15,278
Monthly and hourly paid staff	112,191	112,080	112,102
	128,433	**127,513**	**127,380**

Employees of companies that are under joint control (mainly partnerships) are counted in proportion to the percentage shareholding.

33. Remuneration paid in 2004 to members of governing and management bodies

(in €)	**Remuneration** [1]
Executive committee	6,931,491
Board of Directors [2]	443,050

[1] Gross remuneration (fixed and variable) and Directors' fees
[2] Excluding Antoine Zacharias, Bernard Huvelin, Xavier Huillard and Roger Martin, who are members of the Executive Committee

34. Litigation and arbitration

To the Company's knowledge, there is no exceptional event or litigation likely to affect substantially the business, financial performance, net assets or financial situation of the Group or the Company. Provisions have been taken that the Company considers sufficient in respect of the cases described below, where necessary.

- On 23 May 2004, part of the shell structure over the passageway of Roissy airport's 2E terminal collapsed. The structure had been built for Aéroports de Paris, which acted in the project as principal, architect and main contractor. The construction work on terminal 2E was carried out under multiple separate contracts by numerous different companies. The shells (roof) were constructed by a consortium of companies comprising several VINCI subsidiaries. The incident is currently subject to a criminal investigation and court-ordered expert appraisal to establish the reasons for the collapse. The financial implications of the incident, in terms of, on the one hand, reconstruction costs and, on the other hand, damage caused, and the terms under which financial liability will be allocated to the various parties involved, have yet to be determined. Nevertheless, the Company considers that this incident will not have a material adverse effect on its financial situation.

- Cofiroute has a 10% share in the Toll Collect consortium, of which Deutsche Telekom and DaimlerChrysler Services are also members. This consortium holds a contract to develop and operate a system for automated collection of tolls from heavy goods vehicles on the German motorway network. Development of the system has proven more complicated and taken longer than expected. Development costs were therefore higher than expected and the German government has been forced to postpone toll collection for several months. The German government has made various claims against the consortium for a total of around €4.5 billion, in particular for payment of late delivery penalties and lost income. The consortium disputes the grounds for the claims. In view of the contractual provisions applicable within the consortium, which limit Cofiroute's financial exposure for this project to €70 million, VINCI does not expect the project to have a material impact on its financial situation, provisions deemed satisfactory by VINCI having been recognised in Cofiroute's accounts.

- On 28 December 1998, the Grenoble Administrative Court ordered VINCI, jointly and severally with Italimprese Industrie, an Italian company now in liquidation, to pay Nersa the sum of FRF 96 million (€14.6 million) in compensation for the damage caused by the collapse of the roof of a building belonging to Nersa. EDF, implicated by VINCI, was ordered to guarantee VINCI for 40% of the consequences of this event, which reduced VINCI's liability to €13.6 million in principal and interest. This sum has been settled almost entirely by VINCI's insurers. Following an appeal lodged by VINCI, the Lyon Administrative Appeal Court pronounced judgement on 16 December 2004, quashing the ruling of 28 December 1998 and ordering a new expert appraisal. The Company considers that this dispute will not have a material adverse effect on its financial situation.

- In 1997, SNCF lodged multiple claims with the Paris Administrative Court against a large number of construction and civil engineering companies, of which several belong to the VINCI Group, with a view to obtaining financial compensation for the damage it claims to have suffered between 1987 and 1990 during the award of contracts for the construction of the TGV Nord and Rhône-Alpes lines (and their interconnection). This claim was the consequence of the finding by the competition authority against the enterprises concerned in 1995, which the Paris Appeal Court upheld overall (making a second ruling after its 1997 decision was overturned). The Paris Administrative Court ruled on 15 December 1998 that the findings of the competition authority regarding the enterprises' anti-competitive practices entitled SNCF to claim that its consent was impaired with respect to the contracts which are the subject of two of the petitions and the Court ordered an appraisal to establish the impact of such practices. On 22 April 2004, the Paris Court of Appeal delivered judgements confirming this ruling. Following this ruling, the Paris Administrative Court decided to resume consideration of all other proceedings on which it had not yet pronounced judgement. The total amount sought from consortiums in which VINCI companies have holdings amounts to €193 million, half of which corresponds to financial expenses. VINCI considers that SNCF did not suffer financial prejudice on the award of these tenders to its subsidiaries given that each tender was subject to detailed negotiation by SNCF, which is a highly experienced and qualified project owner. VINCI considers that these disputes will not have a material adverse effect on its financial situation.

- A dispute between VINCI and the US company Global Industries was taken to the Paris Commercial Court, regarding the consequences of the failure of the sale of ETPM by GTM to Global Industries, each party claiming compensation from the other for damages resulting from the breakdown of their discussions. On 19 November 2003, the Court ordered Global Industries to pay compensation to VINCI of US$25 million plus interest for the period from 25 November 1999 together with an amount covering any exchange loss arising from fluctuations in the euro/dollar exchange rate. Global Industries has lodged an appeal against the ruling and, despite a provisional enforcement order, has failed to comply with the ruling. In consequence, VINCI considers that this dispute will not have an adverse impact on its financial situation.

- In a dispute between VINCI and Bouygues Bâtiment, as co-shareholders of Consortium Stade de France (CSDF), Bouygues Bâtiment claimed the right to acquire, at their nominal value of €4.95 million, half of the shares in CSDF previously held by GTM, with a view to obtaining a 50% share in the company's equity (GTM held a third of the equity and was acquired by VINCI following a merger between the two companies on 19 December 2000). In its ruling on 14 September 2002, the Paris Commercial Court found in favour of Bouygues Bâtiment and ordered that ownership of the shares in question be transferred from VINCI to Bouygues Bâtiment but that an expert appraisal be undertaken to enable the court to determine the disposal price. The expert's report submitted at the end of December 2003 valued the company at between €80 and €100 million and attributed a median value of €92 million. VINCI lodged an appeal against this ruling of the Paris Commercial Court and the Paris Appeal Court, in its judgement on 21 January 2005, quashed the ruling, dismissing the ownership transfer claim submitted by Bouygues Bâtiment and confirming VINCI's right to retain ownership of two thirds of CSDF's equity. However, the Court considered that VINCI should have offered Bouygues Bâtiment the opportunity to acquire the disputed shares at the time of the merger between VINCI and GTM and ordered VINCI to compensate Bouygues Bâtiment for the damage suffered in this respect. The Court valued the damage at €4.2 million. This ruling may be challenged before the Court of Cassation. A provision has been made in the 2004 VINCI financial statements for the financial impact of this judgement.

- Sogea Nord Ouest, a subsidiary of Sogea Construction, was ordered on 10 October 2000 by the Lyon Commercial Court to pay €9 million to HIL, a principal, in respect of penalties for late delivery due to delays in delivering a hotel building because of a fire caused by a sub-contractor. Sogea Nord Ouest appealed against this ruling and on 15 January 2004, in a final ruling, the Lyon Appeal Court reduced the sum due by Sogea Nord Ouest to €3 million. Sogea Nord Ouest will also sue the sub-contractors responsible and insurers.

- CBC has been brought before the Mexican courts in several cases. One of the shareholders of Prodipe Inc. and a Mexican state organisation allege that CBC did not fulfil the terms of its contract concerning a tourist site development in Baja California, the financing of which was guaranteed for US$7.2 million by Coface, which was in turn counter-guaranteed by the Mexican state organisation in question. Given the current state of affairs, VINCI does not expect this dispute to have a material impact on its financial situation.

- CBC built a hotel in Bratislava (Slovakia) for Intertour, part of whose equity it held. This transaction was financed through promissory notes issued by Intertour and discounted on a non-recourse basis by CBC with a French bank, which had counter-guarantees from foreign financial institutions. Following the payment default by Intertour, these financial organisations initiated various legal proceedings, including one before the Paris Commercial Court, where CBC was charged with guaranteeing the principal amount of €41 million. This case was withdrawn in 2004 following a settlement between the claimants and the French bank. CBC was also sued in December 2003 in the Paris Commercial Court by the same French bank, which is claiming €24 million on the basis of alleged responsibility in connection with the invalidity of the guarantees issued by the foreign financial institutions in the French bank's favour. Given the current state of affairs, VINCI does not expect this dispute to have a material impact on its financial situation.

- Lastly, several VINCI Group companies are being investigated under competition law, and certain employees of VINCI Group subsidiaries are subject, on a personal basis, to judicial enquiry procedures that aim to determine whether they have participated in practices restricting competition or made inappropriate use of corporate assets for the direct or indirect benefit of political figures or parties. VINCI does not expect these procedures to have a material negative impact on its financial situation in the event of an unfavourable outcome.

Main consolidated companies at 31 December 2004

	Consolidation method	VINCI Group holding
1. Concessions and services		
Cofiroute	FC	65.34
Cofiroute Participations	FC	65.34
Cofiroute Corporation (USA)	FC	65.34
Cofiroute UK (UK)	FC	65.34
Toll Management Company (UK)	FC	74.00
Autoroutes du Sud de la France (ASF)	EM	22.99
VINCI Park	FC	100.00
Sogeparc France	FC	99.99
Sogeparc CGST	FC	100.00
Sepadef (Société d'exploitation des parcs de La Défense)	FC	100.00
VINCI Park Services Ltd (UK)	FC	100.00
VINCI Park España (Spain)	FC	100.00
VINCI Park Belgium (Belgium)	FC	100.00
Gestipark (Canada)	FC	84.25
Zeson Management Ltd (Hong Kong)	FC	100.00
Other Concessions		
Stade de France	PC	66.67
SMTPC (Prado-Carénage tunnel)	EM	34.27
Lusoponte (Bridges over the Tagus river, Portugal)	EM	30.85
Severn River Crossing (Bridges over the River Severn, UK)	EM	35.00
Strait Crossing Development Inc (Confederation Bridge, Canada)	PC	49.90
Gefyra (Rion-Antirion bridge, Greece)	FC	53.00
Autopista Del Bosque (Chillán-Collipulli motorway, Chile)	FC	82.95
Operadora Autopista Del Bosque (Chile)	FC	86.14
Morgan VINCI Ltd (Newport bypass, Wales, UK)	PC	50.00
Société Concessionnaire de l'Aéroport de Pochentong - SCA (Cambodia)	PC	70.00
Servicios de Tecnologia Aeroportuaria - SETA (Mexico)	EM	37.25
VINCI Airport Services		
VINCI Airports US (WFS)	FC	100.00
SPA TRANS	FC	100.00
EFS (formerly SEN)	FC	100.00
VINCI Airport Services	FC	100.00
VINCI Services Aéroportuaires	FC	100.00
VINCI Concessions holding companies		
VINCI Concessions SA	FC	100.00
VINCI Infrastructures	FC	100.00
VINCI Airports	FC	100.00

FC: full consolidation; PC: proportionate consolidation; EM: equity method

	Consolidation method	VINCI Group holding
2. Energy		
VINCI Energies	FC	100.00
SDEL Tertiaire	FC	100.00
Garczynski Traploir	FC	100.00
Santerne Exploitation	FC	100.00
VINCI Energies Ile de France	FC	100.00
Tunzini	FC	100.00
Tunzini Protection Incendie	FC	100.00
Fournié Grospaud	FC	100.00
Graniou Ile de France	FC	100.00
Lefort Francheteau	FC	100.00
Saga Entreprises	FC	100.00
Phibor Entreprises	FC	100.00
TMS (Austria)	FC	100.00
VINCI Energies Deutschland and subsidiaries (Controlmatic, G+H Isolierung, Calanbau)	FC	100.00
Spark Iberica (Spain)	FC	80.00
Emil Lundgren (Sweden)	FC	100.00
VINCI Energies UK (UK)	FC	100.00
3. Roads		
Eurovia	FC	100.00
Eurovia Champagne-Ardenne	FC	100.00
Eurovia Lorraine	FC	100.00
Eurovia Méditerranée	FC	100.00
Eurovia Ile de France	FC	100.00
Eurovia Bretagne	FC	100.00
EJL Ile de France	FC	100.00
Eurovia Alpes	FC	100.00
Eurovia Haute Normandie	FC	100.00
Eurovia Basse Normandie	FC	100.00
Eurovia Centre Loire	FC	100.00
Eurovia Atlantique	FC	100.00
Ringway Ltd (UK)	FC	95.99
Highway Services (UK)	FC	59.80
Hubbard (USA)	FC	100.00
Blythe (USA)	FC	100.00
SSZ (Czech Republic)	FC	92.06
Probisa Technologia y Construccion (Spain)	FC	91.25
Construction DJL (Canada)	FC	95.80
Bitumix (Chile)	FC	50.10
Boucher (Belgium)	FC	100.00
Cestne Stavby Kosice (Slovakia)	FC	96.65
Eurovia Polska Spolka Akcyjna (Poland)	FC	99.90
Eurovia GmbH and its subsidiaries (Teerbau, VBU) (Germany)	FC	100.00
Eurovia Beton (Germany)	FC	100.00

FC: full consolidation; PC: proportionate consolidation; EM: equity method

	Consolidation method	VINCI Group holding

4. Construction

Sogea Construction	FC	100.00
SICRA	FC	100.00
Campenon Bernard Construction	FC	100.00
Bateg	FC	100.00
Sogea Nord-Ouest	FC	100.00
Campenon Bernard Méditerranée	FC	100.00
Sogea Nord	FC	100.00
EMCC	FC	100.00
Deschiron	FC	100.00
Energilec	FC	100.00
VINCI Environnement	FC	100.00
GTM Construction	FC	100.00
GTM Génie Civil et Services	FC	100.00
GTM Bâtiment	FC	100.00
Dumez Île-de-France	FC	100.00
Chantiers Modernes	FC	100.00
Les Travaux du Midi	FC	100.00
Lainé Delau	FC	100.00
GTM Terrassement	FC	100.00
Dumez Méditerranée	FC	100.00
Petit	FC	100.00
Dumez EPS	FC	100.00
Scao	PC	33.33
VINCI Construction Filiales Internationales		
Sogea-Satom	FC	100.00
Warbud (Poland)	FC	73.25 (1)
SBTPC (Reunion)	FC	100.00
Hidepitö (Hungary)	FC	97.69
SMP Construction (Czech Republic)	FC	95.95
First Czech Construction Company (Czech Republic)	FC	100.00
Dumez-GTM Calédonie	FC	100.00
Sobea Gabon (Gabon)	FC	90.00
Sogea Martinique	FC	100.00
Brüggemann (Germany)	FC	100.00
SKE (Germany)	FC	100.00
VINCI Bautec (Germany)	FC	100.00
VINCI Construction UK		
VINCI plc	FC	100.00
Rosser and Russell	FC	100.00
Crispin and Borst	FC	100.00
VINCI Investment	FC	100.00

FC: full consolidation; PC: proportionate consolidation; EM: equity method
(1) This holding was increased to 99.62% in the first quarter of 2005.

	Consolidation method	VINCI Group holding
Compagnie d'Entreprises CFE (Belgium)	FC	45.38
CFE (branches: Bageci, MBG, CFE Brabant, CFE Immobilier)	FC	45.38
Dredging Environmental and Marine Engineering - DEME	PC	22.68
VINCI Construction Grands Projets	FC	100.00
Socaso	FC	100.00
Socatop	PC	66.67
Janin Atlas (Canada)	FC	100.00
Freyssinet	FC	100.00
Freyssinet France	FC	100.00
Terre Armée Internationale	FC	100.00
The Reinforced Earth Company - RECO (USA)	FC	100.00
Ménard Soltraitement	FC	100.00
Freyssinet International et C^{ie}	FC	100.00
Immer Property (Australia)	FC	70.00
Freyssinet Korea (Korea)	FC	90.00
Freyssinet Hong Kong (Hong Kong)	FC	100.00

5. Property

Sorif	FC	100.00
Elige	FC	100.00

FC: full consolidation; PC: proportionate consolidation; EM: equity method

Report of the Statutory Auditors on the consolidated financial statements

Year ended 31 Decembre 2004

To the Shareholders,

In accordance with our appointment as auditors by your Shareholders General Meeting, we have audited the accompanying consolidated financial statements of VINCI for the year ended 31 December 2004.

The Board of Directors is responsible for the preparation of the consolidated financial statements. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the consolidated financial statements

We have conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in these financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion expressed below.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the assets and liabilities and the results of the operations of the companies included in the consolidation, in accordance with accounting principles generally accepted in France.

2. Reasons for our conclusions

As required by Article L.225-235 of the French Code of Commerce regarding disclosure of the reasons for our conclusions, we inform you of the following:
As shown in Note B.3 to the financial statements, the Group recognises income from long-term contracts using the percentage of completion method on the basis of the best available estimates of the final outcome of contracts. If the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion. We have assessed the reasonableness of the assumptions used and the resulting evaluations.
These conclusions were formed as part of our audit of the annual consolidated financial statements taken as a whole and have therefore contributed to the formation of our opinion, given in the first part of this report.

3. Specific verification

We have also performed the procedures to verify the Group's financial information given in the report of the Board of Directors. We have no comments to make as to its fair presentation and its conformity with the consolidated financial statements.

We draw your attention to paragraphs 2 and 3 of the chapter in the report of the Board of Directors relating to the transition to the IFRS accounting standards.

Neuilly-sur-Seine and Paris, 30 March 2005

The Statutory Auditors

Deloitte & Associés — Thierry Benoit

Salustro Reydel — Bernard Cattenoz, Benoît Lebrun

This is a free translation into English of the Statutory Auditors' reports issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes for the information of the reader, as required under French law in any auditor's report, whether qualified of not, an explanatory paragraph separate from and presented below the audit opinion discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account caption or on information taken outside of the consolidated financial statements. Such report should be read in conjunction and construed in accordance with French law and French auditing professional standards.

Parent company financial statements

A - Summary of parent company financial statements

The detailed financial statements of the parent company are available from the VINCI Investor Relations Department.

The financial statements of the parent company have been prepared in accordance with the provisions of the General Accounting Plan (CRC Regulation n°99-03).

Unlike 2003, which was marked by the restructuring of the Group's Concessions business line and gains of €1,821.1 million resulting from the contribution of shares in Cofiroute, no major operations of this kind took place in 2004.

However, it was decided at the Shareholders Meeting of 4 May 2004 to implement a new share buy-back programme intended to cancel the dilutive effect of issuing new shares as a result of new subscriptions to the Group savings scheme and the exercise of share subscription options.

Furthermore, during the second half of 2004, VINCI terminated the swap agreement entered into in 2003 relating to 4.2% of ASF's share capital. This operation resulted in recognition of financial income in the financial statements for the year of €95.5 million before tax.

Taking the impact of the above-mentioned transactions into account, the financial statements of the parent company for 2004 show net income of €330.5 million, against €2,065.6 million in 2003.

1. Summary statement of income

(in € millions)	**2004**	**2003**	**2002**
Net sales	24.3	23.1	25.2
Other operating revenue	80.8	61.7	59.0
Operating expenses	(102.3)	(94.8)	(103.2)
Net operating income / (expense)	**2.8**	**(10.0)**	**(19.0)**
Net revenue from subsidiaries and affiliated companies	337.7	179.5	367.3
Net financial expenses	(78.5)	(71.5)	(66.9)
Foreign currency translation and other gains / (losses)	95.7	0.7	(4.0)
Other financial provisions	(46.1)	(34.0)	(96.8)
Net financial income / (expense)	**308.8**	**74.7**	**199.6**
Net exceptional income / (expense)	**4.7**	**1,888.0**	**30.3**
Income from tax consolidation, less tax charge	14.2	112.9	127.2
Net income for the year	**330.5**	**2,065.6**	**338.1**

The difference from one year to the next, having regard to the legal restructuring operations already mentioned, was principally due to the following factors:

– a sharp increase of €234.1 million in net financial income, which rose from €74.7 million in 2003 to €308.8 million in 2004, mainly as a result of:
  - an increase of €158.2 million in the total net revenue from subsidiaries and affiliated companies,
  - income of €95.5 million from the termination of the swap contract entered into in 2003 relating to 4.2% of ASF's share capital;
  - and, conversely, a slight increase in net financial expenses due to the negative impact of lower interest rates on investment returns.

– a very significant decrease of €1,883.3 million in net exceptional income, which fell from €1,888 million in 2003 to €4.7 million in 2004. This was mainly due to:
  - a decrease in disposal gains which, in 2003, amounted to €1,821.1 million following the contribution of Cofiroute shares to VINCI Concessions;
  - the non-recurring reversal of provisions of €56.6 million in 2003, relating mainly to positive progress towards the resolution of old disputes;
  - a decrease in net income from tax consolidation from €112.9 million in 2003 to €14.2 million in 2004, reflecting in particular the impact of the above-mentioned non-recurring financial income on the holding company's tax position.

2. Summary balance sheet

(in € millions)	**2004**	**2003**	**2002**
Assets			
Intangible and tangible fixed assets	58.5	36.1	31.4
Financial assets	6,588.9	6,845.6	5,033.0
Other accounts receivable and currency translation differences	163.3	128.2	121.7
Marketable securities and cash	3,700.6	3,051.0	2,370.1
Total assets	**10,511.3**	**10,060.9**	**7,556.2**
Equity and liabilities			
Shareholders' equity	4,994.1	5,149.9	3,200.0
Provisions for liabilities	239.6	193.6	210.2
Debt	5,003.3	4,449.1	3,961.7
Other liabilities and adjustment accounts	274.3	268.3	184.3
Total equity and liabilities	**10,511.3**	**10,060.9**	**7,556.2**

2.1 Financial assets

On 31 December 2004, VINCI's financial assets broke down as follows:

(in € millions)	**31/12/2004**	**31/12/2003**
Investments in subsidiaries and affiliated companies	6,885.0	6,947.5
Receivables linked to investments in subsidiaries and affiliated companies	116.5	290.3
Other securities	15.5	22.0
Other financial fixed assets	61.2	29.9
Total financial assets (gross)	**7,078.2**	**7,289.7**
Provisions for impairment of financial assets	489.3	444.1
Total financial assets (net)	**6,588.9**	**6,845.6**

The decrease in investments in subsidiaries and affiliated companies (€6,885 million at 31 December 2004 against €6,947.5 million at 31 December 2003) was mainly due to the disposal to an outside party of VINCI's holding in ITA (airports in the south of Mexico) for €26.2 million, and the transfer of Gefyra and Severn shares to VINCI Concessions (€37.0 million).

The other operations during the year related to:
– the decrease in receivables linked to investments in subsidiaries and affiliated companies resulting from the repayment by VINCI Park of a loan of €183 million, after this subsidiary had obtained external bank financing,
– the recognition under other financial fixed assets of €42.6 million representing 488,000 treasury shares intended for cancellation (against €8.0 million representing 120,500 shares at 31 December 2003).

2.2 Shareholders' equity

(in € millions)	Capital stock	Additional paid-in capital	Reserves	Net income	Total
Shareholders' equity at 31 December 2003	**837.9**	**1,532.9**	**713.5**	**2,065.6**	**5,149.9**
Appropriation of net income for 2003	—	—	1,876.2	(2,065.6)	(189.4)
Interim dividend	—	—	—	(97.8)	(97.8)
Capital increases	55.5	204.1	—	—	259.6
Reduction of capital through cancellation of shares	(55.3)	(402.2)	—	—	(457.5)
2.5% levy on long-term capital gains reserve	—	—	(1.2)	—	(1.2)
Net income for 2004	—	—	—	330.5	330.5
Shareholders' equity at 31 December 2004	**838.1**	**1,334.8**	**2,588.5**	**232.7**	**4,994,1**

Capital increases and reductions break down as follows:

(in € millions)	Number of shares	Capital stock	Additional paid-in capital and others reserves	Total
Employee subscriptions to group savings schemes	2,184,050	21.8	86.9	108.7
Exercise of share subscription options	3,368,221	33.7	117.2	150.9
Cancellation of treasury shares	(5,533,500)	(55.3)	(402.2)	(457.5)
Total	**18,771**	**0.2**	**(198.1)**	**(197.9)**

3. Cash flow statement

(in € millions)	2004	2003	2002
Operating activities			
Cash flow from operations	409.3	250.0	372.4
Net change in working capital requirement	(29.3)	72.4	25.2
Total (I)	**380.0**	**322.4**	**397.6**
Investing activities			
Investments in operating assets	(24.9)	(20.5)	(2.3)
Disposals of fixed assets	0.6	17.0	2.0
Net investments in operating assets	**(24.3)**	**(3.5)**	**(0.3)**
Acquisitions of shares in subsidiaries and affiliates	(1.1)	(64.2)	(2,076.8)
Disposal of VINCI shares under share purchase option schemes	93.9	6.8	20.1
Disposals of shares in subsidiaries and affiliates	86.1	4.8	1,179.0
Net financial investments	**178.9**	**(52.6)**	**(877.7)**
Net change in other financial fixed assets	(51.2)	(8.0)	(7.2)
Total (II)	**103.4**	**(64.1)**	**(885.2)**
Financing activities			
Capital increases	259.6	53.1	147.7
Reduction of capital through cancellation of shares	(457.5)	(26.9)	(195.5)
Dividends paid	(189.4)	(142.0)	(131.3)
Interim dividend	(97.9)		
Other long-term debt			3.0
Total (III)	**(485.2)**	**(115.8)**	**(176.1)**
Cash flow for the period (I + II + III)	**(1.8)**	**142.5**	**(663.7)**
Net financial (debt)/surplus at 1 January *(before treasury shares)*	**(1,299.8)**	**(1,449.1)**	**(912.3)**
Impact of restructuring and reclassification	(1.2)	6.8	126.9
Net financial (debt) / surplus at 31 December *(before treasury shares)*	**(1,302.8)**	**(1,299.8)**	**(1,449.1)**

Cash flow from operations stood at €409.3 million, an increase of 63.7%.

The other €86.1 million of disposals of fixed assets relates to the disposal of shares in ITA for €22.4 million, Gefyra for €52.1 million and Severn for €11.6 million.

The increase of €51.2 million in other financial fixed assets mainly comprises the remaining treasury shares not yet cancelled, for €34.6 million.

Overall, the cash flows from financing activities described above resulted in sources and applications of funds being almost equal.

Taking into account these items, the holding company's net financial debt before treasury shares amounted to €1,302.8 million at 31 December 2004, against €1,299.8 million at 31 December 2003.

4. Net debt

(in € millions)	**2004**	**2003**	**2002**
Convertible bond issues (Oceane)	1,017.8	1,017.8	1,017.8
Other bond issues	1,137.2	1,137.2	987.2
Borrowing from credit institutions	107.1	107.0	110.8
Accrued interest on bond issues	45.3	45.3	38.7
Long-term debt	**2,307.4**	**2,307.3**	**2,154.5**
Borrowing from credit institutions and bank overdrafts	93.9	37.8	25.7
Commercial paper	17.1	18.9	20.4
Current cash accounts of subsidiaries and affiliates	2,584.9	2,085.1	1,761.1
Short-term debt	**2,695.9**	**2,141.8**	**1,807.2**
Total debt	**5,003.3**	**4,449.1**	**3,961.7**
Accounts receivable related to shareholdings and loans	**(87.6)**	**(280.0)**	**(330.3)**
Marketable securities	(2,718.4)	(2,249.4)	(1,676.8)
Current cash accounts of subsidiaries and affiliates	(717.7)	(556.1)	(475.4)
Cash	(176.8)	(63.8)	(30.1)
Short-term cash	**(3,612.8)**	**(2,869.3)**	**(2,182.3)**
Net debt	**1,302.8**	**1,299.8**	**1,449.1**
Treasury shares	**(87.7)**	**(181.6)**	**(187.8)**
Net debt after treasury shares	**1,215.1**	**1,118.2**	**1,261.3**

The holding company's net debt at 31 December 2004, after treasury shares, amounted to €1,215.1 million, against €1,118.2 million the year before, a €96.9 million increase.

The €1,017.8 million shown under convertible bond issues corresponds to two issues of Oceane bonds (i.e. bonds convertible into and/or exchangeable for new and/or existing shares), one of which was made in 2001 of €517.5 million maturing in 2007 the other in 2002 of €500.3 million maturing in 2018.

Other bond issues comprises an issue of €1,000 million made in three tranches in July 2002 (€600 million), November 2002 (€250 million), and May 2003 (€150 million). The issue prices of these three tranches were 99.58%, 102.554%, and 106.156% respectively. This loan pays interest at 5.875% and matures on 22 July 2009.

Lastly, commercial paper issued by VINCI amounted to €17.1 million at 31 December 2004 (against €18.9 million at 31 December 2003).

Marketable securities mainly comprise unit trusts, certificates of deposit and mutual funds. Their market value at the year end was close to their purchase price.

5. Five-year summary

	2000	2001	2002	2003	2004
I - Capital stock at the end of the year					
a - Capital stock (in thousands of euros)	791,546.0	828,799.1	828,733.7	837,950.3	838,138.0
b - Number of ordinary shares in issue [1]	79,154,601	82,879,911	82,873,367	83,795,032	83,813,803
c - Maximum number of shares to be issued through conversion of bonds	—	5,750,000	11,308,334	11,308,334	11,308,334
II - Operations and net income for the year (in thousands of euros)					
a - Net sales excluding taxes	58,164.0	42,960.6	25,201.1	23,070.7	24,260.8
b - Net income before tax, employee profit sharing, depreciation and provisions	173,289.2	265,770.4	339,922.0	1,867,030.3	416,056.1
c - Income tax [2]	(125,615.2)	(110,104.4)	(127,259.4)	(112,905.7)	(14,212.4)
d - Net income after tax, employee profit sharing, depreciation and provisions	181,372.6	507,760.1	338,138.3	2,065,623.3	330,516.0
e - Dividends paid out for the period	121,108.4	130,946.2	141,679.2	189,074.0	289,385.3 [3][4]
III - Income stated per share (in euros)					
a - Income after tax and employee profit sharing but before depreciation and provisions	3.8	4.5	5.6	23.6	5.1
b - Income after tax, employee profit sharing, depreciation and provisions	2.3	6.1	4.1	24.7	3.9
c - Net dividend paid per share	1.65	1.7	1.8	2.36	3.5 [4]
IV - Employees					
a - Average number	150	177	140	141	162
b - Wages and salaries (in thousands of euros)	18,870.9	39,003.2	27,732.7	32,444.8	22,409.5
c - Social security costs and other social benefit expenses (in thousands of euros)	6,503.4	11,481.3	6,941.4	5,838.2	6,947.8

(1) There were no preferred shares in issue during the five-year period.
(2) Tax income recovered from subsidiaries under tax consolidation arrangements, less the tax charge of the tax consolidation group.
(3) Including €99,336,129 of interim dividends.
(4) Proposal to be made at the Shareholders' Meeting of 19 April 2005 (first notice) or 28 April 2005 (second notice).

6. Subsidiaries and affiliated companies at 31 December 2004

The information in the following table reflects only the individual financial statements of the subsidiaries.

(in € '000)	Capital stock	Reserves and retained earnings before net income allocation	Share of capital held directly (%)	Book value of shares held (gross)	Book value of shares held (net)	Loans and advances made by VINCI	Sureties and guarantees given by VINCI	Net sales before tax in the last financial year	Net income or loss for the last financial year	Dividend received by VINCI
1 - Subsidiaries (at least 50% owned by VINCI)										
French subsidiaries										
Consortium Stade de France	29,728	1,088	66.67	19,818	19,818	—	—	84,020	7,734	4,602
Elige Participations	22,000	2,184	100.00	92,469	34,073	—	22,099	5,547	5,537	6,694
Eurovia	366,400	16,579	100.00	1,034,160	1,034,160	—	—	—	80,494	153,430
Ornem	322	2,474	99.98	14,221	2,099	—	—	—	(710)	—
Snel	2,622	244	99.98	2,742	2,742	—	—	—	(12)	—
Socofreg	43,240	3,807	100.00	113,872	45,002	—	—	—	15,514	—
VINCI Airports Services	35,000	—	100.00	35,000	35,000	—	—	—	654	—
VINCI Assurances	38	—	99.44	38	38	—	—	6,650	1,147	—
VINCI Concessions	3,275,481	327,586	100.00	4,520,932	4,520,932	488,859	—	—	122,642	64,340
VINCI Construction	148,806	57,324	86.64	363,265	363,265	14,295	—	3,181	115,168	101,530
VINCI Energies	99,511	10,312	99.17	305,172	305,172	—	—	159,931	(3,617)	—
VINCI Services Aéroportuaires	30,000	4,820	100.00	35,000	0	151,468			(46,389)	
Other subsidiaries (together)				44,606	4,662		172,410			
Foreign subsidiaries										
Autopista del Bosque	34,978	11,535	82.95	46,990	9,915	—	—	18,415	3,603	—
SCA Pochentong	16,152	5,692	70.00	12,901	12,901	9,561	7,709	25,953	3,194	4,157
VINCI Deutschland	16,110	20,132	100.00	212,941	34,000	—	—	—	792	—
Other subsidiaries (together)				2,019	—					
2 - Affiliated companies (10–50% owned by VINCI)										
French companies										
Other companies (together)				10,176	828					
Foreign companies										
Other companies (together)				18,714	6,129		2,234			

N.B. Net sales and net income of foreign subsidiaries and affiliates are converted into euros at year-end exchange rates.

B - Report of the Statutory Auditors on the parent compagny financial statements
Year ended 31 December 2004

To the Shareholders,

In accordance with our appointment as auditors by your Shareholders General Meeting, we hereby report to you for the year ended 31 December 2004, on:

– the audit of the accompanying financial statements of VINCI;
– the reasons for our conclusions;
– the specific verifications and information required by law.

The financial statements are the responsibility of the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the annual financial statements

We conducted the audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in these financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, referred to above, give a true and fair view of the financial position of your Company, its assets and liabilities at 31 December 2004 and the results of its operations for the year then ended, in accordance with accounting principles generally accepted in France.

2. Reasons for our conclusions

As required by Article L.225-235 of the French Code of Commerce regarding disclosure of the reasons for our conclusions, we inform you of the following:

As disclosed in Note B3 to the financial statements outlining the accounting rules and methods relating to shares in subsidiaries, your Company takes provisions for impairment when their net book value exceeds their value in use. We have assessed whether the estimates made by your Company are reasonable.
These conclusions were formed as part of our audit of the annual financial statements taken as a whole and have therefore contributed to the formation of our unqualified opinion, given in the first part of this report.

3. Specific verifications and information

We have also carried out, in accordance with the professional standards applicable in France, the procedures required by law on the financial information provided by the Board of Directors.
We have no comments to make as to the fair presentation and conformity with the annual financial statements of the information given in the report of the Board of Directors and in the documents addressed to the shareholders, with respect to the financial position and the annual financial statements.
In accordance with the law, we have verified that the appropriate disclosures have been provided in the Board of Directors' report with regard to the acquisition of shares and controlling interests, and the identity of shareholders and holders of voting rights.

Neuilly-sur-Seine and Paris, 30 March 2005
The Statutory Auditors

Deloitte & Associés	Salustro Reydel
Thierry Benoit	Bernard Cattenoz Benoît Lebrun

This is a free translation into English of the Statutory Auditors' reports issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes for the information of the reader, as required under French law in any auditor's report, whether qualified of not, an explanatory paragraph separate from and presented below the audit opinion discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the parent company financial statements taken as a whole and not to provide separate assurance on individual account caption or on information taken outside of the parent company financial statements. Such report should be read in conjunction and construed in accordance with French law and French auditing professional standards.

C - Special report of the Statutory Auditors on regulated agreements

For the financial year ended 31 December 2004

To the Shareholders,

As the Statutory Auditors of your Company, we submit our report to you on regulated agreements.

1. Agreements authorised and/or entered into during the year

Pursuant to Article L.225-40 of the French Code of Commerce, the following agreements, previously authorised by the Board of Directors of your Company, have been brought to our attention.

We are not required to identify other such agreements, if any, but to communicate to you, based on the information provided to us, the principal terms and conditions of those agreements brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article 92 of the Decree of 23 March 1967, to assess the merits of these agreements for the purpose of approving them.

We have carried out our work in accordance with the professional standards applicable in France. Those standards require that we plan and perform our work in a way that enables us to check whether the information that has been given to us is consistent with the underlying documents from which it is derived.

Agreement with the subsidiary VINCI Concessions

Directors concerned: Mr Antoine Zacharias and Mr Bernard Huvelin

On 9 July 2004, VINCI sold all the shares and bonds that it held in Severn River Crossing plc, a concession operating company incorporated under English law, to VINCI Concessions for €13.5 million (€11.6 million prior to adjustments). The shares represented 35% of the capital stock.

Agreement with the subsidiary VINCI Concessions

Directors concerned: Mr Antoine Zacharias and Mr Bernard Huvelin

On 17 August 2004, VINCI sold the shares that it held in Gefyra, a concession operating company incorporated under Greek law, representing 53% of its capital stock, to VINCI Concessions for €52.08 million.

2. Agreements approved during previous years that continued to be implemented during the year.

In addition, in accordance with the Decree of 23 March 1967, we have been informed that the implementation of the following agreements, approved in previous years, continued during the year reported on.

Agreement with the subsidiary VINCI Deutschland GmbH

On 22 December 2003, VINCI entered into an agreement with its subsidiary VINCI Deutschland GmbH under which VINCI undertakes to ensure this subsidiary's solvency and financial equilibrium from 1 January 2004 for a period of two years, renewable by successive periods of two years, subject to one year's notice of termination.

No payment was made by VINCI to VINCI Deutschland GmbH in 2004 in respect of this undertaking.

Agreements with the subsidiaries VINCI Deutschland GmbH, VINCI Energies GmbH, and Eurovia GmbH

On 28 June 2002, VINCI entered into contracts with its direct or indirect subsidiaries VINCI Deutschland GmbH, VINCI Energies GmbH, and Eurovia GmbH under which these subsidiaries will, from 1 July 2002, invest directly with VINCI the funds corresponding to their commitments to their employees in respect of supplementary pensions.

Under these agreements, VINCI has recognised €5.95 million as interest expenses in 2004.

Agreement with the subsidiary VINCI Construction

On 15 February 2002, VINCI sold all the shares it held in Sogea Holdings UK Ltd to VINCI Construction.

As part of this sale, VINCI Construction granted VINCI a guarantee to cover the commitments made by VINCI to General Utilities Holding and Vivendi UK on the occasion of the repurchase in December 2000 by the Group of its interest in Sogea Holdings UK for direct ownership.

This guarantee was not called during 2004.

Agreement with Vivendi Universal

On 30 June 1997, Compagnie Générale des Eaux (CGE, now known as Vivendi Universal) and SGE (now known as VINCI) entered into an agreement that stipulated certain special, and in particular financial, terms in connection with the acquisition by SGE of a further holding of 50% of the shares of Compagnie Générale de Bâtiment et de Construction (CBC) taking its total holding to 90%.

Under this agreement, CGE undertook to bear any consolidated losses of the CBC group at 31 December 1997 as well as certain restructuring costs, to indemnify SGE for certain risks relating to the operations of CBC in Germany, to bear certain costs relating to assets that it was envisaged would be sold, and to indemnify SGE for certain liabilities relating to disputes and guarantees, potential tax and employment liabilities and certain losses on construction projects in progress.

VINCI has not invoiced any amount under this agreement in 2004.

Agreement with Compagnie Générale des Eaux

On 29 November 2000, VINCI sold all the Sogea Environnement shares held by its subsidiary Sogea to Compagnie Générale des Eaux.

As part of the transaction, VINCI entered into an agreement with Compagnie Générale des Eaux on 21 December 2000, in which it undertook not to conduct any business, either directly or indirectly, in outsourced management of water networks or wastewater systems in France for a period of five years.

In the event of VINCI breaking this undertaking, it will be required to pay Compagnie Générale des Eaux in damages and interest a sum equal to 15 % of the sales (excluding VAT) arising from the contract or contracts made by one or more legal entities, in contravention of this undertaking.

No payment was made by VINCI to Compagnie Générale des Eaux in 2004 in respect of this undertaking.

Agreement with Soficot

On 28 September 2001, VINCI entered into an agreement with Soficot concerning the study and analysis of investment projects proposed to VINCI Innovation and also of disposal proposals in respect of VINCI subsidiaries and businesses.
This agreement was entered into for a period of three years, renewable by tacit agreement. It provides for the payment of a monthly fee of €21,200 (excluding VAT), and for the reimbursement of expenses and travelling costs approved by VINCI.

In 2004, VINCI recognised expenses of €257,271 (excluding VAT) in respect of this agreement.

Agreement with Soficot and AM Conseil

On 12 February 2002, VINCI entered into an agreement with Soficot and AM Conseil for a period of one year, renewable by tacit agreement, retaining them for a general consulting engagement relating to Group strategy and development, and secondly for assistance with certain specific matters.

Under the general consultancy engagement, each company will receive an annual flat fee of €160,000 (excluding VAT), payable quarterly in advance, together with reimbursement of expenses and travelling costs approved by VINCI.

With respect to assistance on specific matters, the two companies will receive a fee agreed in advance on each occasion with VINCI. The fee will be proportionate to progress and will also depend on the origin of the project, namely whether it was at the initiative of VINCI or of one of the two companies.

In 2004, VINCI recognised expenses of €320,000 (excluding VAT) in respect of remuneration for assignments carried out by Soficot and AM Conseil.

Neuilly-sur-Seine and Paris, 30 March 2005
The Statutory Auditors

Deloitte & Associés	Salustro Reydel
Thierry Benoit	Bernard Cattenoz Benoît Lebrun

Free translation of the original French text. For information purposes only.

General information about the Company and its capital stock

1. Corporate name and statutes

Corporate name: VINCI
Registered office: 1 cours Ferdinand de Lesseps, 92851 Rueil Malmaison Cedex, France
Legal form: French public limited company ("Société Anonyme") with a Board of Directors
Applicable legislation: French
Date of formation: 1 July 1908
Legal term of existence: The initial duration was set at 99 years and was extended by another 99 years on 21 December 1979. The date of expiry is thus 21 December 2078, unless the term of existence is extended once again or the company is liquidated at an earlier date
Financial year: From 1 January to 31 December.
Registration number: RCS 552 037 806 Nanterre – Siret No. 552 037 806 00585 – Code NAF: 74.1J
Inspection of documents: Legal documents relating to VINCI are available for inspection at its registered office and at the Clerk's Office of the Nanterre Commercial Court.

Corporate object (Article 2 of the corporate statutes)

"The Company has as its Object:
– Undertaking all forms of civil engineering: in particular, development of the goodwill originally contributed by Sainrapt-et-Brice and continuation of the business of that company, specialising in all types of underground works, foundations, hydraulics and reinforced concrete; and
– More generally, all industrial, commercial, financial, securities and property operations directly or indirectly related to the purposes specified above.

The company may carry out these operations in mainland France, in overseas French departments and territories, as well as outside France, either alone, or in partnership, on a trading basis, or in any other form whatsoever, either directly or indirectly through transfer, leasing arrangements or under licence, either on a brokerage or commission basis.

In addition, it may implement any measures, either alone or by any other means, create any partnerships or companies, make any contributions in kind to existing companies, merge or enter into alliances with them, subscribe to, purchase and resell any shares or other corporate rights, take all orders and extend any loans, credits and advances."

Statutory appropriation of income (from Article 19 of the corporate statutes)

"At least 5% of the income for the year, after deduction of any previous year's losses, is taken to the legal reserve. This ceases to be obligatory when the legal reserve reaches an amount equal to 10% of the capital stock. This process is to resume when the reserve falls below this 10% level.

The income available for distribution consists of the income for the year (after deduction of previous years' losses as well as any amounts set aside in reserves in application of the law or corporate statutes) and retained earnings.

The Shareholders Meeting appropriates the following from this distributable income:
– Any amounts considered by the Board of Directors as appropriate for constituting or supplementing any ordinary or special reserves, or for carrying over to the next year as retained earnings;
– The amount required for distribution to shareholders by way of a first dividend, equal to 5% of the amounts of their fully paid and acquired shares. Shareholders cannot, however, claim this dividend against the income of subsequent years, should the income of a given year be insufficient for the dividend payment;
– The balance available after these appropriations is distributed in respect of all shares, in proportion to the amount of the capital stock they represent.

Following a proposal from the Board of Directors, the Shareholders Meeting may decide to distribute amounts taken from available reserves. In such a case, the decision must indicate the specific reserves from which the amounts are to be taken.

Except in the case of a capital decrease, no distribution to shareholders may be made if the shareholders' equity is (or would be following such a distribution) less than the amount of the capital stock plus any reserves whose distribution is not permitted under the law or corporate statutes.

The conditions for payment of dividends agreed by the Shareholders Meeting are determined by the Shareholders Meeting or, failing that, by the Board of Directors. The payment of dividends must occur within nine months of the year-end, unless this deadline is extended by a Court decision.

The Shareholders Meeting may offer each shareholder, for all or for part of the dividend or interim dividend distributed, the choice between payment in cash and payment in shares."

Shareholders Meetings (from Articles 8 and 17 of the corporate statutes)

"Shareholders meetings are called and take place under the conditions set out in legislation and regulations in force. The meetings are held either at the registered office or at another location specified in the notice of the meeting. All shareholders may, regardless of the number of shares they own, participate in meetings personally or by proxy, on producing evidence of their identity and shareholding in the form of either:

– A personal registration of the shares in their own name; or
– For bearer shares, a certificate from an authorised intermediary, as provided for in Decree no. 83-359 of 2 May 1983, declaring that the shares remain unavailable for trading up until the date of the meeting.

These formalities must be completed at least two days before the meeting. However, the Board of Directors may shorten or remove this deadline, provided any such decision applies to all shareholders.

Individual shareholders can also attend the Shareholders Meeting by videoconference or by other means involving telecommunications, subject to the conditions and restrictions set out by legislative and regulatory provisions in force, provided the Board of Directors authorises this at the time the meeting is convened. Shareholders attending in these circumstances are considered present and are included in the calculation of the quorum and the majority.

Postal votes are treated under the terms and conditions set out in legislative and regulatory provisions. Shareholders may send proxy forms and postal votes for every Shareholders Meeting by mail, under the conditions set out in legislative and regulatory provisions, or by electronic means, if the Board of Directors authorises this in the notice of the meeting.

Shareholders Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the Vice-Chairman of the Board of Directors, if a Vice-Chairman has been designated, or by a member of the Board of Directors specifically appointed by the Board of Directors to that effect. Failing that, the Shareholders Meeting elects its own Chairman. The Minutes of the Shareholders Meetings are drawn up and the copies thereof are certified and delivered in compliance with legislative and regulatory provisions in force."

Statutory threshold provisions (from Article 10b of the corporate statutes)

"In addition to the voting right attached to it under the law, each share also gives the right to a proportion (on the basis of the number and nominal value of outstanding shares) of the Company's assets, earnings and liquidating dividends."

"In addition to the obligations relating to declaration thresholds set out in paragraph 1 of Article L. 233-7 of the Code of Commerce, any individual or legal entity, acting alone or in concert, who comes to hold or ceases to hold a proportion of the capital stock, voting rights or securities giving future access to the Company's capital stock, equal to or greater than 2%, or a multiple thereof, including a multiple exceeding the reporting threshold as defined by legislative and regulatory provisions in force, must inform the company within 15 days starting with the date of crossing one of these thresholds of the total number of shares, voting rights or securities giving future access to the Company's capital stock, that it holds on its own account directly or indirectly, or in concert.

Failure to meet this obligation may be sanctioned by the loss of the voting rights attached to the shares exceeding the undeclared proportion, at any Shareholders Meeting held within two years of the date of the due notification provided for above.

This sanction is applied if so requested by one or several shareholders holding at least 5% of the Company's capital stock and if the request is entered in the minutes of the Shareholders Meeting."

Shareholder identification (from Article 10b of the corporate statutes)

"The Company is entitled to ask the securities clearing body, under the conditions defined by the regulations in force, for the name, nationality and address of individuals or legal entities holding securities that confer, now or in the future, voting rights at Shareholders Meetings; for the number of securities held by each individual or legal entity; and, where applicable, for the restrictions attached to the securities."

2. Relations between the parent company and subsidiaries

The simplified organisation chart of the Group is presented on page 9.

2.1 The role of the VINCI holding company as regards its subsidiaries

The VINCI holding company has no operational activities of its own. The Group's operational activities are carried out by a large number of subsidiaries (1,676 consolidated entities at 31 December 2004), which are grouped under four business line lead companies – VINCI Concessions, VINCI Energies, Eurovia, and VINCI Construction to which should be added property activities carried out through Sorif and Elige, which are owned directly by VINCI.

The holding company provides leadership and supervisory functions for the Group's entities, supplying services and assistance to its subsidiaries in the following areas:

– participation in the drawing up and execution of subsidiaries' strategies, in acquisitions and disposals, in the management of their relations with their outside partners, and in the study and implementation of industrial and commercial synergies between the various Group entities;

– assistance of the holding company's specialised functional departments in administration, legal, human resources, finance and communication matters;

– provision of benefits associated with membership of a major group with a worldwide reputation, such as for example access to internationally recognised partners, favourable conditions in negotiating credit facilities, facilitation of relations with public authorities, etc.

2.2 Movements of funds between the VINCI holding company and its subsidiaries

The main movements of funds between the VINCI holding company and its subsidiaries, other than the payment of dividends by subsidiaries to the holding company, are as follows:

– Management fees: in return for assistance from the Group's General Management and central functional departments, VINCI subsidiaries pay it a fee on the basis of annual consolidated net sales or of particular services that may be rendered by the holding company. For 2004, management fees received by VINCI from its subsidiaries amounted to €62 million.

– Centralised cash management: net cash surpluses generated by the lead companies of business lines and by the main fully-owned subsidiaries are transferred to the holding company through a cash pooling system, and redistributed according to needs; cash surpluses are invested on, and funds are borrowed from, the market.

– Loans to subsidiaries: at 31 December 2004, loans by VINCI to its subsidiaries related to VINCI Park, for €55 million;

– Regulated agreements: please refer to the Report of the Statutory Auditors on regulated agreements on page 226.

3. Information on VINCI's capital stock

All changes in capital stock or in the rights attached to the shares are subject to general legal provisions. The corporate statutes do not provide for additional conditions (except as regards capital thresholds, see paragraph 1).

On 31 December 2004, VINCI capital stock amounted to €838,138,030 represented by 83,813,803 shares, each with a nominal value of €10, fully paid-up, and all of the same class. VINCI shares are registered or bearer shares, at the shareholder's choice and may be traded freely.

3.1 Movements in capital stock over five years

	Date of decision by Board or Shareholders Meeting	Capital increase/ (reduction) (in €)	Additional paid-in capital from contributions or mergers (in €)	Number of shares issued	Capital stock in number of shares	Capital stock (in €)
Position at 31 Dec. 1999					**40,261,023**	**523,393,299**
Options exercised	08/03/00	457,158	497,697	35,166	40,296,189	523,850,457
GSS (group savings scheme) and options exercised	03/10/00	9,413,651	16,181,243	724,127	41,020,316	533,264,108
GTM shares exchanged	03/10/00	476,391,084	1,639,884,693	36,645,468	77,665,784	1,009,655,192
Options exercised	08/03/01	616,213	804,681	47,401	77,713,185	1,010,271,405
Merger with GTM	19/12/00	12,728,352	75,273	979,104	78,692,289	1,022,999,757
Reduction of nominal value from €13 to €10	19/12/00	– 236,076,867	236,076,867	—	78,692,289	786,922,890
GSS and options exercised	08/03/01	4,623,120	14,465,459	462,312	79,154,601	791,546,010
Position at 31 Dec. 2000					**79,154,601**	**791,546,010**
Options exercised	08/03/01	654,270	1,064,407	65,427	79,220,028	792,200,280
GSS and options exercised	07/06/01	12,563,940	42,074,916	1,256,394	80,476,422	804,764,220
GSS and options exercised	18/12/01	4,488,970	13,440,444	448,897	80 ,925,319	809,253,190
Merger with Sogeparc	12/12/01	2,447,880	11,582,754	244,788	81,170,107	811,701,070
Merger with Sogepag	12/12/01	123,400	464,170	12,340	81,182,447	811,824,470
GSS and options exercised	25/01/02	16,974,640	67,760,347	1,697,464	82,879,911	828,799,110
Position at 31 Dec. 2001					**82,879,911**	**828,799,110**
GSS and options exercised	12/03/02	16,179,780	63,873,321	1,617,978	84,497,889	844,978,890
GSS and options exercised	06/06/02	9,278,860	36,453,399	927,886	85,425,775	854,257,750
GSS and options exercised	18/09/02	3,542,010	11,303,008	354,201	85,779,976	857,799,760
GSS and options exercised	17/12/02	1,111,800	5,580,049	111,180	85,891,156	858,911,560
Capital reduction	17/12/02	– 30,835,930	– 164,629,763	– 3,083,593	82,807,563	828,075,630
Options exercised	05/03/03	658,040	100,158	65,804	82,873,367	828,733,670
Position at 31 Dec. 2002					**82,873,367**	**828,733,670**
Options exercised	05/03/03	370,010	551,582	37,001	82,910,368	829,103,680
Options exercised	14/05/03	819,700	1,238,500	81,970	82,992,338	829,923,380
GSS and options exercised	11/09/03	5 865,350	18,564,155	586,535	83,578,873	835,788,730
GSS and options exercised	16/12/03	6 072,790	18,868,845	607,279	84,186,152	841,861,520
Capital reduction	16/12/03	– 4 200,000	– 22,671,065	– 420,000	83,766,152	837,661,520
Options exercised	02/03/04	288,800	485,211	28,880	83,795,032	837,950,320
Position at 31 Dec. 2003					**83,795,032**	**837,950,320**
GSS and options exercised	02/03/04	6,520,570	21,016,158	652,057	84,447,089	844,470,890
Capital reduction	02/03/04	– 2,850,000	– 16,215,794	– 285,000	84,162,089	841,620,890
GSS and options exercised	04/05/04	6,395,780	16,904,649	639,578	84,801,667	848,016,670
Capital reduction	04/05/04	– 4,765,000	– 29,372,444	– 476,500	84,325,167	843,251,670
GSS and options exercised	07/09/04	17,718,720	62,152,608	1,771,872	86,097,039	860,970,390
Capital reduction	07/09/04	– 23,000,000	– 165,636,783	– 2,300,000	83,797,039	837,970,390
GSS and options exercised	14/12/04	21,826,750	92,447,255	2,182,675	85,979,714	859,797,140
Capital reduction	14/12/04	– 24,720,000	– 194,404,808	– 2,472,000	83,507,714	835,077,140
GSS and options exercised	01/03/05	3,060,890	11,599,353	306,089	83,813,803	838,138,030
Position at 31 Dec. 2004					**83,813,803**	**838,138,030**

3.2 Authorisations granted to the Board of Directors to increase the capital stock and carry out financial transactions

The authorisations currently in force are as follows:

	Date of Shareholders Meeting	Date of expiry	Maximum amount of issue (nominal value)
Issues of bonds or other debt securities	14/05/03 (Eighth resolution)	13/05/08	€1,500 million
Capital increase through capitalisation of reserves	06/06/02 (Fifteenth resolution)	05/06/07	[1]
Issues of marketable securities, with or without warrants, giving a right to a portion of the capital stock, maintaining the shareholders' preferential subscription rights	04/05/04 (Tenth resolution)	03/07/06	€600 million (shares) €1,500 million (debt securities)
Capital increase reserved or employees of VINCI and its subsidiaries under group savings schemes	12/12/01 (Fourteenth and fifteenth resolutions)	11/12/06	10% of capital [2]
Capital increases reserved for employees of VINCI subsidiaries in the United States under group savings schemes	06/06/02 (Sixteenth resolution)	05/06/07	1% of capital [2]
Capital increases reserved for financial institutions or companies created specially under group savings schemes for employees of certain VINCI subsidiaries outside France.	04/05/04 (Twelfth resolution)	03/05/06	10% of capital [2]
Stock subscription or purchase option plans	14/05/03 (Tenth resolution)	13/07/06	5% of capital (subscription options) [3] 10% of capital (purchase options) [4]
Share buy-backs	04/05/04 (Eighth resolution)	03/11/05	€700 million[5] 10% of capital
Capital reductions	04/05/04 (Ninth resolution)	03/11/05	10% of capital over a period of 24 months

(1) Total amount of reserves that may be capitalised.
(2) These amounts are not cumulative; the ceiling for all the resolutions concerned is 10%.
(3) The number of subscription options granted by virtue of this authorisation cannot result in the creation of more than 5% of the capital stock in issue on the date the Board grants the options.
(4) The number of purchase options granted by virtue of this authorisation cannot result at any time in VINCI holding more than 10% of the capital stock in issue on the date the Board grants the options.
(5) Actual amount.

The authorisations to be submitted to the Shareholders General Meeting for approval are as follows:

	Date of Shareholders Meeting	Date of expiry	Maximum amount of issue (nominal value)
Issues of all marketable securities giving a right to a portion of the capital stock, maintaining the shareholders' preferential subscription rights [6]	28/04/05 [7] (Tenth resolution)	27/06/07	€400 million [9] (shares) €2,000 million [8] (debt securities)
Issues of Oceane bonds	28/04/05 [7] (Eleventh resolution)	27/06/07	€200 million [9] [10] (shares) €2,000 million [8] (debt securities)
Issues of all marketable securities representing debts owed by the Company and giving a right to a portion of the capital stock other than Oceane bonds	28/04/05 [7] (Twelfth resolution)	27/06/07	€200 million [9] [10] (shares) €2,000 million [8] (debt securities)
Increases in the amount of issues if demand is greater than expected	28/04/05 [7] (Thirteenth resolution)	27/06/07	15% of the initial issue [9]
Issues of all marketable securities giving a right to a portion of the capital stock to use as consideration for contributions in kind made to the Company	28/04/05 [7] (Fourteenth resolution)	27/06/07	10% of the capital stock
Issues of all marketable securities giving a right to debt securities	28/04/05 [7] (Twentieth resolution)	27/06/07	€2,000 million
Capital increase reserved for employees of VINCI and its subsidiaries under group savings schemes [6]	28/04/05 [7] (Sixteenth and seventeenth resolutions)	27/06/07	10% of capital [2]
Stock subscription or purchase option plans [6]	28/04/05 [7] (Fifteenth resolution)	27/06/08	5% of capital (subscription options) [11] [12] 10% of capital (purchase options) [12] [13]
Bonus issue allocation plans	28/04/05 [7] (Eighteenth resolution)	27/06/08	5% of capital (shares to be issued) [11] [12] 10% of capital (existing shares) [12] [13]
Share buy-backs [6]	28/04/05 [7] (Eighth resolution)	27/10/06	€1,200 million [5] 10% of capital
Capital reductions [6]	28/04/05 [7] (Ninth resolution)	27/10/06	10% of capital over a period of 24 months

(6) Would replace current authorisation.
(7) On second notice.
(8) These amounts are not cumulative; the aggregate ceiling for the relevant resolutions combined is €2,000 million.
(9) The total cumulative nominal amount of capital increases that may be made under the tenth, eleventh, twelfth and thirteenth resolutions may not exceed €400 million.
(10) The cumulative nominal amount of capital increases that may be made under the elevents and twelfth resolutions may not exceed €200 million.
(11) The number of subscription options and bonus shares granted by virtue of this authorisation may not result in the creation of more than 5% of the capital stock in issue on the date the Board grants the options or bonus shares.
(12) The total number of shares covered by options plus the total number of bonus shares allocated may not exceed 10% of the capital stock in issue on the day on which the Board of Directors takes its decision.
(13) The number of share purchase options granted and the number of bonus shares allocated by virtue of these authorisations may not relate to shares representing more than 10% of the capital stock in issue, nor lead to VINCI owning shares representing more than 10% of the capital stock at any time.

3.3 Potential capital

The only financial instruments existing that can give rise to the creation of new VINCI shares are the bonds convertible into and/or exchangeable for new and/or existing VINCI shares (Oceane bonds) and the stock subscription options granted to company officers and employees of the Group.

Conversion of all the Oceane bonds into new shares would result in the issue of 11,308,334 VINCI shares, which represents a potential increase of 13.5% against the number of shares outstanding as at 31 December 2004.

Exercise of all the subscription options in circulation at 31 December 2004 would result in the issue of 10,517,080 VINCI shares, which represents a potential increase of 12.5% against the number of shares outstanding as at 31 December 2004. The Group's policy is to cancel the dilutive effect of the exercise of subscription options by purchasing an equivalent number of its own shares and cancelling them accordingly (See paragraph 3.5 Share buy-back policy).

At 31/12/2004	Number of shares	% of capital stock
Capital stock	**83,813,803**	**—**
Oceane bond issue, July 2001	5,750,000	6.9%
Oceane bond issue, April 2002	5,558,334	6.6%
Total Oceane bonds	**11,308,334**	**13.5%**
Subscription options	**10,517,080**	**12.5%**

A detailed description of the two issues of Oceane bonds is given in Note 27.2 to the Consolidated Financial Statements, on page 201. A description of the subscription options in circulation at 31 December 2004 is given in paragraph 5 of the Corporate Governance chapter, on page 138.

3.4 Breakdown of capital stock and voting rights

Breakdown of capital stock and voting rights at 31 December 2004

	Number of shares	% capital	Voting rights	% of total voting	Number of shareholders
Employees (company mutual funds)	7,565,958	9.0%	7,565,958	9.3%	43,652
Treasury stock [1]	2 359 353	2.8%	—	—	—
Total not freely traded	**9,925,311**	**11.8%**	**7,565,958**	**9.3%**	**43,652**
Company officers [2]	1,741,167	2.1%	1,741,167	2.1%	17
Other individual shareholders (France)	8,067,597	9.6%	8,067,597	9.9%	75,379
Other individual shareholders (Rest of world)	161,550	0.2%	161,550	0.2%	865
Total individual shareholders [3]	**9,970,314**	**11.9%**	**9,970,314**	**12.2%**	**76,261**
Institutional investors (France)	23,440,766	28.0%	23,440,766	28.8%	103
Institutional investors (Rest of world)	40,477,412	48.3%	40,477,412	49.7%	243
Total institutional investors [3]	**63,918,178**	**76.3%**	**63,918,178**	**78.5%**	**346**
Total	**83,813,803**	**100.0%**	**81,454,450**	**100.0%**	**120,259**

(1) Treasury shares held by VINCI SA. There are no treasury shares held via companies in which VINCI has a direct or indirect holding of more than 50%.

(2) See detail in paragraph 1.1 of the Corporate Governance chapter "Directors' appointments and functions", page 130.

(3) Estimates at 31 December 2004 on the basis of registered named shareholders, a schedule of identifiable bearer shares and a shareholding survey conducted with institutional investors.

Employee shareholders
Details of the Group savings scheme are given in the Social Responsibility section, page 101.

Voting rights
There are no double voting rights and no restrictions on voting rights. The difference between the breakdown of shareholdings and voting rights is due to shares held in treasury, which do not confer voting rights.

Breaching of shareholding thresholds
Under the terms of declarations of breaches of the legal threshold of 5%, or the threshold of 2% provided for in the corporate statutes, of the capital stock or voting rights received by the Company, the shareholders identified as holding more than 2% of the capital stock or voting rights, other than those shown in the table above, are as follows:
– Ecureuil Gestion FCP: 1.8 million VINCI shares (declaration made 31 March 2004);
– Highfields Capital: 2.1 million VINCI shares (declaration made 25 February 2003).

Shareholder agreements
To the best of the Company's knowledge there are no shareholder agreements, groups of shareholders acting as partners, and no shareholders acting in concert.

Registered shareholders
At 31 December 2004, the Company had 856 shareholders whose registration is managed by the Company and 516 shareholders whose registration is managed by a financial institution. At that date, no shares whose registration is managed by the Company were pledged.

Changes in the breakdown of capital stock and voting rights during the last three years

	Position at 31/12/2004			Position at 31/12/2003			Position at 31/12/2002		
	Number of shares	% capital stock	% of total voting rights	Number of shares	% capital stock	% of total voting rights	Number of shares	% capital stock	% of total voting rights
Employees (company mutual funds)	7,565,958	9.0%	9.3%	7,687,654	9.2%	9.6%	7,568,378	9.1%	9.6%
Treasury stock	2,359,353	2.8%	—	4,122,272	4.9%	—	4,199,699	5.1%	—
Dalkia (Veolia Environnement)	—	—	—	801,294	1.0%	1.0%	1,551,294	1.9%	2.0%
Other	73,888,492	88.2%	90.7%	71,183,812	84.9%	89.4%	69,553,996	83.9%	88.4%
Total	**83,813,803**	**100.0%**	**100.0%**	**83,795,032**	**100.0%**	**100.0%**	**82,873,367**	**100.0%**	**100.0%**

3.5 Share buy-back policy

The Group's policy in respect of share buy-backs aims to cancel out the dilutive effect of the exercise of subscription options and subscriptions to the Group savings plan invested in VINCI shares by purchasing an equivalent number of shares to those newly issued on the market, for cancellation.

During prior financial years, VINCI acquired an equivalent number of shares to the purchase options granted to company officers and Group employees.

In 2004, 3,368,221 shares were issued as a result of subscription options being exercised and 2,184,050 shares as a result of subscriptions to the savings scheme. In consequence, VINCI purchased 5,901,000 shares during the year, at an average price of €83.4 per share and cancelled 5,533,500 of them. 2,130,419 shares were disposed of in connection with the exercise of purchase options during the period. Taking account of this, the Company held 2,359,353 of its own shares at 31 December 2004 (representing 2.8% of the capital stock), of which 488,000 are intended for cancellation, the remaining 1,871,353 shares being allocated to cover the purchase options remaining to be exercised.

The Shareholders Meeting convened to approve the financial statements for 2004 will be asked to renew the authorisation granted to the Board of Directors to buy back shares for a further 18 months (see the eighth resolution, page 167). This new programme has been described in a prospectus submitted to the AMF for approval.

3.6 Shareholder agreements

In November 2004, VINCI signed an agreement on capital stock and corporate governance with the French government and Autoroutes du Sud de la France.

Its main terms are as follows:
– the French government undertakes to allow a Director proposed by VINCI to be co-opted to the Board of Directors of ASF; under this undertaking, VINCI was co-opted as a Director on 15 December 2004;
– VINCI undertakes not to increase its percentage holding of ASF stock to more than 23% during the duration of the agreement and to register all the ASF shares it owns;

– VINCI undertakes, for as long as the ceiling on its holding applies, not to seek the appointment of further Directors;
– VINCI undertakes to vote at Shareholders General Meetings in favour of all concession agreements entered into by ASF and the French government and all modifications to these contracts, whenever these contracts or modifications have been approved by the Board of Directors of ASF;
– VINCI undertakes to maintain and encourage the independence of the company's management;
– the representative of VINCI on the Board of Directors of ASF will not take part in any discussion and vote likely to constitute a conflict of interest between the two companies;
– VINCI grants the French government a right of first refusal in the event of the Group deciding to dispose of shares representing more than 5% of the capital stock of ASF and this includes disposal by VINCI of more than 5% of the capital stock in successive disposals over a six-month period.

This agreement will end on 31 December 2007 or in one of the following cases:
– if the French government's holding falls to less than 50% of the capital stock;
– if a third party acquires a holding greater than 10% of ASF's capital stock;
– if a third party makes a public bid for ASF.

Other than this agreement, VINCI has not entered into any agreements that could have a material affect on its share price. Those companies in which VINCI is a shareholder jointly with other parties and where formation of the company resulted in an agreement being made, are few. They are Cofiroute, Consortium Stade de France, and Doris Engineering as well as other companies formed specifically for the needs of concluding and managing concession operating agreements.

The main purpose of these agreements is principally to organise the respective rights of shareholders in the event of the disposal of shares, and if applicable, to set certain operating principles for the corporate governing bodies.

4.7 The VINCI share and the stock market

The VINCI share is listed on the Paris stock exchange and is included in the CAC 40, NextCAC 70 (index created in January 2005), Euronext 100, DJ Stoxx, NextPrime and Aspi Eurozone indices.

		Average [1] (in €)	**High [2] (in €)**	**Low [2] (in €)**	**Transactions (in number of shares)**	**Value of transactions (in € millions)**
2003	September	63.20	66.00	59.20	14,108,912	891.4
	October	62.42	64.35	60.60	9,425,747	588.4
	November	64.89	67.20	62.15	13,158,897	856.5
	December	66.38	68.40	64.15	10,409,204	689.2
2004	January	66.55	68.20	64.10	9,629,630	639.9
	February	70.74	73.80	67.45	10,510,959	744.3
	March	78.68	84.05	73.65	29,969,516	2,360.9
	April	81.31	82.95	77.65	14,045,545	1,139.6
	May	80.90	85.50	76.60	21,414,198	1,744.1
	June	80.46	82.80	77.50	13,098,959	1,053.4
	July	84.14	85.85	82.25	11,096,274	933.4
	August	86.49	89.30	83.10	9,239,111	797.5
	September	90.48	93.60	86.90	11,919,196	1,078.7
	October	93.75	95.55	91.25	9,511,005	891.9
	November	91.99	96.00	89.75	11,974,154	1,103.0
	December	96.98	100.30	93.25	10,419,265	1,004.4
2005	January	104.66	110.10	98.60	10,680,604	1,113.6
	February	112.44	116.80	106.80	12,673,362	1,418.8

[1] Average of the closing prices.
[2] Price during trading sessions.

See also "Stock market and shareholder base", page 12.

Individuals responsible for the registration document

1. Signed statement of officer responsible for the registration document

"To the best of my knowledge, the information contained in this registration document gives a true and fair view of the group. It includes all the statements necessary for investors to form an opinion of the assets, business, financial situation, financial results and prospects of VINCI. There are no omissions liable to alter the significance of those statements."
Chairman and Chief Executive Officer
Antoine Zacharias

2. Signed statement of Statutory Auditors

Statutory Auditors

Salustro Reydel
8, avenue Delcassé, 75008 Paris, France
represented by Bernard Cattenoz and Benoît Lebrun
Date of first mandate: 23 June 1989
Expiry of present mandate: subsequent to the Shareholders Meeting that will approve the financial statements for 2006.

Deloitte & Associés
185, avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France
represented by Thierry Benoit
Date of first mandate: 30 May 2001
Expiry of present mandate: subsequent to the Shareholders Meeting that will approve the financial statements for 2006.

Alternate Auditors

François Pavard
8, avenue Delcassé, 75008 Paris, France
Date of first mandate: 16 June 1995
Expiry of present mandate: subsequent to the Shareholders Meeting that will approve the financial statements for 2006.

BEAS SARL
7-9, villa Houssay – 92200 Neuilly-sur-Seine, France
Date of first mandate: 30 May 2001
Expiry of present mandate: subsequent to the Shareholders Meeting that will approve the financial statements for 2006.

Statutory Auditors' opinion on the registration document

As the Statutory Auditors of VINCI, and in application of Article 211-5-2 of the General Regulation of the Autorité des Marchés Financiers (AMF), the French financial markets regulator, we have audited the financial information reported in this registration document concerning the financial position and past financial statements of this Company for the year ended 31 December 2004, in accordance with the professional standards applicable in France.

The Chairman of the Board of Directors of VINCI is responsible for the preparation of the registration document. Our role is to express an opinion, based on our audit, as to whether this document gives a fair presentation of the company's financial position and its accounts.

We have conducted our audit in accordance with the professional standards applicable in France; this involved assessing the truth and fairness of the information on the financial position and accounts and verifying that it agrees with the accounts reported on. It also consisted in reading the other information in the registration document to identify any material inconsistencies with the information on the financial position and accounts of the company and to draw attention to any clearly erroneous information identified on the basis of the general knowledge of the company that we have acquired in performing our assignment. This registration document contains no forecast data determined under structured procedures.

We have audited, according to the professional standards applicable in France, the parent company and consolidated financial statements for the years ended 31 December 2002, 31 December 2003 and 31 December 2004, prepared by the VINCI Board of Directors under French generally accepted accounting principles, and issued an unqualified opinion, with the following observations:

– Our report on the consolidated financial statements for the year ended 31 December 2002 draws attention to Note B to the accounts, which describes two changes in accounting

method. These relate to the presentation of special concession amortisation recognised by motorway concession companies and of deferred expenses related to site installation costs.
– With respect to the consolidated financial statements for the year ended 31 December 2003, our report draws readers' attention to Note B.2 to the financial statements which describes a change in accounting method relating to the recognition of commitments regarding long-service bonuses.
– With respect to the information relating to the Group given in the report of the Board of Directors for the year ended 31 December 2004, our report draws readers' attention to paragraphs 2 and 3 of the chapter relating to the transition to the IFRS accounting standards.

On the basis of our audit, we have no further comments to make on the fair presentation of the financial position of the company or on the financial statements included in this registration document for the year ended 31 December 2004.

Neuilly-sur-Seine and Paris, 30 March 2005
The Statutory Auditors

Deloitte & Associés
Thierry Benoit

Salustro Reydel
Bernard Cattenoz Benoît Lebrun

The registration document also includes:
– the Statutory Auditors' general report and their report on the consolidated financial statements for the year ended 31 December 2004, which are shown in the Financial Items section of this registration document and include the Statutory Auditors' reasons for their conclusions, in application of Article L.225-235 of the French Code of Commerce; and
– the Statutory Auditors' report (included in the Financial Items section of this registration document), prepared in application of the last paragraph of Article L.225-235 of the French Code of Commerce, on the report by the Chairman of the Board of Directors of VINCI describing the internal control procedures relating to the preparation and treatment of accounting and financial information for the year ended 31 December 2004.

3. Fees of Statutory Auditors

	Deloitte network				Salustro Reydel network			
(in € millions)	**2004**	**%**	**2003**	**%**	**2004**	**%**	**2003**	**%**
Audit								
Statutory audit	5.9	75%	5.2	71%	5.7	85%	5.4	84%
Ancillary engagements	1.7	22%	1.9	26%	0.9	12%	0.6	9%
Subtotal, audit	**7.6**	**97%**	**7.1**	**97%**	**6.6**	**97%**	**6.0**	**93%**
Other services								
Legal, tax and employment	0.3	3%	0.2	3%	0.2	3%	0.5	7%
Other	—	—	—	—	—	—	—	—
Subtotal, other services	**0.3**	**3%**	**0.2**	**3%**	**0.2**	**3%**	**0.5**	**7%**
Total	**7.9**	**100%**	**7.3**	**100%**	**6.8**	**100%**	**6.5**	**100%**

4. Officers responsible for financial information

Christian Labeyrie, Vice-President and Chief Financial Officer, member of the Executive Committee and Secretary of the Board of Directors (+33 1 47 16 48 65).
Pierre Coppey, Vice-President, Corporate Communication, Human relations and Synergies, and member of the Executive Committee (+33 1 47 16 35 41).

Cross-referencing table

In order to make this annual report, filed as a registration document, easier to read, the table below identifies the main items of information required by the Autorité des Marchés Financiers (AMF) – the French securities regulator – in its regulations and application instructions.

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

In accordance with Articles 211-1 to 211-42 of the General Regulations of the Autorité des Marchés Financiers (the French securities regulator), this registration document was filed with the AMF on 31 March 2005. It may be used in support of a financial transaction only if it is supplemented by a prospectus on the transaction officially approved by the Autorité des Marchés Financiers.

Photos: 2003 Render – Atelier Christian de Portzamparc – Régis Bouchu – Xavier Boymond – Claude Cieutat – Augusto Da Silva / Graphix Images – Nikos Daniilidis – Gilles Delacuvellerie – Christophe Doucet – Cyrille Dupont – Guy Durand – Thierry Duvivier / Agence Trilogi'c – Les Films du Soleil – Michel Garnier – Jean Gaumy / Magnum Photos – Philippe Guignard – Axel Heise – Bruno de Hogues / Sygma Production – Christophe Huret – Stanislas Kalimerov – Richard Kalvar / Magnum Photos – Ludovic Marin / Réa – Eduardo Martins – Véronique Paul / Graphix Images – François Poche / Atelier Culturel – Hippolyte Pouchelle – Christophe Soresto – David Thompson – Dominique Thoquet – Marc Trotsky – Francis Vigouroux – Benoît Voisin – Jean Zindel – Laurent Zylberman / Graphix Images – Photo libraries of VINCI and subsidiaries – DR.
Design and production: Stratéus. **Photo engraving:** Open Graphic. **Printing:** Serag. **Traduction:** Alto.

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