French public limited company (Société Anonyme) with share capital of €838,138,030
Registered office: 1, cours Ferdinand-de-Lesseps
92851 Rueil Malmaison Cedex
Registration Number RCS Nanterre B 552 037 806

UPDATE OF THE 2004 REGISTRATION DOCUMENT

Persons responsible for the registration document

1. Signed statement of the person responsible for the registration document

"To the best of my knowledge, the information contained in this update of the 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 by the Statutory Auditors

Statutory Auditors

Salustro Reydel
8, avenue Delcassé, 75008 Paris, France
represented by Bernard Cattenoz and Benoît Lebrun
Date of first appointment: 23 June 1989
Expiry of present appointment: at the end of 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 appointment: 30 May 2001
Expiry of present appointment: at the end of the Shareholders Meeting that will approve the financial statements for 2006.

Alternate Auditors

François Pavard
8, avenue Delcassé, 75008 Paris, France
Date of first appointment: 16 June 1995
Expiry of present appointment: at the end of 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 appointment: 30 May 2001
Expiry of present appointment: at the end of the Shareholders Meeting that will approve the financial statements for 2006.

Statutory Auditors' opinion on the update of the registration document

As the Statutory Auditors of VINCI, and in application of Article 211-5-2 of Book II the General Regulation of the *Autorité des Marchés Financiers* (AMF), the French financial markets regulator, we have audited the financial information reported in the registration document filed with the *Autorité des*

Marchés Financiers on 31 March 2005, and the attached update relating to the IFRS financial information 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 these documents. Our role is to express an opinion as to whether these documents give a fair presentation of the company's financial position and its accounts. This opinion has been prepared in accordance with the General Regulation of the *Autorité des Marchés Financiers* currently in force, and currently under review, pending the transposition into France law of the Prospectus Directive, and for the purposes of the filing of this update only.

We issued an opinion on the registration document on 30 March 2005 in which we concluded that, on the basis of the procedures performed, we had no comments to make on the fair presentation of the information relating to the financial situation and the financial statements presented in the registration document.

We have audited, in accordance with 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 readers' 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 2.B 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, in the section on specific verifications, to paragraphs 2 and 3 of the chapter relating to the transition to the IFRS accounting standards.

In accordance with the professional standards applicable in France, our procedures consisted in:

- verifying that no events have occurred since the date at which the above opinion was issued of a nature such as to call into question the fair presentation of the information contained in the registration document relating to the financial situation and the accounts that were not the subject of an update;
- assessing the fair presentation of the information relating to the financial situation and the 2004 IFRS Financial Information presented in the update and verifying that this agrees with the financial statements on which we issued a report. Our procedures also consisted in reading the other information in this update in order 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 update contains no isolated forecast data determined under structured procedures.

The 2004 IFRS Financial Information presenting the expected impact of the transition to the IFRSs as adopted in the European Union has been audited by us, in accordance with professional standards applicable in France. In our report on this information, we have expressed an unqualified opinion on the preparation, in all material respects, in accordance with the rules for preparation described in the notes accompanying the information, drawing readers' attention to:

- Note A.1. which sets out the reasons why the 2004 IFRS Financial Information presented in the 2005 consolidated financial statements could be different from the 2004 IFRS Financial

Information attached to our specific report on the IFRS financial information at 31 December 2004;

- Note A.1.2., which sets out the accounting treatment of concession contracts adopted by VINCI; pending completion of the IFRIC's work, the Company has maintained the accounting policies applied to concession contracts until now under the French rules in force, in preparing its 2004 IFRS Financial Information;
- the fact that, the purpose being to prepare the transition to the IFRSs as adopted in the European Union for the preparation of the 2005 consolidated financial statements, the 2004 IFRS Financial Information does not constitute a set of consolidated financial statements prepared in accordance with the IFRSs, as adopted in the European Union, enabling a fair view to be given of the assets, financial situation and earnings of the companies included in the consolidated financial statements, under these financial reporting standards.

On the basis of these procedures, we have no observation to make on the fair presentation of the information relating to the financial situation and the financial statements, presented in the registration document and its update.

Neuilly-sur-Seine and Paris, 28 July 2005

The Statutory Auditors

DELOITTE & ASSOCIES

SALUSTRO REYDEL
A member of KPMG International

Thierry Benoit

Bernard Cattenoz

Benoît Lebrun

3. 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)

French public limited company (Société Anonyme) with share capital of €838,138,030
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2004 IFRS FINANCIAL INFORMATION

CONTENTS

A. IFRS FINANCIAL STATEMENTS AT 31 DECEMBER 2004

1. Consolidated IFRS income statement

(in millions of euros)	**2004**
REVENUE	**19,520.2**
Other operating income	255.0
Operating expenses	(18,475.2)
Operating profit from ordinary activities	**1,300.1**
Share-based payment expense	(36.3)
Restructuring costs	(10.1)
Goodwill impairment expense	(45.5)
OPERATING PROFIT	**1,208.2**
Cost of gross borrowings	(300.3)
Financial income from cash management investments	58.6
Cost of net financial debt	**(241.6)**
Other financial income and expenses	238.2
Income tax expense	(380.4)
Share of profit / (loss) of associates	14.0
Net profit for the period (including minority interest)	**838.3**
Minority interest	(106.7)
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**731.6**

2. Consolidated IFRS balance sheet

2.1. Consolidated IFRS balance sheet - Assets

(in millions of euros)	**31/12/2004**	**01/01/2004**	**Change**
Non-current assets			
Intangible assets	82.0	70.7	11.4
Goodwill	776.9	782.4	(5.4)
Concession fixed assets	5,024.1	4,550.1	473.9
Property, plant and equipment	2,006.7	1,911.8	94.9
Investment property	41.9	45.2	(3.3)
Investments in associates	1,558.5	100.2	1,458.2
Other non-current financial assets	288.0	1,577.7	(1,289.7)
Fair value of derivatives (assets)	349.1	242.4	106.7
Deferred tax assets	167.2	166.1	1.1
Total non-current assets	**10,294.4**	**9,446.5**	**847.9**
Current assets			
Inventories	542.8	510.9	31.9
Trade and other operating receivables	7,279.8	6,895.2	384.7
Other current assets	157.3	161.6	(4.3)
Current tax assets	81.1	28.7	52.3
Current financial assets	129.6	104.9	24.7
Cash management financial assets including marketable securities	3,687.4	3,506.6	180.9
Cash and cash equivalents	830.4	663.1	167.3
Total current assets	**12,708.4**	**11,870.9**	**837.5**

TOTAL ASSETS	**23,002.7**	**21,317.4**	**1,685.4**

2.2. Consolidated IFRS balance sheet – Equity and liabilities

(in millions of euros)	**31/12/2004**	**01/01/2004**	**Change**
Equity			
Share capital	838.1	838.0	0.2
Share premium account	1,231.5	1,429.6	(198.0)
Own shares	(130.3)	(189.6)	59.3
Consolidated reserves	350.1	602.9	(252.8)
Net profit for the period	731.6		731.6
Net income recognised directly in equity	0.6	(18.6)	19.2
Translation reserves	(5.7)		(5.7)
Equity attributable to equity holders of the parent	**3,015.9**	**2,662.2**	**353.7**
Minority interest	598.6	554.5	44.1
Total equity	**3,614.6**	**3,216.7**	**397.8**
Non-current liabilities			
Retirement and other employee benefit obligations	677.6	640.8	36.8
Non-current provisions	165.4	202.3	(36.8)
Participating loans and bonds	4,619.9	4,346.6	273.4
Other loans and borrowing	1,520.8	1,407.5	113.3
Fair value of derivatives (liabilities)	80.2	135.0	(54.9)
Other non-current liabilities	14.4	6.3	8.1
Deferred tax liabilities	169.6	207.1	(37.5)
Total non-current liabilities	**7,247.8**	**6,945.5**	**302.3**
Current liabilities			
Current provisions	1,382.8	1,299.6	83.2
Trade and other current payables	4,619.0	4,216.0	403.0
Other current payables	4,794.9	4,450.8	344.0
Current tax payables	219.0	132.6	86.4
Current borrowings	1,124.6	1,056.1	68.4
Total current liabilities	**12,140.2**	**11,155.2**	**985.1**
TOTAL EQUITY AND LIABILITIES	**23,002.7**	**21,317.4**	**1,685.3**

3. Consolidated IFRS cash flow statement

(in millions of euros)		**2004**
Net profit for the period (including minority interest)		**838.3**
Depreciation and amortisation		630.1
Increase / (decrease) in provisions		71.7
Share-based payments		36.3
Gain or loss on disposals		(36.1)
Increase / (decrease) in fair value of foreign currency derivatives		(10.7)
Share of profit / (loss) of associates and dividends received from unconsolidated entities		(55.8)
Capitalised borrowing costs		(77.3)
Cost of net financial debt		241.6
Current and deferred tax expense		380.4
Cash flows (used in) / from operations before tax and financing costs and changes in WCR and current provisions		**2,018.4**
Changes in working capital requirement and current provisions		421.2
Income taxes paid		(384.8)
Net interest paid		(210.8)
Net cash flows (used in) / from operating activities	**I**	**1,844.1**
Purchases of property, plant and equipment, and intangible assets		(557.5)
Proceeds from sales of property, plant and equipment, and intangible assets		81.2
Purchases of concession fixed assets (*net of grants received)*		(568.3)
Purchases of shares in subsidiaries and associates (consolidated and unconsolidated)		(442.0)
Proceeds from sales of shares in subsidiaries and associates (consolidated and unconsolidated)		201.0
Net effect of changes in scope of consolidation		3.1
Dividends received from associates and unconsolidated entities		44.4
Other		(31.5)
Net cash flows (used in) / from investing activities	**II**	**(1,269.5)**
Increases in share capital		259.6
Reductions in share capital		(492.1)
Minority interest in share capital increase of subsidiaries		1.4
Sums collected during the period on exercise of share options		95.2
Dividends paid *- to shareholders of VINCI SA* *- to minority interests*		 *(287.2)* *(55.5)*
Proceeds from new long-term borrowings		633.7
Repayments of borrowings		(420.8)
Change in cash management assets		(225.0)
Net cash flows (used in) / from financing activities	**III**	**(490.6)**
Net change in cash and cash equivalents	**I+II+III**	**84.0**
Cash and cash equivalents at beginning of period		**363.5**
Effect of changes in foreign exchange rates		2.4
Cash and cash equivalents at end of period		**449.9**

B. ACCOUNTING POLICIES AND VALUATION METHODS

1. General principles

In application of the European Union Regulation 1606/2002 of 19 July 2002, VINCI's consolidated financial statements for the year ending 31 December 2005 will be prepared under the IAS /IFRS international accounting standards applicable at that date as approved by the European Union. They will be published with comparative figures for the 2004 accounting period prepared under the same standards.
With this publication in view, VINCI has prepared IFRS financial information for 2004 for comparison, in accordance with the recommendation of the AMF (the *Autorité des Marchés Financiers,* the French financial markets regulator*)* on financial communication during the transition period.

In order to explain the effects of the transition to IFRS on the 2004 financial information, Notes C and D describe the main impacts of the transition on equity at 1 January 2004 and at 31 December 2004, and on the balance sheet, income statement and cash flow statement for 2004.

This financial information has been prepared applying the IFRS Standards and Interpretations that VINCI considers that it will have to apply when preparing its consolidated financial statements at 31 December 2005, to the 2004 data taking account of:

- the IFRS Standards and Interpretations that will be compulsory at 31 December 2005, as published at 31 December 2004.
- the elections made and the exemptions used, which are those that the Group will very probably use to prepare its IFRS consolidated financial statements in 2005.

However, certain technical questions and projects currently under discussion at both the IASB and the IFRIC, and which could be applicable when the 2005 consolidated financial statements are prepared, have not been taken into account at this stage.

1.1. First-time application of IFRS, methods applied

The 2004 IFRS Financial Information has been prepared in accordance with the provisions of IFRS 1 *First-time Adoption of International Financial Reporting Standards* following the IFRS/IAS standards applicable at 1 January 2004, as published at 31 December 2004. In particular, the 2004 IFRS data has been prepared taking account of IAS 39 *Financial Instruments: Recognition and Measurement* and IAS 32 *Financial Instruments: Disclosure and Presentation*. The Group has opted for application of these two standards as from 1 January 2004 in order to ensure better comparability between 2004 and 2005; the provisions of IAS 39 that were rejected by the European Commission are not applicable within the Group.

1.1.1 General principle

The Group has applied the accounting policies in force at the balance sheet date of the first IFRS financial statements retrospectively to its opening balance sheet at 1 January 2004, as if these standards had always been applied.

1.1.2 Elections made by VINCI

IFRS 1 makes specific provisions for the retrospective restatement under IFRS of assets and liabilities in accordance with the IFRSs. VINCI has made the following elections:

Retirement obligations: the actuarial gains and losses existing at 1 January 2004 are recorded under provisions for retirement obligations with a corresponding reduction of equity. Actuarial gains and losses arising after 1 January 2004 are recognised prospectively.

Translation differences related to a foreign entity: translation differences existing at 1 January 2004 are no longer recognised as a separate component of equity and will not be reversed subsequently in profit or loss should the foreign entities in question cease to be consolidated.

Business combinations: VINCI has elected not to restate, as provided by IFRS 3, business combinations prior to 1 January 2004.

Property, plant and equipment and intangible assets: VINCI has elected not to measure certain items of property, plant and equipment and intangible assets at the transition date at their fair value.

Share-based payments: VINCI has elected to apply IFRS 2 in respect of plans granted since 7 November 2002 for which rights had not yet vested at 1 January 2005.

1.2. Accounting for concession contracts

Uncertainties remain regarding the treatment under IFRS of concession contracts, which is the subject of draft interpretations currently being studied by the IFRIC (see Note B 4.1).

Pending entry into force of these interpretations, planned for 2006 with the possibility of early adoption, VINCI has retained the accounting policies in respect of concession contracts that it applied until now under the French GAAP rules in force, for the preparation of its 2004 IFRS consolidated financial statements, with respect to:
– the method of depreciating the assets made available to the operator under the concession;
– provisions for asset renewal and major repairs;
– the depreciation of renewable assets made over to the concession grantor free of charge at the end of the contract.

Application of the interpretations currently being studied may significantly alter the data relating to 2004 presented below. In consequence, it is possible that the opening balance sheet at 1 January 2004 from which the 2005 consolidated financial statements are prepared, will be markedly different from the opening balance sheet used in this publication.

2. Consolidation methods

Consolidation scope

Companies over which the Group exercises majority control directly or indirectly are fully consolidated. Companies that are less than 50% owned but in which VINCI exercises control in substance – i.e. has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities – are consolidated using this same method. This relates in particular to the Belgian subsidiary CFE, in which VINCI holds 45.38% of the shares.
Those over which the Group exercises significant influence are accounted for using the equity method.
Proportionate consolidation is used for jointly controlled entities, regardless of the percentage of ownership.
Consortium Stade de France, of which VINCI holds 66.67%, is therefore proportionately consolidated by virtue of an agreement providing for unanimous consent of the parties sharing the control for certain decisions relating to financial and operational matters.

The consolidated financial statements include the financial statements of all companies with revenue greater than €2 million, and of subsidiaries whose revenue is below this figure but whose impact on VINCI's financial statements is material.
Joint venture partnerships created for specific construction projects and that manage revenue of over €45 million (on a 100% basis) are consolidated proportionately.
Joint venture partnerships are consolidated by recording VINCI's share of revenue and expenses in the income statement, but the full current accounts of joint venturers in the balance sheet.

The 2004 IFRS consolidated financial statements are prepared on the basis of the same consolidation scope as VINCI's published French GAAP consolidated financial statements for the period.

Use of estimates

In accordance with the IFRSs, the preparation of the financial statements requires estimates to be used and assumptions to be made that could affect the amounts shown in these financial statements, in particular as regards the following items:
- provisions
- budgets to completion of projects
- valuations adopted for impairment tests.

Translation of the financial statements of foreign companies and establishments (IAS 21)

In most cases, the currency used by foreign subsidiaries and establishments is their local currency.
The financial statements of foreign subsidiaries presented in a currency other than that used in preparing the Group's consolidated financial statements are translated using the closing rate method. Balance sheet items are translated at the exchange rate at the balance sheet date and income statement items are translated at the average rate for the period. Any resulting translation differences are recognised under translation differences in consolidated reserves. Goodwill relating to foreign entities is considered as comprising part of the assets and liabilities acquired and is therefore translated at the exchange rate in force at the balance sheet date.

Transactions in foreign currency (IAS 21- IAS 39)

Transactions in foreign currencies are translated into euros at the exchange rate at the transaction date. At the balance sheet date, trade payables and receivables expressed in foreign currency are translated at the exchange rate at the balance sheet date. Any resulting exchange gains and losses are recognised in the income statement in the period.

Foreign exchange gains and losses arising on loans denominated in foreign currency or on foreign currency derivatives used to hedge investments in foreign subsidiaries are recorded in equity under translation differences.

3. Measurement rules and methods

Revenue (IAS 18)

Consolidated revenue is the total revenue from work, goods and services provided by the consolidated subsidiaries in their main line of business, including work carried out by the Group on behalf of concession grantors on concession infrastructure assets shown in the Group's balance sheet.

The total includes the revenue, 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 partnerships, based on VINCI's share in the company.

In the concessions sector, revenue comprises tolls for the use of motorways and infrastructures operated under concessions, revenue booked by car parks and airport concessions, and ancillary income such as fees for the use of commercial installations, rental of telecommunication infrastructure and advertising space.

Recognition of revenue in respect of construction contracts is explained in the note "Construction contracts (IAS 11)" below.

Other operating income (IAS 18)

Other operating income comprises rental income, sales of equipment, materials and merchandise, study work and fees other than those generated by concession operators.

Construction contracts (IAS 11)

The Group recognises income and expenses relating to construction contracts using the stage of completion method defined in IAS 11, which consists in adjusting income and expenses on the basis of the percentage of completion of a project.

For the Construction business line, the stage of completion is usually determined on a physical basis. For the other business lines (Roads and Energies) the stage of completion is determined on the basis of the percentage of costs.

For construction projects in which VINCI's share is less than €10 million, it is considered that the profit or loss recognised on the basis of work completed is in line with that determined on a stage of completion basis, other than in exceptional cases.

If the estimate of the final outcome of a contract indicates a loss, regardless of the stage of completion, 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. Provisions for losses on completion are shown under liabilities.

Part payments received under construction contracts before the corresponding work has been carried out are recognised under liabilities under advances and payments on account received.

Share-based payments (IFRS 2)

The measurement and recognition methods for share subscription and purchase plans and the *Plans d'Epargne Groupe* – Group Savings Plans – are defined by IFRS 2 *Share-based Payment*. The granting of share options and offers to subscribe to the group savings plan represents a benefit granted to their beneficiaries and therefore constitutes supplementary remuneration borne by VINCI. Because such transactions do not give rise to monetary transactions, the benefits granted in this way are recognised as expenses in the period in which the rights are acquired with a corresponding increase in equity. Benefits are measured on the basis of the fair value of the equity instruments granted.

• Share subscription plans
Options to subscribe to shares are granted to Group employees and officers. The fair value of the options granted is determined at the grant date using a binomial valuation model, of the "Monte Carlo" type, adjusting for the probability of the vesting conditions of the rights to exercise the option not being met.

• Group Savings Plan
Under the Group Savings Plan, the Group issues new shares three times a year reserved for its employees with a subscription price that includes a 20% discount against the average stock market price of the VINCI share during the last 20 business days preceding the authorisation by the Board of Directors. This discount is considered as a benefit granted to the employees; its fair value is determined using a binomial valuation model, of the "Monte Carlo" type, at the date on which the Board of Directors sets the subscription price. As certain restrictions apply to the shares acquired by the employees under these plans regarding their sale or transfer, the fair value of the benefit to the employee takes account of the fact that the shares cannot be freely disposed of for five years.

Capitalised borrowing costs (IAS 23)

Capitalised borrowing costs are interest charges capitalised during the construction of assets. They are deducted from financial expenses, are included in the cost of construction until the date of entry into service of the asset and as such are recognised as assets. Borrowing costs included in the cost of fixed 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 during the period less any investment income arising from the temporary investment of those borrowings;
- if funds are borrowed to finance the construction of several assets, the amount of borrowing costs eligible for inclusion in the cost of the asset is determined by applying a capitalisation rate to the construction costs. This capitalisation rate is the weighted average of the borrowing costs during the period, excluding the costs of any borrowing contracted specifically in connection with the construction of specific assets.

Deferred tax (IAS 12)

In accordance with IAS 12, deferred tax is recognised on the temporary differences between the carrying amount and the tax base of assets and liabilities. Under the liability method, deferred tax is calculated using the tax rate expected for the period in which the asset will be recovered or the liability settled. The effects of a change in the tax rate from one period to another are recognised in the income statement of the period in which the change is noted.
Deferred tax relating to items recognised directly under equity are also recognised under equity.
With respect to temporary differences relating to investments in subsidiaries, joint ventures or associates, a deferred tax liability is recognised unless:
- the group can control the date at which the temporary difference will reverse; or
- the temporary difference will not reverse in the foreseeable future.

Deferred tax assets resulting from temporary differences, tax loss carryforwards and tax credits are restricted to the estimated amount of tax recoverable.
This amount is assessed at the year end, based on the projected earnings of the tax entities in question.
Deferred tax assets and liabilities are not discounted.

Earnings per share (IAS 33)
Undiluted earnings per share corresponds to the net profit for the period after minority interest, divided by the weighted average number of shares outstanding during the period less own shares.
In calculating diluted earnings per share, the average number of shares outstanding is adjusted for the dilutive effect of equity instruments issued by the Company that could increase the number of shares outstanding, such as the convertible bonds or share subscription options.

Intangible assets (IAS 38)
Identifiable and separable intangible fixed assets controlled by the Group are recognised under assets. They are amortised on a straight-line basis over their useful life.
Purchased intangible fixed assets are recorded in the balance sheet at acquisition cost.
Intangible assets mainly comprise operating rights, quarrying rights (of finite duration) and computer software.

Goodwill (IFRS 3)
Goodwill is the excess of the cost of acquisition of the shares in a company over the acquirer's interest in the fair value of the assets, liabilities and contingent liabilities of that company as at the date of acquisition, recognised at the acquisition date.

Goodwill relating to controlled entities is recorded under goodwill in the consolidated balance sheet.
Goodwill relating to entities accounted for using the equity method is reported under "investments in associates".
Negative goodwill is recognised directly in profit or loss in the year of acquisition.

Goodwill is not amortised but is tested for impairment at least annually and whenever there is an indication that it may be impaired.
Whenever goodwill is impaired, the difference between its carrying amount and its recoverable value is recorded in the income statement under operating profit or loss.

Concession fixed assets
The accounting treatment of concession contracts is not yet covered by the IFRSs (see Notes B 1.2 and B 4.1). Pending entry into application of the interpretations that will be proposed by the IFRIC, VINCI has retained the accounting policies that it has applied until now under French GAAP, which are described below, in preparing its 2004 IFRS consolidated financial statements:

The value of assets held under concessions and the associated operating rights are recorded on a separate line under balance sheet assets. They are depreciated over the period from the date of entry into service until the end of the contract.
The depreciation method employed depends on the specific characteristics of each individual concession. Depreciation is usually on a straight-line basis for concessions that have reached sufficient maturity but progressive depreciation methods may be used in their early stages.
Supplementary depreciation charges are made in respect of renewable assets that are returned for no consideration to the concession grantor, in order to bring their residual value to zero at the end of the contract.

Grants related to assets (IAS 20)
Grants related to assets are presented in the balance sheet as a reduction of the amount of the asset for which they were received.

Property, plant and equipment (IAS 16)
Items of property, plant and equipment are recorded at their acquisition or production cost less cumulative depreciation and any impairment allowances. They are not revalued.
Depreciation is generally calculated on a straight-line basis over the period of use of the asset; the diminishing balance method may however be used when it appears more appropriate to the conditions under which the asset is used. For certain complex assets, in particular buildings, each component of the asset is recognised separately and depreciated over its own period of use.

The main periods of use of the various categories of items of property, plant and equipment are as follows:

Buildings	
- structure	between 20 and 40 years
- general technical installations	between 5 and 20 years
Site equipment and technical installations	between 3 and 12 years
Vehicles	between 3 and 5 years
Fixtures and Furnishings	between 8 and 10 years
Office furniture and equipment	between 3 and 10 years

Depreciation commences as from the date of entry into service of the asset.

Leases (IAS 17)
Assets acquired under finance leases are recognised as fixed assets whenever the effect of the lease is to transfer to the Group substantially all the risks and rewards incidental to ownership of these assets.
Assets held under finance leases are depreciated over their period of use. Leases that do not meet the definition of a finance lease are recognised as operating leases and only the rental payments are accounted for as expenses during the full period of the contract.

Investment property (IAS 40)
Investment property is property held to earn rentals or for capital appreciation. Such property is shown on a separate line in the balance sheet.
Investment property is recorded at its acquisition cost less cumulative depreciation and any impairment allowances, in the same way as items of property, plant and equipment.

Impairment of non-financial fixed assets (IAS 36)
Under certain circumstances, impairment tests must be performed on intangible and tangible fixed assets. For assets with an indefinite useful life, which is the case for goodwill, a test is performed at least annually and whenever there is an indication of a loss of value. For other fixed assets, a test is performed only when there is an indication of a loss of value.
Assets to be tested for impairment are grouped within cash-generating units that correspond to homogeneous groups of assets that generate identifiable cash flows from their use. The value in use of a cash-generating unit is determined on the basis of the present value of the estimated cash flows expected to arise over its useful life. The discount rate is determined for each cash-generating unit, taking account of its geographical location and the risk profile of its business. Value in use is one of the two concepts, with fair value less costs to sell, adopted for the determination of the recoverable value. Whenever the recoverable value of a cash-generating unit is less than its carrying amount, an impairment loss is recognised in operating profit or loss.

Investments in associates (IAS 28)
Investments in associates accounted for using the equity method are initially recognised at cost of acquisition, including any goodwill arising. Their carrying amount is then increased or decreased to recognise the Group's share of the associate's profits or losses after the date of acquisition. Whenever losses are greater than the value of the Group's net investment in the associate, these losses are not recognised unless the Group has entered into a commitment to recapitalise or make payments on behalf of the associate.
If there is an indication of a loss of value, the value in use of equity-accounted investments in associates is tested as described above in the note on impairment of non-financial assets.

Other non-current financial assets (IAS 32-39)
This category includes receivables connected to investments in subsidiaries and associates, collateralised loans and receivables, other loans and receivables and available-for-sale assets (mainly comprising shares in subsidiaries and associates).

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, shares in unconsolidated subsidiaries and associates are considered by their nature to be available-for-sale assets and are therefore recognised at their fair value. If the share is quoted, the fair value is its stock market price. If the fair value cannot be reliably determined, shares are recognised at cost. Changes in fair value are recognised directly under equity in a specific account. In the event of a significant and durable decrease in the fair value of shares, an allowance for an irreversible impairment loss is recognised in profit or loss. This allowance can only be reversed when the shares in question are disposed of.

Loans are recognised at their amortised cost. Impairment allowances are booked if there is an objective indication of loss of value. The impairment loss corresponding to the difference between the carrying amount and the recoverable amount is recognised in profit or loss. It may be reversed if the recoverable amount changes favourably in the future.

Inventories (IAS 2)
Inventories are recognised at their cost of acquisition or of production by the entity. At each balance sheet date, they are measured at the lower of historical cost and their selling price or estimated cost of replacement.

Trade and other operating receivables
Trade and other operating receivables are valued at their nominal value, discounted if appropriate, less allowances taking account of any risk of non recovery.

Current financial assets (IAS 32-39)
This category is the part at less than one year of the loans and receivables shown under other non-current financial assets.

Cash management financial assets (IAS 32-39)
This comprises cash investments, units in treasury UCITS and negotiable debt securities that can be borrowed against or disposed of at any time. They are measured at their market price.

Cash and cash equivalents (IAS 7)

This heading comprises bank current accounts, term deposits and negotiable receivables maturing in less than 3 months.

Own (treasury) shares (IAS 32-39)

Own (treasury) shares held by the Group are booked as a deduction from equity at their cost of acquisition. Any gains or losses connected with the purchase, sale, issue or cancellation of own shares are recognised directly in equity.

Retirement and other employee benefit obligations (IAS 19)

- Provisions for retirement benefit obligations

Provisions are taken in the balance sheet in respect of obligations under defined benefit retirement plans for employees in service and for retired employees. They are determined using the projected unit credit method on the basis of assessments made at each balance sheet date. The actuarial assumptions used to determine the obligations vary depending on the economic conditions of the country where the plan is operated.

For defined benefit plans financed under external management arrangements (pension funds or insurance policies), the surplus or shortfall of the fair value of the assets compared with the present value of the obligations is recognised as an asset or liability in the balance sheet, after deduction of cumulative actuarial gains and losses and any unrecognised past service cost. However, surplus assets are only recognised in the balance sheet to the extent that they represent a future economic benefit for the Group.

Past service cost corresponds to the benefits granted either when an entity adopts a new defined benefit plan or when it changes the level of benefit of an existing plan. Whenever new rights to benefit are acquired as from the adoption of the new plan, the past service cost is recognised immediately in the income statement. Contrarily, whenever adoption of a new plan gives rise to the acquisition of rights after its implementation date, past service costs are recognised as an expense on a straight-line basis over the average period remaining until the corresponding rights are fully vested.

Actuarial gains and losses result mainly from changes in actuarial assumptions and from experience adjustments (the effects of differences between the actuarial assumptions adopted and what has actually occurred).

For defined benefit plans, the expense recognised under operating profit or loss comprises the current service cost, the past service cost, the amortisation of any actuarial gains and losses and the effects of any reduction or winding up of the plan; the interest cost (cost of discounting) and the expected yield on plan assets are recognised under financial income and expense.

Commitments relating to lump-sum payments on retirement for manual construction workers, which are met by contributions to an outside insurance scheme, are recognised as an expense as and when contributions are payable.

- Provisions for other employee benefits

This relates mainly to long-service bonuses in the French subsidiaries, and to the payment of medical expenses in certain subsidiaries, for which a provision is taken. This provision is measured using the actuarial forecasting method (the projected unit credit method).

The part at less than one year of provisions for retirement obligations and for other employee benefits is shown under current liabilities.

Provisions (IAS 37)
Provisions are liabilities of which the timing or amount cannot be accurately assessed. They are measured at the present value of the best estimate of the consumption of resources required to settle the obligation.

- Current provisions

Current provisions are provisions directly linked to each business line's own operating cycle, whatever the expected time of reversal.

Provisions for after-sales service cover the commitments of Group entities under statutory warranties relating to completed projects, in particular ten-year warranties on building projects in France. They are estimated statistically on the basis of expenses incurred in previous years or individually on the basis of specifically 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 in respect of completed projects under completion warranties.

Provisions for disputes connected with operations mainly relate to disputes with customers, sub-contractors, joint contractors or suppliers.

Restructuring provisions include the cost of plans and measures for which there is a commitment whenever these have been announced before the year end.

Provisions for other current liabilities mainly comprise provisions for late delivery penalties, for individual dismissals and for other risks related to operations.

Pending publication of the IFRIC interpretations, the provisions for major repairs and renewal relating to concession contracts have been maintained. These are calculated at the end of each year based on a works plan covering several years and revised annually to take into account changes in costs and in spending plans.

- Non-current provisions

Non-current provisions are provisions not directly linked to the operating cycle and that are generally likely to reverse in more than one year. In particular, they include provisions for potential employment liabilities and for disputes.

The part of non-current provisions that matures in less than one year is shown under current provisions.

Current and non-current borrowing (IAS 32-39)
Borrowing comprises bond and other loans, measured and recognised at amortised cost using the effective interest method. Under this method, the redemption premiums and issuance costs, initially taken as a deduction from the nominal amount of the liability, are included in the amount of the debt. Under this method, the interest expense is recognised actuarially.

This heading also includes the debt component of the OCEANE bonds. An OCEANE is a hybrid instrument comprising a debt for the issuer and an option granted to the bearer to convert this debt into an equity instrument of the issuer.

In accordance with IAS 32, when the nominal amount of the hybrid instrument is apportioned between its debt component and its equity component, the equity component is defined as the difference between the nominal value of the issue and the debt component. The debt component is calculated as being the fair value of debt with similar characteristics but without a conversion option. The amount recorded under equity corresponding to the conversion option is not revalued during the period of the loan. The debt component is valued using the amortised cost method over the estimated length of the loan, such that at any time, the amount of the debt is equal to the balance to repay.

The 2018 OCEANE comprises three early redemption options that may be exercised at the bearer's initiative in respect of all or part of the bonds in May 2006, May 2010 and May 2014. In order to calculate the amortised cost of the debt, the maturity of the debt component of the 2018 OCEANE has been estimated at May 2006.
The part at less than one year of borrowings is included in current borrowings.

Fair value of derivative financial instruments (assets and liabilities) (IAS 32-39)
The Group uses derivative instruments to hedge its exposure to market risks (interest rates, exchange rates, equity prices). In accordance with IAS 39, all derivative instruments must be shown in the balance sheet at their fair value and any change in the fair value must be recognised in profit or loss. Whenever the derivative instrument is considered to be a hedge, its recognition as a hedging instrument enables fluctuations in the derivative's value not to affect profit or loss nor increase its volatility.

Derivative instruments may be designated as hedging instruments in three cases: when the instrument is a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation:

- a fair value hedge allows the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, attributable to changes in financial variables (interest rates, exchange rates, equity prices, raw material prices, etc.) to be hedged;

- a cash flow hedge allows exposure to variability in cash flows associated with a recognised asset or liability or a highly probable forecast transaction to be hedged;

- a hedge of a net investment in a foreign operation denominated in foreign currency hedges the foreign exchange risk relating to the net investment in a consolidated foreign subsidiary.

Most interest rate and exchange rate derivatives used by VINCI may be considered as hedging instruments. Recognition as a hedging instrument is applicable if:

- the hedging relationship is clearly defined and documented at the date when it is set up;

- the effectiveness of the hedging relationship is demonstrated from the outset, and regularly while it is in place.

Hedge accounting in these cases has the following consequences, the derivative instrument always being measured in the balance sheet at its fair value:

- for hedges of the fair value of recognised assets and liabilities, the change in the fair value of the fair value of the derivative is recognised in profit or loss. This change is symmetrically offset by the revaluation, also recognised in profit or loss, of the hedged item.

- for cash flow hedges, the effective part of the change in the fair value of the hedging instrument is recorded directly in equity in a specific reserve account and the change in value of the part considered as “ineffective” is recognised in profit or loss. The amounts recorded in a reserve account are reversed through profit or loss as and when the hedged cash flows are recognised.

- for hedges of a net investment in a foreign operation, the “effective” portion of the changes in the value of the derivative instrument is recorded in equity under translation reserves, the “ineffective” portion of the changes in value is recognised in profit or loss. The gain or loss on the derivative recognised under translation reserves must be recognised in the income statement when the foreign entity in which the initial investment was made is disposed of.

Off balance sheet commitments
VINCI has defined and implemented a reporting procedure to list its off balance sheet commitments and identify their nature and purpose. This procedure provides for the submission by the consolidated subsidiaries as part of the consolidation procedures, of information relating to the following commitments given:

- personal sureties (securities, guarantees and other);
- collateral security (mortgages, pledges and other securities);
- joint and several guarantees covering unconsolidated partnerships;
- other commitments.

4. Draft interpretations and texts applicable in 2005 and 2006

4.1. Draft interpretations relating to concession contracts

In March 2005, the IFRIC published three draft interpretations relating to the accounting treatment of concession contracts (drafts D12, D13, D14 under discussion):

• the first draft defines the application scope of concession contracts and the criteria for determining the accounting model to apply. The application scope covers public service concession contracts, in which the concession grantor is considered to exercise control over the assets operated. The only criteria adopted for determining the nature of the assets to be recognised in the balance sheet and the resulting accounting treatment is the method of remunerating the concession operator.

• the other two drafts deal with the two accounting models proposed:
- the *intangible asset model*: the asset under concession is recognised as an intangible asset whenever the concession operator is paid directly by the users.
This asset is considered as being a right to receive tolls, granted to the concession operator in exchange for financing and constructing the infrastructure. This treatment would apply to most infrastructure concessions that are today managed by VINCI, in particular Cofiroute's motorway network, the A19, the Rion-Antirion bridge in Greece, and most of the parking facilities under concessions managed by VINCI Park;

- the *financial asset model*: the asset under concession would be recognised as an amortisable interest-bearing financial receivable whenever the concession operator is remunerated directly by the concession grantor and not by users. The amount of the financial receivable in the balance sheet would correspond to the present value of the receipts to be received from the concession grantor. This model would apply to partnership contracts of the "PPP" type ("PFI" in the UK), and to certain infrastructure concessions for which the Group is remunerated by the concession grantor under either an "availability scheme" (such as the Newport bypass for which part of the remuneration depends on availability of the asset), or a "shadow toll" (e.g. the "A Modell" in Germany), under which the remuneration received by the operator is set on the basis of the level of traffic but is paid by the concession grantor.

4.2. IAS 19 Amended, Employee benefits

IAS 19 Amended is applicable from 1 January 2006, with early adoption being encouraged. The Group has not yet decided which option it will adopt and its date of application.

4. 3. IFRIC 4 (Determining whether an Arrangement contains a Lease)

At this stage, the Group has not decided to adopt IFRIC 4 *Determining whether an Arrangement contains a Lease* early at 1 January 2004. Application of this interpretation is compulsory for financial years commencing on or after 1 January 2006 but may be adopted earlier. The points of divergence in respect of accounting policies connected with application of IFRIC 4 and their impact are being assessed.

C. MAIN IMPACTS OF THE IFRSs ON THE KEY INDICATORS AND GROUP SHAREHOLDERS' EQUITY AT 31 DECEMBER 2004

1. Key figures

2004 (in millions of euros)	French GAAP	IFRS
Net sales / Revenue	19,520	19,520
Operating income	1,373	
% net sales	7.0%	
Operating profit from ordinary activities (*)		1,300
% revenue		6.7%
Net income / Net profit	731	732
Gross operating surplus	2,021	
Cash flow from operations		2,018
Free cash flow (**)	1,510	1,368
Equity including minority interest	3,744	3,615
Net financial debt	2,285	2,433

(*) Operating profit before share based payments, impairment of goodwill and non-recurring items
(**) Net cash flows (used in)/ from operating activities after operating investments and before growth investments

2. Reconciliation of equity at 1 January 2004 and 31 December 2004 (French GAAP against IFRS)

Application of the IFRSs to the VINCI consolidated financial statements leads to a limited reduction of consolidated equity (which includes minority interest under IFRS) of €129 million at 31 December 2004 (at €3,615m against €3,744m under French GAAP) which should be compared with a reduction of €271 million at 1 January 2004, the date of the opening IFRS balance sheet.

The adjustments to equity resulting from the application of the new standards are shown in the following table:

(in millions of euros)	Total equity at 1 January 2004	Net profit 2004	Other changes in equity	Minority interest	Total equity at 31 December 2004
French GAAP	**3 488**	**731**	**(520)**	**45**	**3 744**
Own shares (IAS 32-39)	(182)	(1)	95	0	(88)
Actuarial gains and losses on retirement obligations (IAS 19)	(132)	9	0	0	(123)
Restatement of intangible assets (IAS 38)	(31)	1	0	0	(30)
Discounting of provisions	30	(3)	0	0	27
Financial instruments (IAS 39)	30	(18)	15	2	29
Capitalised borrowing costs (IAS 23)	60	1	(3)	0	58
Employee benefits (IFRS 2)	0	(36)	36	0	0
Non-amortisation of goodwill	0	47	0	(1)	46
Other restatements	(3)	(6)	1	0	(8)
Sub-total before effect of taxation	*(228)*	*(6)*	*144*	*1*	(89)
Effect of taxation	(43)	7	(2)	(2)	*(40)*
Total of the IFRS restatements	**(271)**	**1**	**142**	**(1)**	**(129)**
IFRS	**3 217**	**732**	**(378)**	**44**	**3 615**

D. RECONCILIATION OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2004 (FRENCH GAAP AGAINST IFRS)

The tables below show the reconciliations of the financial statements (income statement, balance sheet, cash flow statement) prepared under French GAAP and IFRS, distinguishing on the one hand restatements that affect net profit (and/or a corresponding entry under equity) and on the other, reclassifications that are solely changes in presentation within a statement, with no effect on net profit.

1. Reconciliation of the 2004 income statement (French GAAP against IFRS)

(in millions of euros)

French GAAP		*Notes*	IFRS		*Notes*
Net sales	**19 520**		**Revenue**	**19 520**	
Other revenue	665		Other operating income	255	
Operating expense	(18 165)				
Increase/(decrease) in provisions	(32)		Operating expenses	(18 475)	
Amortisation and depreciation	(617)				
Operating income	**1 372**	*1.1*			
			Operating profit from ordinary activities	**1 300**	*1.1*
			Share-based payment expense (IFRS 2)	(36)	
			Goodwill impairment expense	(46)	
			Non-recurring items	(10)	
			Operating profit	**1 208**	*1.1*
Financial expense	(151)		Cost of net borrowing	(242)	
Other financial income and expenses	127		Other financial income and expenses	238	
Net financial income /(expense)	**(24)**	*1.2*	**Net financial income /(expense)**	**(3)**	*1.2*
Net exceptional income /(expense)	**(53)**	*1.3*			
Income tax	(388)		Income tax expense	(380)	
Amortisation of goodwill	(80)	*1.4*			
Share in net earnings of companies accounted for by the equity method	14		Share of profit /(loss) of associates	14	
			Net profit for the period (including minority interest)	**838**	
Minority interest	(109)		Minority interest	(107)	
Net income	**731**	*1.5*	**Net profit attributable to equity holders of the parent**	**732**	*1.5*

1. 1. Operating profit

The operating profit under IFRS amounts to €1,208 million. This is €165 million less than the operating income under French GAAP; this difference, detailed in the table below, results mainly from the reclassifications (accounting for €122 million) within the income statement as a result of changes in presentation.

(in millions of euros)	*Notes*	**2004**
Operating income under French GAAP		**1 373**
Restatements		
Non-amortisation of actuarial gains and losses (allocated to opening balance sheet equity)	(a)	10
Cancellation of reversals of provisions for major repairs	(b)	(6)
Other		(10)
Total		***(6)***
Reclassifications		
Restructuring costs	(d)	(38)
Other exceptional operating income and expenses (excluding impairment losses)	(e)	(52)
Cost of discounting retirement obligations (reclassified to financial income / (expense))	(f)	24
Total		***(66)***
Operating profit from ordinary activities under IFRS		**1 300**
Restatements		
Effect of share-based payments (IFRS 2): Group Savings Plan and share options	(c)	(36)
Total		***(36)***
Reclassifications		
Costs of closing operations	(g)	(10)
Goodwill impairment expense (*)	(h)	(33)
Impairment of WFS market shares	(i)	(13)
Total		***(56)***
Operating profit under IFRS		**1 208**

(*) Including amortisation of goodwill related to assets with finite useful life

Restatements

(a) As part of its first adoption of the IFRSs, VINCI has elected to allocate actuarial gains and losses on retirement obligations under equity. These amount to – €132 million at 1 January 2004, reducing to – €121 million at 31 December 2004. The effect on net profit is therefore positive, amounting to €10 million, corresponding to the cancellation of expenses of amortisation of actuarial gains and losses.

(b) In accordance with IAS 37, provisions for major repairs (other than those in the Concessions division) have been cancelled with a corresponding entry under equity at 1 January 2004 under the IFRSs. The provisions that were reversed under operating income in 2004 under French GAAP, amounting to €6 million, were thus cancelled out in the IFRS income statement.

(c) An expense of €36 million before tax is recognised in application of IFRS 2 on share-based payments and similar. This expense, and the corresponding increase of equity, relates to:
- options to subscribe to VINCI shares granted to the enterprise's managers since 7 November 2002, for the part of the rights remaining to be acquired by the beneficiaries at 1 January 2005 (€20 million);
- subscriptions to the Group savings plan for the first four months of 2005, of which the terms and conditions were set as from the 2004 accounting period (€16 million before tax).

Reclassifications

(d) Reclassification under operating profit from ordinary activities of the net restructuring costs, recognised under exceptional income / (expense) under French GAAP.

(e) Reclassification under operating profit from ordinary activities of the other exceptional income and expense, previously recognised under exceptional income / (expense) under French GAAP.

(f) Reclassification under financial income / (expense) of the cost of discounting provisions for retirement obligations, previously recognised under operating income under French GAAP.

(g) Reclassification under operating profit from ordinary activities of the restructuring costs connected with closing of operations, recognised under exceptional income / (expense) under French GAAP.

(h) Reclassification under operating profit of exceptional impairment loss expense of €25 million and amortisation of goodwill relating to assets with a finite useful life for €8 million.

(i) Reclassification under operating profit of impairment of WFS market shares, considered as goodwill under IFRS, recognised under exceptional income / (expense) under French GAAP.

1. 2. Net financial income / (expense)

Net financial expenses were €3 million under IFRS against €24 million under French GAAP. This difference is the result of the impact of the reclassification and restatements detailed in the table below:

(in millions of euros)		2004		
	Notes	**Cost of borrowing**	**Other financial income and expenses**	**Total**
Net financial income / (expense) under French GAAP		**(151)**	**127**	**(24)**
Restatements				
Effect of applying the amortised cost method to Océane bonds	*(a)*	(15)	-	(15)
Effect of applying the amortised cost method to liabilities of infrastructure concessions		(3)	-	(3)
Adjustment of capitalised borrowing costs on infrastructure concession assets following application of the amortised cost method		6	-	6
Other		(1)	(2)	(3)
Total		***(13)***	***(2)***	***(15)***
Reclassifications				
Capitalised borrowing costs	*(b)*	(77)	77	0
Cost of discounting retirement obligations	*(c)*	-	(24)	(24)
Exceptional income and expenses related to financial assets	*(d)*	-	60	60
Total		***(77)***	***113***	***36***
Net financial income / (expense) under IFRS		**(241)**	**238**	**(3)**

Restatements

(a) Under French GAAP, bond issuance costs and redemption premiums were amortised on a straight-line basis over the period of the loan. Provisions were taken at each balance sheet date in respect of the redemption premiums of the "Oceane" bonds issued by VINCI. Under IFRS, issuance costs and redemption premiums are amortised using the amortised cost method which consists in calculating the effective interest rate of the debt taking account of the issuance costs, redemption premiums and conversion options. This restatement results in the recognition of a supplementary expense of €15 million in respect of 2004.

Reclassifications

(b) The capitalised (intermediate) borrowing costs shown as a reduction of borrowing costs in the French GAAP published financial statements are now shown under other financial income and expenses.

(c) Reclassification under financial income / (expense) of the cost of discounting provisions for retirement obligations, recognised under operating income under French GAAP (see note D 1.1 (f)).

(d) Reclassification under financial income / (expense) of exceptional items related to the disposal of financial assets for €24 million and of the reversal of the Toll Collect provision by Cofiroute for €36 million, recognised under exceptional income / (expense) under French GAAP.

1. 3. Net exceptional income / (expense)

The net exceptional income / (expense) line shown in the French GAAP income statement no longer appears in the IFRS income statement, in accordance with IAS 1.

The following table shows the various reclassifications to operating profit and to financial income / (expense) under IFRS of income and expense items that were previously reported under net exceptional income / (expense), as explained in paragraphs 1.1. and 1.2.

(in millions of euros)	**2004**
Net exceptional income / (expense) under French GAAP	**(53)**
Restructuring costs	(38)
Gains and losses on disposals of intangible and tangible fixed assets	(10)
Other exceptional operating income and expenses	(23)
Increase / (decrease) in provisions	(19)
Reclassification under operating profit from ordinary activities under IFRS	**(90)**
Cost of closing operations	(10)
Impairment of WFS market shares	(13)
Reclassification under operating profit under IFRS	**(113)**
Reversal of "Toll Collect" provisions	36
Net gains on disposal of securities	22
Other reclassifications to financial income / (expense)	2
Reclassification under financial income / (expense) under IFRS	**60**
Total reclassifications	**(53)**

1. 4. Amortisation of goodwill

(in millions of euros)	2004	
Amortisation of goodwill under French GAAP	**(80)**	
Non-amortisation of goodwill under IFRS	47	
Impairment loss and amortisation of goodwill maintained under IFRS (included in operating profit)	**(33)**	
of which – net exceptional impairment loss after impairment tests		*(25)*
of which – amortisation of goodwill allocated to concession contracts		*(4)*
of which – other amortisation of allocated goodwill		*(4)*

In application of IFRS 3 *Business Combinations*, goodwill is not amortised under IFRS (see Note B.3 Measurement rules and methods).

The effect on the IFRS net profit is therefore an increase of €47 million in 2004. In the IFRS income statement there remains an amount of €25 million that corresponds to exceptional impairment losses on goodwill (impairment tests). There is also an expense of €8 million corresponding to the amortisation of certain items of goodwill that were allocated to identified assets, such as rights to operate aggregate quarries or concession contracts, and which continue to be amortised under IFRS on the basis of the useful life of the underlying assets.

1. 5. Summary of impacts of restatements on net profit

The various restatements that affect the IFRS net profit presented in the previous paragraphs are summarised in the following table:

(in millions of euros)	*Notes*	**2004**
Net income under French GAAP		**731**
Non-amortisation of goodwill (IFRS 3)	*(see 1.4)*	47
Restatements of 2002 / 2003/ 2004 share option plans (IFRS 2)	*(see 1.1)*	(20)
Restatement of Group Savings Plan first four months 2005 announced in 2004 (IFRS 2)	*(see 1.1)*	(16)
Restatement applying the amortised cost method to the 2007 and 2018 Oceane bonds (IAS 39, IAS 32)	*(see 1.2)*	(15)
Non-amortisation of actuarial gains and losses on retirement obligations (IAS 19)	*(see 1.1)*	10
Restatement of reversals of provisions for major repairs taken to equity at 1 January 2004 (IAS 37)	*(see 1.1)*	(6)
Other restatements		(10)
Effect of tax on restatements		8
Effect of minority interest on restatements		3
Total of the IFRS restatements		***1***
Net profit under IFRS		**732**

2. Reconciliation of the balance sheet at 31 December 2004 (French GAAP against IFRS)

For the presentation of balance sheet items, the IFRSs recommend that a distinction be made between "non-current" assets and liabilities, representing equity and long-term finance, and "current" assets and liabilities, relating to the company's normal operating cycle, without necessarily being of a short-term nature. The part at less than one year of non-current assets and liabilities is also presented under current assets and liabilities.

2.1. Balance sheet assets

(in millions of euros)	*Notes*	French GAAP 31/12/2004	IFRS reclassifications	IFRS restatements	IFRS 31/12/2004
Intangible assets	*2.3.1*	173	(73)	(18)	82
Goodwill	*2.3.2*	1 387	(649)	39	777
Concession fixed assets	*2.3.3*	5 567	(563)	20	5 024
Other property, plant and equipment and investment property		2 041		8	2 049
Investments in associates	*2.3.4*	846	705	7	1 558
Other non-current financial assets	*2.3.5*	327	(40)	1	288
Fair value of derivatives (assets)	*2.3.6*		165	184	349
Deferred charges		50		(50)	
Deferred tax assets		168		(1)	167
Total non-current assets					**10 295**
Inventories		544		(1)	543
Trade and other operating receivables	*2.3.7*	7 554	(238)	(37)	7 279
Other current assets			157		157
Current tax assets			81		81
Current financial assets	*2.3.8*	318	(193)	5	130
Cash management financial assets and cash	*2.3.9*	4 541	68	(92)	4 518
Total current assets					**12 708**
TOTAL ASSETS		**23 516**	**(580)**	**66**	**23 003**

2.2. Balance sheet equity and liabilities

(in millions of euros)	*Notes*	French GAAP 31/12/2004	IFRS reclassifications	IFRS restatements	IFRS 31/12/2004
Capital and reserves attributable to equity holders of the parent		3 148		(132)	3 016
Minority interest		596		3	599
Equity					**3 615**
Investment subsidies	*2.3.3*	580	(580)		
Retirement and employee benefit obligations	*2.4.1*	586	(35)	127	678
Non-current provisions	*2.4.2*	1 687	(1 403)	(119)	165
Non-current borrowing	*2.4.3*	6 467	(526)	199	6 140
Fair value of derivatives (liabilities)			78	2	80
Deferred tax liabilities and other non-current liabilities	*2,4,4*	179	(34)	39	184
Total non-current liabilities					**7 247**
Current provisions	*2.4.5*		1 403	(20)	1 383
Trade and other current payables	*2.4.6*	9 596	(150)	(32)	9 414
Current tax payables			219		219
Current borrowings	*2.4.7*	677	448		1 125
Total current liabilities					**12 141**
TOTAL EQUITY AND LIABILITIES		**23 516**	**(580)**	**66**	**23 003**

2.3. Reconciliation of balance sheet assets (French GAAP against IFRS)

2.3.1 Intangible assets

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**173**
Reclassifications		
WFS market shares	(a)	(63)
“Commercial goodwill” [*fonds de commerce*]	(a)	(10)
Total		***(73)***
Restatements		
Cancellation of commercial goodwill	(b)	(28)
Quarrying rights	(c)	10
Total		***(18)***
IFRS		**82**

Reclassifications
(a) “Commercial goodwill” and market shares acquired in business combinations and recognised as intangible assets under French GAAP are reclassified under goodwill under IFRS.

Restatements
(b) Other “commercial goodwill” items that do not meet the definition of an intangible asset under IAS 38 have been cancelled against equity.

(c) Quarrying rights relating to the operation of quarries in the Roads division, previously recognised as deferred charges and that meet the definition of an asset under IAS 38, have been recognised under intangible assets.

2.3.2 Goodwill

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**1 387**
Reclassifications		
Goodwill arising on acquisition of ASF shares	*(a)*	(691)
Other goodwill related to investments in associates	*(a)*	(14)
WFS market shares	*(b)*	63
“Commercial goodwill” [*fonds de commerce*]	*(b)*	10
Other reclassifications	*2.3.3*	(17)
Total		***(649)***
Restatements		
Non-amortisation of goodwill	*(c)*	47
Goodwill relating to quarrying companies allocated to property, plant and equipment	*(d)*	(9)
Other		1
Total		***39***
IFRS		**777**

Reclassifications

(a) In accordance with IAS 28, goodwill relating to equity-accounted investments is included under the same heading as the corresponding investments. This reclassification relates mainly to the goodwill on VINCI's 23% holding in ASF.

(b) "Commercial goodwill" and market shares acquired in business combinations and recognised as intangible assets under French GAAP are reclassified under goodwill under IFRS (see 2.3.1 (a)).

Restatements

(c) In application of IFRS 3 *Business Combinations*, goodwill is no longer amortised. This restatement has led to the cancellation in the IFRS financial statements of €47 million of goodwill amortisation (see 1.6).

(d) Goodwill allocated to quarries in the Roads division is now shown under property, plant and equipment and is amortised over the expected period of operation of the quarry, with a maximum of 40 years.

2.3.3 Concession fixed assets

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**5 567**
Reclassifications		
Investment grants	*(a)*	(580)
Other reclassifications	*2.3.2*	17
Total		***(563)***
Restatements		
Capitalised borrowing costs	*(b)*	58
Reversal of capitalisation of costs connected with financing	*(c)*	(23)
Cancellation of capitalised pre-operating expenses	*(d)*	(6)
Other		(9)
Total		***20***
IFRS		**5 024**

Reclassifications

(a) Investment grants, which amounted to €580 million at 31 December 2004, are now deducted from concession fixed assets. These were shown under a specific heading under liabilities under French GAAP.

Restatements

(b) Under French GAAP, VINCI recognised the intermediate interest charges accruing during the period of construction in the cost of capitalised assets (which mainly relates to concession fixed assets) as from 1 January 2003 in accordance with the rules and methodology recommended by IAS 23.
For periods ending before that date, a retrospective calculation has been made and resulted in an increase of capitalised borrowing costs at 31 December 2004 under IFRS of €58 million compared with French GAAP.

(c) Under French GAAP, the costs or arranging the financing of assets under concession was shown under the cost of the concession fixed assets and was amortised over the length of the concession contract. In accordance with IAS 32 and 39, these costs are taken as a reduction of borrowing and are amortised using the effective interest method.

(d) Pre-operating expenses that do not meet the definition of property, plant and equipment under IAS 16 have been cancelled against equity for €6 million at 31 December 2004.

2.3.4 Investments in associates

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**846**
Reclassifications		
Goodwill arising on acquisition of ASF shares	(a)	691
Other goodwill related to investments in associates	(a)	14
Total		***705***
Restatements		
Adjustment under IFRS to ASF goodwill on acquisition	(b)	4
Other		3
Total		***7***
IFRS		**1 558**

Reclassifications
(a) In accordance with IAS 28, goodwill relating to equity-accounted investments is included under the same heading as the corresponding investments. This reclassification relates mainly to the goodwill on VINCI's 23% investment in ASF.

Restatements
(b) The goodwill arising on acquisition of ASF shares has been recalculated on the basis of the equity restated under IFRS at 31 December 2004 keeping unchanged the accounting rules and methods relating to the treatment of concessions contracts in accordance with the relevant option taken by VINCI for the preparation of 2004 IFRS financial statements.

2.3.5 Other non-current financial assets

(in millions of euros)	**31/12/2004**
French GAAP	**327**
Reclassifications of the part at less than one year under current financial assets	(40)
Other restatements	1
IFRS	**288**

2.3.6 Fair value of derivatives

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**0**
Reclassifications		
Accrued interest not matured on swaps (assets)	(a)	165
Total		***165***
Restatements		
Fair value of derivatives	(b)	184
Total		***184***
IFRS		**349**

Reclassifications

(a) Accrued interest not matured on swap assets that were previously shown under financial receivables under French GAAP, is shown on the line "Fair value of derivatives" under IFRS.

Restatements
(b) VINCI uses derivative financial instruments that are generally hedging instruments. This relates to interest rate hedges set up mainly at holding company level and at Cofiroute. These are now recognised at their fair value in the IFRS balance sheet in accordance with IAS 39.

2.3.7 Trade and other operating receivables

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**7 554**
Reclassifications		
Deferred charges shown under other current assets		(157)
Current tax assets	*(a)*	(81)
Total		***(238)***
Restatements		
Quarrying rights, Eurovia	*(b)*	(10)
Deferred charges	*(c)*	(14)
Other		(12)
Total		***(36)***
IFRS		**7 279**

Reclassifications
(a) In accordance with IAS 12, current tax assets previously shown under trade and other operating receivables are shown under a separate heading in the IFRS balance sheet.

Restatements
(b) Quarrying rights relating to the operation of quarries meet the definition of an intangible asset under IAS 38. They are now amortised over the period of the contract to which they relate, with a maximum of 40 years (see 2.3.1).

(c) Certain expenses incurred in connection with the obtaining of new loans were recognised as deferred charges under French GAAP. In accordance with IAS 39, these costs are now taken as reduction of borrowing and are amortised using the effective interest method.

2.3.8 Current financial assets

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**318**
Reclassifications		
Accrued interest not matured on swaps (assets)	(a)	(165)
Part at less than one year of "other non-current financial assets"	(b)	40
Cash current accounts and accrued interest not matured on short-term financial receivables	(c)	(68)
Total		***(193)***
Restatements		
Other		5
Total		***5***
IFRS		**130**

Reclassifications
(a) see 2.3.6
(b) see 2.3.5
(c) certain items that do not meet the definition of cash management financial assets and cash and cash equivalents as defined in Note B.3 have been reclassified under "current financial assets".

2.3.9 Cash management financial assets and cash

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**4 541**
Reclassifications		
Cash current accounts and accrued interest not matured on short-term financial receivables		68
Total		***68***
Restatements		
Own (treasury) shares	(a)	(88)
Other		(3)
Total		***(91)***
IFRS		**4 518**

Reclassifications
See 2.3.8 (c)

Restatements

(a) In accordance with IAS 32, own shares, previously classified as marketable securities, have been booked against equity; this has resulted in a reduction of this item of €88 million at 31 December 2004.

2.4. Reconciliation of balance sheet liabilities (French GAAP against IFRS)

2.4.1 Retirement and employee benefit obligations

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**586**
Reclassifications		
Part at less than one year of provisions for retirement obligations	*(a)*	(35)
Total		***(35)***
Restatements		
Actuarial gains and losses	*(b)*	123
Other		4
Total		***127***
IFRS		**678**

Reclassifications

(a) The part at less than one year of the provisions for retirement obligations is considered as a current debt and is reported under "trade and other current liabilities" in the IFRS balance sheet.

Restatements
(b) In connection with its first adoption of the IFRSs, VINCI has elected to allocate actuarial gains and losses on retirement obligations to equity (see note B 1.1.2). These amounted to €123 million at 31 December 2004 (against €132 million at 1 January 2004).

2.4.2 Non-current provisions

(in millions of euros)	*Notes*	**Total 31/12/2004**
French GAAP		**1 687**
Reclassifications		
Current provisions and part at less than one year of non-current provisions	(a)	(1 403)
Total		***(1 403)***
Restatements		
Provisions (OCEANE premium)	(b)	(109)
Discounting of non-current provisions	(c)	(10)
Total		***(119)***
IFRS		**165**

Reclassifications
(a) In accordance with IAS 1, which recommends that a distinction be made between current and non-current assets and liabilities, provisions shown under the long-term part of the balance sheet under French GAAP have been reclassified as current liabilities whenever they are attached to a particular business line's own operating cycle.
The part of non-current provisions that matures within less than one year is also reclassified under current liabilities.

Restatements
(b) Under French GAAP, a provision was taken at the balance sheet date for the redemption premiums on OCEANE bonds, in proportion to the remaining period of the loans. In accordance with IAS 32 and 39, issuance costs and redemption premiums are amortised using an actuarial method (the amortised cost method), which consists in calculating the effective interest rate of the debt, taking account of the issuance costs and redemption premiums (see 2.4.3 (c)).

(c) In accordance with the IFRSs, provisions are recognised at their present value.

2.4.3 Non-current borrowing

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**6 467**
Reclassifications		
Part at less than one year of long-term borrowing	(a)	(526)
Total		***(526)***
Restatements		
Fair value of hedging derivative financial instruments	(b)	152
Effect of applying the amortised cost method to Océane bonds	(c)	52
Other (including effect of applying the amortised cost method to the other loans)	(d)	(5)
Total		***199***
IFRS		**6 140**

Reclassifications
(a) In accordance with IAS 1, the part of borrowings at less than one year has been reclassified as current borrowing.

Restatements
(b) VINCI uses derivative financial instruments that are generally hedging instruments. This relates to interest rate hedges set up by the holding company and Cofiroute, in accordance with IAS 39. The opposite entry to recognition of the fair value of the derivatives is the corresponding borrowing account.

(c) This restatement arises from the application of the amortised cost method to the OCEANE bonds.

(d) The other restatements relate mainly to the application of the amortised cost method to VINCI's other borrowing.

2.4.4 Deferred tax liabilities and other non-current liabilities

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**179**
Reclassifications		
Part at less than one year of other long-term borrowing	(a)	(34)
Total		***(34)***
Restatements		
Deferred tax recognised on IFRS restatements	(b)	39
Total		***39***
IFRS		**184**

Reclassifications
(a) In accordance with IAS 1, the part of other borrowing at less than one year has been reclassified under trade and other current liabilities.

Restatements
(b) This amount corresponds to the deferred tax liabilities recognised on IFRS restatements.

2.4.5 Current provisions

(in millions of euros)	*Notes*	**Total** **31/12/2004**
French GAAP		**0**
Reclassifications		
Current provisions and part at less than one year of non-current provisions	(a)	1 403
Total		***1 403***
Restatements		
Effect of discounting current provisions	(b)	(17)
Other		(3)
Total		***(20)***
IFRS		**1 383**

Reclassifications
(a) see 2.4.2 (a)

Restatements
(b) Provisions are henceforth recognised at their present value.

2.4.6 Trade and other current payables

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**9 596**
Reclassifications		
Current tax payables	(a)	(219)
Part at less than one year of retirement obligations	(b)	35
Part at less than one year of other borrowing	(c)	34
Total		***(150)***
Restatements		
Deferred income included in borrowing	*(d)*	(26)
Other		(6)
Total		***(32)***
IFRS		**9 414**

Reclassifications
(a) In accordance with IAS 12, current tax payables previously shown under trade and other operating payables are shown under a distinct heading in the balance sheet.
(b) The part at less than one year of retirement obligations is reclassified as a current liability.
(c) see 2.4.4 (a)

Restatements

(d) Income related to certain financial instruments (payments received in connection with swaps) recognised as deferred income under French GAAP. In accordance with IAS 39, this is now recognised under borrowing and amortised using the effective interest method.

2.4.7 Current borrowing

(in millions of euros)	*Notes*	**31/12/2004**
French GAAP		**677**
Reclassifications		
Part at less than one year of non-current borrowing	(a)	526
Accrued interest not matured on swaps	(b)	(78)
Total		***448***
IFRS		**1 125**

Reclassifications
(a) see 2.4.3 (a)

(b) Accrued interest on swaps that was previously shown in this account is henceforth presented on the line “fair value of derivative instruments, liabilities”.

3. Net financial debt under the IFRSs

VINCI's net financial debt under the IFRSs is defined as the sum of the financial liabilities (gross borrowing) less treasury assets and the net fair value of derivative financial instruments.
Treasury assets comprise cash and cash equivalents, cash management financial assets (liquid and short-maturity investments of cash) and collateralised financial receivables, which are deposits guaranteeing long-term debts.

The following table shows the breakdown of VINCI's net financial debt in the IFRS balance sheet:

(in millions of euros)	**01/01/2004**	**31/12/2004**
Gross borrowing:		
Non-current borrowing	(5 754)	(6 117)
Current financial liabilities (including bank overdrafts)	(1 053)	(1 125)
Sub-total	***(6 807)***	***(7 242)***
Treasury assets:		
Cash	663	830
Cash management financial assets	3 506	3 688
Collateralised financial receivables	39	45
Sub-total	***4 208***	***4 563***
Fair value of derivatives		
Fair value of derivatives (assets)	242	349
Fair value of derivatives (liabilities)	(135)	(103)
Sub-total	***107***	***246***
Total net financial debt under IFRS	**(2 492)**	**(2 433)**

3.1 Reconciliation of net financial debt (French GAAP against IFRS)

(in millions of euros)	**01/01/2004**	**31/12/2004**
Net financial debt under French GAAP	**(2 266)**	**(2 285)**
Own shares taken against equity	(182)	(88)
Current financial assets excluded from net financial debt	(24)	(38)
Other restatements	(20)	(22)
Net financial debt under IFRS	**(2 492)**	**(2 433)**

VINCI's net financial debt at 31 December 2004 increases by €148 million from €2,285 million under French GAAP to €2,433 million under the IFRSs.

This difference can be explained mainly by the fact that own shares, henceforth excluded from the definition of available cash and cash equivalents, are taken directly against equity under the IFRSs. These amounted to €88 million at 31 December 2004, less than at 1 January 2004 (€182 million), as a result of the exercise of purchase options during the year.

Furthermore, the definition of cash and cash equivalents, which is more restrictive under IFRS than under French GAAP, results in the exclusion from the cash and cash equivalents taken into account in determining net financial debt of certain financial receivables of which the liquidity is considered insufficient.

4. Consolidated IFRS cash flow statement

(in millions of euros)		**2004**
Cash flows (used in) / from operations before tax and cost of net borrowing		**2 018**
Changes in working capital requirement and current provisions		421
Income taxes paid		(385)
Net interest paid		(210)
Net cash flows (used in) / from operating activities	**I**	**1 844**
Net investments in operating assets		(476)
Free cash flow		***1 368***
Growth investments in concessions		(568)
Net financial investments		(241)
Other cash flows related to investing activities (*)		16
Net cash flows (used in) / from investing activities	**II**	**(1 269)**
Free cash flow after financing of growth		***575***
Increases and reductions in share capital		(231)
Sums collected during the period on exercise of share options		95
Dividends paid		(343)
Loan proceeds and repayments		213
Change in cash management financial assets (**)		(223)
Net cash flows (used in) / from financing activities	**III**	**(489)**
Effect of changes in foreign exchange rates	**IV**	2
Net increase / (decrease) in cash and cash equivalents	**I +II +III +IV**	**88**
(*) including dividends received from unconsolidated companies €42 million		
(**) cash investments other than cash in hand (see Note B.2)		

The cash flow statement has been designed referring to the model recommended in CNC Recommendation 2004-12-02 of 27 October 2004 published by the *Conseil National de la Comptabilité*, and in accordance with IAS 7.

In accordance with the new rules, VINCI's cash flow statement henceforth shows the change in the net cash flows in the period and no longer the change in net financial debt.

Application of the new presentation rules leads to a marked change in the amount of some of the headings that VINCI has presented until now.

4.1. Reconciliation of cash flows from operations (French GAAP against IFRS)

(in millions of euros)	**2004**
Cash flow from operations under French GAAP	**1 561**
Financing costs under French GAAP (*)	119
Current tax under French GAAP	416
Cash flows (used in) / from operations before tax and financing costs (French GAAP)	***2 096***
Reclassification of dividends received from unconsolidated subsidiaries (**)	(42)
Impact of changes in current provisions	(35)
Other	(1)
Cash flows (used in) / from operations before tax and cost of net borrowing (IFRS)	**2 018**

(*) Before amortisation of Océane redemption premiums
(**) Including ASF for €32 million

Cash flow from operations is shown before tax and financing costs under IFRS, contrary to French GAAP, and amounts to €2,018 million.
Contrary to French GAAP, it excludes dividends received from unconsolidated entities, which are now included in net cash flows (used in) / from investing activities. In 2004, these amounted to €42 million and related mainly to the dividend paid to VINCI Concessions by ASF.

Moreover, changes in current provisions are henceforth included in cash flow from operations, such provisions being considered as operating liabilities.

4.2. Reconciliation of "free cash flow" (French GAAP against IFRS)

(in millions of euros)	**2004**
Free cash flow before growth investments in concessions	**1 510**
Reclassification of dividends received from unconsolidated subsidiaries under financial investments (*)	(42)
Reclassification of changes in accrued interest not matured on loans under changes in net cash	(12)
Reclassification of capitalised interest under growth investments in concessions	(77)
Other changes	(11)
Free operating cash flow under IFRS	**1 368**

(*) Including ASF for €32 million

Cash flows from operating activities, as defined under the IFRSs, take account of the finance expenses corresponding to capitalised borrowing costs on assets under construction, which until now were included under cash flows (used in) / from investing activities. In 2004, these amounted to €77 million and mainly related to Cofiroute.

Given these reclassification differences, the free cash flow before growth investments amounts to €1,368 million under IFRS against €1,510 million under French GAAP.

E. SPECIFIC REPORT BY THE STATUTORY AUDITORS ON THE IFRS FINANCIAL INFORMATION AT 31 DECEMBER 2004

To the Shareholders,

As requested, and as the Statutory Auditors of VINCI, we have audited the IFRS Financial Information presenting the expected impact of the transition to the International Financial Reporting Standards (the IFRSs) as adopted in the European Union on the consolidated balance sheet at 31 December 2004 and the consolidated income statement for the accounting period ended 31 December 2004 (the "2004 IFRS Financial Information"), as attached to this report.

The 2004 IFRS Financial Information has been prepared under the responsibility of the Board of Directors as part of the transition to the IFRSs as adopted in the European Union for the preparation of the 2005 consolidated financial statements, from the consolidated financial statements for the period ended 31 December 2004 prepared in accordance with the French accounting rules and policies and which we audited in accordance with the professional standards applicable in France. Following our audit of the 2004 consolidated financial statements we expressed an unqualified opinion on those financial statements. We are required, on the basis of our audit, to express an opinion on the 2004 IFRS Financial Information.

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 2004 IFRS Financial Information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures included in this information. An audit also includes assessing the accounting principles used and significant estimates made in preparing the 2004 IFRS Financial Information, as well as evaluating its overall presentation. We believe that our audit provides a reasonable basis for our opinion expressed below.

In our opinion, the 2004 IFRS Financial Information has been prepared in all material aspects in accordance with the rules for their preparation described in the Notes, which explain how IFRS 1 and the other International Financial Reporting Standards adopted in the European Union have been applied and which state the Standards, Interpretations, accounting rules and methods that, according to the Management, should be applicable to the preparation of the 2005 consolidated financial statements under the IFRSs adopted in the European Union.

Without bringing the above opinion in to question, we draw your attention to:

- Note A.1., which sets out the reasons why the 2004 IFRS Financial Information presented in the 2005 consolidated financial statements could be different from the 2004 IFRS Financial Information attached this report;

- Note A.1.2., which sets out the accounting treatment of concession contracts adopted by VINCI; pending completion of the IFRIC's work, the Company has maintained the accounting policies applied to concession contracts until now under the French rules in force, in preparing its 2004 IFRS Financial Information.

We also remind readers that, the purpose being to prepare the transition to the IFRSs as adopted in the European Union for the preparation of the 2005 consolidated financial statements, the 2004 IFRS Financial Information does not constitute a set of consolidated financial statements prepared in accordance with the IFRS, as adopted in the European Union, enabling a fair view to be given of the assets and liabilities, financial situation and earnings of the companies included in the consolidated financial statements, under these financial reporting standards.

Neuilly-sur-Seine and Paris, 25 July 2005

The Statutory Auditors

DELOITTE & ASSOCIES	SALUSTRO REYDEL	
Thierry Benoit	Bernard Cattenoz	Benoît Lebrun