2008 Financial report

VINCI CONSTRUCTION

Consolidated IFRS balance sheet at 31 December 2008

Assets

(in € thousands)	Notes	2008 Gross	2008 Amort. Dep'n and Provs.	2008 Net	2007 Net
Non-current assets					
Intangible assets	1	104,590	59,185	45,405	19,207
Goodwill	2	620,598	13,397	607,201	544,042
Concession intangible assets	3	11,286	5,453	5,833	3,869
Property, plant and equipment	4	3,356,250	1,891,482	1,464,768	1,322,184
Investment property	5	13,145	7,082	6,063	14,751
Investments in associates	6	20,794	23	20,771	24,206
Other non-current financial assets	7-14	165,717	36,666	129, 051	70,071
Non-current deferred tax assets	19	97,690		97,690	57,229
Total non-current assets		**4,390,070**	**2,013,288**	**2,376,782**	**2,055,559**
Current assets					
Inventories and work in progress	8-10	417,867	29,703	388,164	289,606
Trade and other operating receivables	10	6,689,898	238,567	6,451,331	6,064,760
Other current assets	10	246,664	2,333	244,331	211,893
Current tax assets	10	59,996		59,996	24,076
Current deferred tax assets	19	118,391		118,391	98,272
Current financial assets	14	20,217		20,217	10,175
Cash management financial assets	9-14	1,763,346		1,763,346	1,144,296
Cash and cash equivalents	9-14	1,219,486		1,219,486	1,384,571
Total current assets		**10,535,865**	**270,603**	**10,265,262**	**9,227,649**
TOTAL ASSETS		**14,925,935**	**2,283,891**	**12,642,044**	**11,283,208**

Consolidated IFRS balance sheet at 31 December 2008

Equity and liabilities

(in € thousands)	Notes	2008	2007
Equity			
Share capital		148,806	148,806
Share premium		54,333	54,333
Consolidated reserves		519,612	454,237
Net profit for the period		488,456	411,217
Interim dividend		(163,129)	(111,605)
Equity attributable to equity holders of the parent		**1,048,078**	**956,988**
Minority interest		204,200	181,056
Total equity		**1,252,278**	**1,138,044**
Non-current liabilities			
Retirement and other employee benefit obligations	11	139,675	132, 696
Non-current provisions	12	63,607	53,619
Participating loans and bonds	14		147
Other loans and borrowings	14	500,717	428,756
Other non-current liabilities		62,617	35,429
Non-current deferred tax liabilities	19	56,035	18,339
Total non-current liabilities		**822,651**	**668,986**
Current liabilities			
Current provisions	12	1,203,870	1,026,579
Trade payables	10	4,353,489	3,956,214
Other current payables	10-13	4,293,431	3,753,317
Current tax payables	10	137,727	112,401
Current deferred tax liabilities	19	17,374	18,252
Current borrowings	14	561,224	609,415
Total current liabilities		**10,567,115**	**9,476,178**
TOTAL EQUITY AND LIABILITIES		**12,642,044**	**11,283,208**

Consolidated IFRS income statement

For the period from 1 January 2008 to 31 December 2008

(in € thousands)	Notes	2008	2007
Revenue	15	**14,819,604**	**13,027,231**
Revenue from ancillary activities	16	116,122	122,574
Operating income		**14,935,726**	**13,149,805**
Purchases consumed		(3,665,984)	(3,092,007)
Subcontracting and other external expenses		(6,950,246)	(6,392,371)
Employment costs		(2,906,181)	(2,486,601)
Taxes and levies		(139,542)	(131,547)
Other operating income and expense		13,977	35,257
Net amortisation, depreciation and provisions		(561,457)	(437,714)
Operating profit from ordinary activities	16	**726,293**	**644,822**
(% of revenue)		4.90%	4.95%
Share-based payment expense	17	(41,231)	(41,293)
Goodwill impairment expense		(582)	(68)
Share of profit / (loss) of associates		2,807	4,486
Operating profit		**687,287**	**607,947**
(% of revenue)		4.64%	4.67%
Cost of gross financial debt		(50,804)	(36,901)
Financial income from cash management investments		91,523	73,575
Cost of net financial debt		**40,719**	**36,674**
Other financial income	18	117,547	61,889
Other financial expenses	18	(89,318)	(41,210)
Income tax expense	19	(227,585)	(219,725)
Net profit for the period		**528,650**	**445,575**
Minority interest		40,194	34,358
Net profit attributable to equity holders of the parent		**488,456**	**411,217**
(% of revenue)		3.30%	3.16%
Number of shares		18,600,811	18,600,811
Earnings per share (in euros)		**26.26**	**22.11**

Consolidated IFRS cash flow statement

(in € thousands)	31/12/2008	31/12/2007
Net profit for the period (including minority interest)	528,650	445,576
Depreciation and amortisation	335,222	280,123
Net increase / (decrease) in provisions	43,323	15,670
Share-based payments (IFRS 2)	(17,819)	4,060
Gain / (loss) on disposals	(58,077)	(36,020)
Change in fair value of foreign currency derivative financial instruments	(1,462)	(5,669)
Share of profit / (loss) of associates and dividends received from unconsolidated entities	(4,911)	(6,810)
Capitalised borrowing costs	32	12
Cost of net financial debt	(40,719)	(36,674)
Current and deferred tax expenses	227,585	219,725
Cash flows (used in) / from operations before tax and financing costs	**1,011,824**	**879,993**
Changes in working capital requirement and current provisions	535,098	521,255
Income taxes paid	(208,878)	(179,829)
Net interest payments	43,459	34,689
Net cash flows (used in) / from operating activities	**1,381,503**	**1,256,108**
Purchases of property, plant and equipment, and intangible assets	(523,708)	(445,295)
Proceeds from sales of property, plant and equipment, and intangible assets	38,284	59,240
Purchases of non-current financial assets	(147,500)	(591,397)
Proceeds from disposal of non-current financial assets	48,907	33,154
Net effect of changes in scope of consolidation	70,619	181,404
Change in financial receivables on PPPs and concession contracts	(36,702)	(3,593)
Dividends received from associates and unconsolidated entities	4,112	4,237
Other	6,792	408
Net cash flows (used in) / from investing activities	**(539,196)**	**(761,842)**
Minority interest in share capital increases of subsidiaries	988	2,031
Dividends paid by VINCI Construction	(315,098)	(211,118)
Dividends paid to minority shareholders	(10,641)	(6,848)
Proceeds from new long-term borrowings	74,492	223,833
Repayments of borrowings	(14,957)	(192,533)
Changes in cash management assets and current borrowings	(586,364)	96,456
Net cash flows (used in) / from financial activities	**(851,580)**	**(88,179)**
Change in net cash	**(9,273)**	**406,087**
Net cash and cash equivalents at beginning of period	957,786	576,421
Other changes	(58,022)	(24,722)
Net cash and cash equivalents at end of period	**890,491**	**957,786**
Net cash and cash equivalents at end of period	***890,491***	***957,786***
Cash management financial assets	*1,763,346*	*1,144,296*
Loans and collateralised receivables and other financial assets	*894*	*904*
Non-current financial debt	*(475,259)*	*(426,809)*
Other current financial debt (excluding bank overdrafts)	*(221,835)*	*(182,093)*
Fair value of derivatives, net	*(19,605)*	*2,294*
Net financial surplus at end of period	***1,938,032***	***1,496,378***

Statement of changes in consolidated equity

(in € thousands)	Share capital	Share premium	Consoli-dated reserves	Currency translation reserves	Net profit for the period	Net income recog-nised directly in equity	Attributable to equity-holders of the parent	Minority interest	Total
At 31 December 2006	**148,806**	**54,333**	**260,714**	**4,113**	**351,697**	**166**	**819,829**	**148,100**	**967,929**
Allocation of net income for previous period			351,697		(351,697)				
Dividends paid			(99,513)				(99,513)	(6,848)	(106,361)
Interim dividend			(111,605)				(111,605)		(111,605)
Net profit for the period					411,217		411,217	34,358	445,575
Financial instruments: changes in fair value						559	559	190	749
Share-based payments (IFRS2)			3,872				3,872		3,872
Currency translation differences			(3,081)	(24,363)			(27,444)	(1,310)	(28,754)
Effect of acquisitions of non-controlling interests after acquisition of control			(40,706)				(40,706)		(40,706)
Changes in consolidation scope and miscellaneous			(512)			1,291	779	6,566	7,345
At 31 December 2007	**148,806**	**54,333**	**360,866**	**(20,250)**	**411,217**	**2,016**	**956,988**	**181,056**	**1,138,044**
Allocation of net income for previous period			411,217		(411,217)				
Dividends paid			(151,969)				(151,969)	(10,641)	(162,610)
Interim dividend			(163,129)				(163,129)		(163,129)
Net profit for the period					488,456		488,456	40,194	528,650
Financial instruments: changes in fair value						288	288	(6,991)	(6,703)
Share-based payments (IFRS2)			4,846				4,846		4,846
Currency translation differences			4	(86,154)			(86,150)	(1,531)	(87,681)
Changes in consolidation scope and miscellaneous			(2,627)	1,310		65	(1,252)	2,113	861
At 31 December 2008	**148,806**	**54,333**	**459,208**	**(105,094)**	**488,456**	**2,369**	**1,048,078**	**204,200**	**1,252,278**

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Notes to the consolidated financial statements at 31 December 2008

A. Accounting policies and measurement methods

1. General principles

In application of Regulation (EC) no. 1606/2002 of 19 July 2002, the Group's consolidated financial statements for the year ended 31 December 2008 have been prepared under the International Financial Reporting Standards (IFRS) as endorsed by the European Union at that date.

The accounting policies applied by the Group at 31 December 2008 are identical to those used to prepare the consolidated financial statements at 31 December 2007, except for:

- the Standards and Interpretations adopted by the European Union, applicable as from 1 January 2008 (see Note A.1.1. "New Standards and Interpretations applicable from 1 January 2008");
- the change of accounting policy relating to the early application of Interpretation IFRIC 12 (see Note A.1.2. "Change of accounting policy: IFRIC 12 Service Concession Arrangements");

1.1. New Standards and Interpretations applicable from 1 January 2008

1.1.1. IFRIC 11 Group and Treasury Share Transactions

This Interpretation describes how share-based payments (under IFRS 2) by Group subsidiaries should be accounted for whenever these payments are made by means of equity instruments of the parent.

VINCI Construction's accounting policies already complied with this Interpretation.

1.1.2. IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This Interpretation sets out the conditions – i.e. refunds or reductions in future contributions – enabling the entity in question to recognise a receivable when a financial asset or pension fund is in surplus. Moreover, the existence of a minimum funding requirement may restrict the amount of the receivable recognised or require the recognition of an additional liability.

The application of this Interpretation has had no material impact on the Group's consolidated financial statements at 31 December 2008.

1.1.3. IAS 39 & IFRS 7: Reclassification of Financial Assets – Amendment published on 27 November 2008

The Amendments to IAS 39 and IFRS 7 allow entities, in rare circumstances, to reclassify certain financial instruments originally held for trading to other asset categories. The current financial crisis is considered as a rare circumstance of a nature such as to justify the use of this option by entities.

This Amendment has not been applied to the consolidated financial statements at 31 December 2008.

1.2. Change of accounting policy: IFRIC 12 Service Concession Arrangements

Interpretation IFRIC 12, published in November 2006, was adopted by the Accounting Regulatory Committee (ARC) on 6 November 2008 and should be ratified by the European Commission in the first quarter of 2009. VINCI Construction has elected to apply its principles as from the 2008 balance sheet date as it considers that this Interpretation enables better financial information to be given.

1.2.1. Accounting treatment of concession agreements under IFRIC 12

▸ The application scope of IFRIC 12 covers public service concession contracts in which the concession grantor is considered to exercise control over the assets operated. The concession grantor is considered to control the asset if:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and what and how the operator will be paid; and
- the grantor controls the residual interest in the infrastructure at the end of the arrangement.

▸ Under the terms of this Interpretation, the operator has a twofold activity:

- a construction activity in respect of its obligations to design, build and finance an asset that it makes available to the grantor: revenue is recognised on a stage of completion basis in accordance with IAS 11;
- an operating and maintenance activity in respect of the assets under the concession: revenue is recognised in accordance with IAS 18.

The operator receives payment in return for its activities.

▸ The financial asset model applies if the operator is paid a consideration by the grantor. The operator has an unconditional contractual right to receive payments from the grantor, irrespective of the use of the infrastructure by customers.

Under this model, the operator recognises an interest-bearing financial asset in its balance sheet in consideration for the services it provides (designing, building, operation or maintenance). These financial assets are recognised in the balance sheet under "Loans and receivables" for the amount of the fair value of the infrastructure at initial recognition and subsequently at amortised cost. It is settled by means of the grantor's payments received. The financial income calculated on the basis of the effective interest rate, equivalent to the project's internal rate of return, is recognised under operating income. This model applies to all of the Group's PPP (Public Private Partnership) contracts.

▸ An intangible asset model is also available and applies whenever an operator has a right to receive tolls (or other payments) from users in consideration for the financing and construction of the infrastructure. This treatment does not apply to the Group.

Under the mixed model, whenever only part of the investment is covered by an unconditional right to receive payments from the grantor, it is recognised as a financial receivable up to the amount guaranteed by the grantor. The unguaranteed balance, of which the amount is dependent on the extent of use of the infrastructure, is recognised as an intangible asset.

The accounting consequences of application of IFRIC 12 have had no material effect on the Group's consolidated financial statements.

2. Consolidation methods

2.1. Consolidation scope

Companies over which VINCI Construction exercises majority control are fully consolidated. Companies that are less than 50% owned but in which VINCI Construction exercises de facto control are consolidated using this same method. This relates in particular to CFE, of which VINCI Construction owns 46.84%.

Companies over which VINCI Construction exercises significant influence are accounted for using the equity method.

The proportionate method is used to consolidate companies in which the Group exercises joint control and joint venture agreements in which the Group's share of the revenue and balance sheet are material for the Group.

The consolidated financial statements include the financial statements of all companies with revenue of over €2 million, and of subsidiaries whose revenue is below this figure but whose impact on the Group's financial statements is material.

Joint venture agreements created for specific construction projects and that manage revenue of over €45 million (on a 100% basis) are consolidated proportionately.

The other joint venture agreements are consolidated by booking in the income statement the Group's share of revenue and expenses while keeping associates' current accounts in the balance sheet.

Number of companies by reporting method:

	31 December 2008			31 December 2007		
	Total	France	Foreign	**Total**	France	Foreign
Full consolidation	**640**	325	315	**609**	307	302
Proportionate consolidation	**259**	66	193	**241**	58	183
Equity method	**49**	20	29	**42**	16	26
Total	**948**	**411**	**537**	**892**	**381**	**511**

The main change during the year related to the acquisition of the UK company Taylor Woodrow Construction, referred to in Note B.

2.2. Intragroup transactions

Reciprocal operations and transactions relating to assets and liabilities, income and expenses between consolidated or equity-accounted companies are, in general, eliminated in the consolidated financial statements. This is done:

- for the full amount if the transaction is between two fully consolidated entities;
- applying the percentage of proportionate consolidation of an entity if the transaction is between a fully consolidated entity and a proportionately consolidated entity;
- applying the percentage owned of an equity-accounted entity in the case of internal profits or losses realised between a fully consolidated entity and an equity-accounted entity.

2.3. Translation of the financial statements of foreign subsidiaries and establishments

In most cases, the functional currency of foreign entities and establishments is their local currency.

The financial statements of foreign entities whose functional currency is different from that used in preparing the Group's consolidated financial statements are translated at the closing rate. Balance sheet items are translated at the exchange rate on 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 on the balance sheet date.

2.4. Foreign currency transactions

Transactions in foreign currency are translated into euros at the exchange rate on the transaction date. At the balance sheet date, trade receivables and payables expressed in foreign currencies are translated at the closing rate. Resulting exchange gains and losses are recognised under foreign exchange gains and losses and are shown under other financial income and expenses in the income statement.

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

2.5. Business combinations

The Group applies the so-called purchase method for business combinations made as from 1 January 2004. In application of this method, the Group recognises the identifiable assets, liabilities and contingent liabilities at fair value at the dates when control was acquired. The cost of a business combination is the fair value, at the date of exchange, of the assets given, liabilities incurred, and/or equity instruments issued by the acquirer in exchange for control of the acquiree, plus any costs directly attributable to the acquisition. When an agreement provides for an adjustment to the purchase price contingent on future events, the Group includes the amount of that adjustment in the purchase cost of the target entity at the acquisition date if the adjustment is probable and can be measured reliably.

The cost of acquisition is allocated by recognising the identifiable assets, liabilities and contingent liabilities of the acquiree at fair value on that date, except for assets or asset groups classified as held for sale under IFRS 5, which are recognised at fair value less costs to sell. The positive difference between the cost of acquisition, as defined above, and the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

The Group has twelve months from the date of acquisition to finalise the accounting for business combinations.

2.6. Transactions between shareholders, acquisitions and disposals of non-controlling interests after acquisition of control

Acquisitions or disposals of non-controlling interests, with no change of control, are considered as equity transactions with the Group's shareholders. Under this approach, the difference between the consideration paid to increase the percentage shareholding in the entities that are already controlled and the supplementary share of the equity thus acquired is recorded under consolidated equity. Similarly, a decrease in the Group's percentage holding in an entity that continues to be controlled is booked in the accounts through equity, with no impact on profit or loss.

3. Measurement rules and methods

3.1. Use of estimates

The preparation of financial statements under the IFRSs requires estimates to be used and assumptions to be made that affect the amounts shown in these financial statements.

These estimates assume the operation is a going concern and are made on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based change or if new information becomes available. Actual results may differ from these estimates.

3.1.1. Measurement of construction contract profit or loss using the stage of completion method

The Group uses the stage of completion method to recognise revenue and profit or loss on construction contracts, applying the general revenue recognition rules on the basis of the percentage of completion.

The percentage of completion and the revenue to recognise are determined on the basis of a large number of estimates based on monitoring of the work performed and using the benefit of experience to take account of unforeseen circumstances. In consequence, adjustments may be made to initial estimates throughout the contract and may have material effects on future results.

3.1.2. Values used in impairment tests

The assumptions and estimates made to determine the recoverable amount of goodwill, intangible assets and property, plant and equipment, relate in particular to the assessment of market prospects needed to estimate the cash flows and discount rates adopted. Any change in these assumptions could have a material effect on the recoverable amount and could entail a change in the impairment losses to recognise.

The main assumptions used by the Group are described in Note A.3.11. "Goodwill".

3.1.3. Measurement of share-based payment expenses under IFRS 2

The Group recognises a share-based payment expense relating to the granting to its employees of share options (offers to subscribe to or purchase shares), performance share plans and shares under the Group Savings Scheme. This expense is measured on the basis of actuarial calculations using estimated behavioural assumptions based on observation of past behaviour.

3.1.4. Measurement of retirement benefit obligations

The Group is involved in defined contribution and defined benefit retirement plans. Its obligations in connection with these plans are measured actuarially based on assumptions such as the discount rate, the return on the investments dedicated to these plans, future increases in wages and salaries, employee turnover, mortality rates and the rate of increase of health expenses. These assumptions are generally updated annually. Details of the assumptions used and how they are determined are given in Note C.11. "Retirement and other employee benefit obligations".

The Group considers that the actuarial assumptions used are appropriate and justified in the current conditions. Obligations may, however, change in the event of changes in assumptions.

3.1.5. Measurement of provisions

The factors that materially influence the amount of provisions relate to:

- the estimates made on a statistical basis from expenses incurred in previous years, for after-sales service provisions;
- the estimates of forecast profit or loss on construction contracts, which serve as a basis for the determination of losses on completion.

3.1.6. Measurement of financial instruments at fair value.

Whenever financial instruments are not listed on a market, the fair value is determined using measurement models based on assumptions that give preference to the use of observable inputs.

3.2. Revenue

Consolidated revenue is recognised in accordance with IAS 11 as described below. The total includes the revenue, after elimination of intragroup transactions, of:

- fully consolidated companies;
- jointly controlled companies, which are consolidated proportionately on the basis of the Group's share in the company; and
- joint venture partnerships, based on the Group's share in the entity.

It includes any revenue recognised in respect of construction work carried out by non-Group enterprises on assets covered by PPP contracts, for which the consideration received is shown in the balance sheet under financial receivables.

The method for recognising revenue in respect of construction contracts is explained in Note A.3.4. "Construction contracts" below.

3.3. Revenue from ancillary activities

Revenue from ancillary activities is recognised in accordance with IAS 18 and comprises rental income, sales of equipment, materials and goods, study work and fees other than those recognised by concession operating companies.

3.4. Construction contracts

The Group recognises construction contract income and expenses using the stage of completion method defined by IAS 11. For the Group, the stage of completion is usually determined on a physical basis.

If the estimate of the outcome of a contract indicates a loss on completion, a provision is made for the loss on completion regardless of the stage of completion, based on the best estimates of income, including, if need be, any rights to additional revenue or claims if these are probable and can be reliably estimated. Provisions for losses on completion are classified 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.

3.5. Share-based payments

The measurement and recognition methods for share subscription and purchase plans, the Plans d'Epargne Groupe ("Group Savings Schemes") and performance share plans, are defined by IFRS 2 Share-based Payment. The granting of share options, VINCI performance shares and offers to subscribe to the VINCI Group Savings Scheme represent a benefit granted to their beneficiaries and therefore constitute supplementary remuneration borne by VINCI Construction. 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 at the grant date of the equity instruments granted. The Monte Carlo binomial model is considered to be the most reliable and long-lasting method for measuring this fair value insofar as it allows a greater number of scenarios to be modelled, by including in particular the valuation of assumptions about beneficiaries' behaviour on the basis of observation of historical data.

3.5.1. Share subscription or purchase option plans

Performance shares subject to vesting conditions have been granted to Group employees and Company officers in prior years. Options to subscribe to or purchase VINCI shares are granted to Group employees and Company officers. The fair value of these options granted is determined at the grant date using a Monte Carlo binomial valuation model. The number of options measured is adjusted for the probability that the vesting conditions for the exercise of the option will not be satisfied.

3.5.2. Performance share plans

These concern plans under which the final vesting of the performance shares is dependent on the realisation of conditions relating to market performance and financial criteria. As such, the fair value of the VINCI performance shares has been estimated at the grant date using a Monte Carlo simulation model in order to incorporate the impact of the market performance condition (i.e. the risk-free rate) as recommended by IFRS 2.
The number of performance shares measured at fair value in the calculation of the IFRS 2 expense is then adjusted at each balance sheet date for the impact of the change in the likelihood of the financial criteria being met.

3.5.3. Group Savings Scheme

Under the Group Savings Scheme, VINCI issues new shares reserved for its employees in France three times a year at a subscription price that includes a discount of 10% against the average stock market price of the VINCI share during the 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 Monte Carlo binomial valuation model at the date on which the subscription price is announced to the employees. As certain restrictions apply to the shares acquired by VINCI Construction 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 acquired cannot be freely disposed of for five years, other than in certain specific cases.

In 2007, VINCI carried out a leveraged employee shareholding transaction, called Castor Avantage, for the employees of its French subsidiaries. The expense related to leveraged plans is measured at grant date in accordance with IFRS 2, on the basis of the plan units granted by VINCI to VINCI Construction's employees.

The Group recognises the benefits granted in this way to its employees as an expense over the vesting period, with a corresponding increase in consolidated equity.
Benefits granted under share option plans, performance share plans and the Group Savings Scheme are implemented as decided by VINCI's Board of Directors and approved by the Shareholders' General Meeting, and are not, in general, systematically renewed. As their measurement is not directly linked to business lines' operations, the Group has considered it appropriate not to include this expense in the operating profit from ordinary activities, which is an indicator of the business lines' performance, but to report it on a separate line, labelled Share-based payment expense (IFRS 2), in operating profit.

3.6. Cost of net financial debt

The cost of net financial debt includes:

- the cost of gross financial debt, which includes the interest expense calculated at the effective interest rate, gains and losses on interest-rate derivatives allocated to gross financial debt, whether they are designated as hedges for accounting purposes or not;
- the line item *financial income from cash management investments*, which comprises the return on investments of cash and cash equivalents. Investments of cash and cash equivalents are measured at fair value through profit or loss.

3.7. Other financial income and expenses

Other financial income and expenses mainly comprises foreign exchange gains and losses, the effects of discounting to present value, dividends received from unconsolidated entities, capitalised borrowing costs and changes in the value of derivatives not allocated to interest rate risk management.

3.8. Income tax

Income tax is computed in accordance with the tax legislation in force in the countries where the income is taxable.

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. It is calculated using the latest tax rates enacted or substantially enacted at the date of closing the accounts. The effects of a change in the tax rate from one period to another are recognised in the income statement in the period in which the change occurs.
Deferred tax relating to items recognised directly under equity, in particular share-based payment expenses (under IFRS 2), is also recognised under equity.

Whenever subsidiaries have distributable reserves, a deferred tax liability is recognised in respect of the probable distributions that will be made in the foreseeable future. Moreover, shareholdings in associates and joint ventures give rise to recognition of a deferred tax liability in respect of all the differences between the carrying amount and the tax base of the shares.
Net deferred tax is determined on the basis of the tax position of each entity or group of entities included in the tax group under consideration and is shown under assets or liabilities for its net amount per taxable entity.
Deferred tax is reviewed at each balance sheet date to take account in particular of the impact of changes in tax law and the prospects for recovery. Deferred tax assets are only recognised if their recovery is probable.
Deferred tax assets and liabilities are not discounted.

3.9. Earnings per share

Earnings per share is the net profit after minority interest, divided by the weighted average number of shares outstanding during the period. The Group has not issued any equity instruments that could have a dilutive effect.

3.10. Other intangible assets

This mainly includes computer software. Purchased intangible assets are measured at cost less amortisation and cumulative impairment losses and are amortised on a straight-line basis over their useful life.

3.11. Goodwill

Goodwill is the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date(s) of acquisition, recognised on first consolidation.

Goodwill relating to fully and proportionately consolidated entities is reported under the consolidated balance sheet under Goodwill. Goodwill relating to associates is included in the line item Investments in associates.

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 the carrying amount and recoverable amount is recognised in operating profit or loss in the period and is not reversible.

Negative goodwill is recognised directly in profit or loss in the year of acquisition.

3.12. Concession intangible assets

Concession intangible assets correspond to the concession operator's right to operate the asset under concession in consideration for the investment expenditures incurred for the design and construction of the asset. This operator's right corresponds to the fair value of the construction of the asset under concession plus the borrowing costs capitalised during the construction phase. It is amortised over the term of the arrangement in a manner that reflects the pattern in which the asset's economic benefits are consumed by the entity, starting from the date of commencement of use of the operating right (see Note A.1.2. "Change of accounting policy: IFRIC 12 Service Concession Arrangements").

3.13. Grants related to assets

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

3.14. Property, plant and equipment

Items of property, plant and equipment are recorded at acquisition or production cost less cumulative depreciation and any impairment losses. They are not revalued.
Depreciation is generally calculated on a straight-line basis over the period of use of the asset. Accelerated depreciation may however be used when it appears more appropriate to the conditions under which the asset is used. For certain complex assets comprising various components, in particular buildings and constructions, each component of the asset is 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 10 years
Vehicles	between 3 and 5 years
Fixtures and fittings	between 5 and 10 years
Office furniture and equipment	between 3 and 10 years

Depreciation commences as from the date when the asset is ready to enter service.

3.15. Finance leases

Assets acquired under finance leases are recognised as non-current 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, with recognition of a corresponding financial liability. Assets held under finance leases are depreciated over their period of use.

3.16. Investment property

Investment property is property held to earn rental 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 losses, in the same way as items of property, plant and equipment.

3.17. Impairment of non-financial non-current assets

Under certain circumstances, impairment tests must be performed on intangible and tangible fixed assets. For intangible assets with an indefinite useful life and 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 inflows from their use. 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. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The discount rate is determined for each cash-generating unit, taking account of its geographical location and the risk profile of its business.

3.18. Investments in associates

Equity-accounted investments in associates 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 acquisition date. 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 the associate or made payments on its behalf.
If there is an indication that an investment may be impaired, its recoverable value is tested as described in Note A.3.17. "Impairment of non-financial non-current assets".
In order to present business lines' operational performance in the best way possible, the profit or loss of associates is reported on a specific line, between the lines operating profit from ordinary activities and operating profit.

3.19. Other non-current financial assets

Other non-current financial assets comprise available-for-sale securities, the part at more than one year of loans and receivables measured at amortised cost, the part at more than one year of Public Private Partnership contracts (PPP) and the fair value of non-current derivative financial instruments (assets) (see Note A.3.27.2. "Fair value of derivative instruments, (assets and liabilities)").

3.19.1. Available-for-sale securities

Available-for-sale securities comprises the Group's shareholdings in unconsolidated entities.

At the balance sheet date, available-for-sale securities are measured at fair value. The fair value of shares in listed companies is determined on the basis of the stock market price at that balance sheet date.
If the fair value of unlisted securities cannot be determined reliably, they continue to be measured at their original cost, i.e. acquisition cost plus transaction costs.

Changes in fair value are recognised directly in equity.

Whenever there is an objective indication that this asset is impaired, the corresponding loss is recognised in profit or loss and may not be reversed. A long-term or material decline in fair value below the asset's cost is an objective indication of its impairment.

The factors considered by the Group in assessing the long-lasting or material nature of a decline in fair value are generally the following:
- the impairment is long-lasting whenever the moving average over nine months of the closing stock market price is less than 20% of the cost of the financial asset;
- the impairment is material whenever there is a fall in the spot price of 30% compared with the cost of the security at the balance sheet date, except in rare, exceptional circumstances in which the Group adjusts the quoted price.

3.19.2. Loans and receivables at amortised cost

Loans and receivables at amortised cost mainly comprises receivables connected with shareholdings, current account advances to associates or unconsolidated entities, guarantee deposits, collateralised loans and receivables and other loans and receivables. It also includes the financial receivables relating to concession contracts and Public Private Partnerships whenever the concession operator has an unconditional right to receive remuneration (generally in the form of "scheduled construction payments") from the grantor.

Upon initial recognition, these loans and receivables are measured at their fair value plus directly attributable transaction costs. At each balance sheet date, these assets are measured at amortised cost using the effective interest method. In the particular case of receivables coming under the scope of IFRIC 12, the effective interest rate used corresponds to the project's internal rate of return.

If there is an objective indication of impairment of these loans and receivables, an impairment loss is recognised at the balance sheet date. The impairment loss corresponding to the difference between the carrying amount and the recoverable amount (i.e. the present value of the expected cash flows discounted using the original effective interest rate) is recognised in profit or loss. This loss may be reversed if the recoverable value increases subsequently and if this favourable change can objectively be linked to an event arising after recognition of the impairment loss.

3.20. Inventories and work in progress

Inventories and work in progress are recognised at acquisition cost or production cost by the entity. At each balance sheet date, they are measured at the lower of cost and net realisable value.

3.21. Trade and other operating receivables

Trade and other operating receivables are current financial assets initially measured at fair value, which generally reflects the nominal value, unless the effect of discounting is material. At each balance sheet date, receivables are measured at amortised cost less any impairment losses taking account of any likelihood of non-recovery.

3.22. Other current financial assets

Other current financial assets comprises the fair value of derivative financial instruments (assets) and the part at less than one year of loans and receivables reported under other non-current financial assets.

3.23. Cash management financial assets

Cash management financial assets comprises investments in monetary and bond securities, and units in UCITS, made with a short-term management objective, that do not satisfy the IAS 7 criteria for recognition as cash (see Note A.3.24. "Cash and cash equivalents"). As the Group adopts fair value as being the best reflection of the performance of these assets, they are measured and recognised at fair value, and changes in fair value are recognised through profit or loss.

Purchases and sales of cash management financial assets are recognised on their transaction date.
Their fair value is determined using commonly used valuation models or, for non-listed cash management assets, at the present value of future cash flows. In assessing the fair value of listed instruments, the Group uses the market price at the balance sheet date or the cash-in-value of UCITS.

3.24. Cash and cash equivalents

This item comprises current accounts at banks and cash equivalents corresponding to short-term, liquid investments subject to negligible risks of fluctuations of value. Cash equivalents comprise in particular monetary UCITS (in accordance with the AMF classification), and certificates of deposit with maturities not exceeding three months at the origin. Bank overdrafts are not included in cash and are reported under current financial liabilities.

The Group has adopted the fair value method to assess the return on its financial instruments. Changes in fair value are recognised directly in profit or loss.

3.25. Non-current provisions

Non-current provisions comprise provisions for retirement benefit obligations and other non-current provisions.

3.25.1. Provisions for retirement benefit obligations

Provisions are taken in the balance sheet for obligations connected with defined benefit retirement plans, for both current and former employees (people with deferred rights or who have retired). These provisions are determined using the projected unit credit method on the basis of actuarial assessments made at each annual 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. Each plan's obligations are recognised separately.

For defined benefit plans financed under external management arrangements (i.e. 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 past service cost not yet recognised in profit or loss. However, the surplus assets are only recognised in the balance sheet if they satisfy the conditions defined in IFRIC 14 (see Note A.1.1.2 "IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction").

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 or the change of an existing plan, the past service cost is recognised immediately in profit or loss. Conversely, whenever adoption of a new plan or a change in a 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 from changes in actuarial assumptions and from experience adjustments (the effects of differences between the actuarial assumptions adopted and what has actually occurred).
Cumulative unrecognised actuarial gains and losses that exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of the plan assets are recognised in profit or loss for the excess portion on a straight-line basis over the average expected remaining working lives of the employees in that plan.

For defined benefit plans, the expense recognised under operating profit or loss comprises the current service cost, the amortisation of 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 other financial income and expenses.

Commitments relating to lump-sum payments on retirement for manual construction workers, which are met by contributions to an outside multi-employer insurance scheme (CNPO), are considered as being under defined contribution plans and are recognised as an expense as and when contributions are payable.

That part of provisions for retirement benefit obligations that matures within less than one year is shown under current liabilities.

3.25.2. Other non-current provisions

These comprise provisions for other employee benefits, measured in accordance with IAS 19, and those provisions that are not directly linked to the operating cycle, measured in accordance with IAS 37. These are recognised whenever, at the balance sheet date, the Group has a legal or constructive present obligation towards third parties arising from a past event, whenever it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation whenever a reliable estimate can be made of the amount of the obligation. These provisions are measured at present value, corresponding to the best estimate of the outflow of resources required to settle the obligation.

Provision expenses and reversals result from the change in these assessments at each balance sheet date.

The part at less than one year of other employee benefits is reported under other current payables. The part at less than one year of provisions not directly linked to the operating cycle is reported under current provisions.

3.26. Current provisions

Current provisions are provisions directly linked to each business line's own operating cycle, whatever the expected time of settlement of the obligation. They are recognised in accordance with IAS 37 (see above). They also include the part at less than one year of provisions not directly linked to the operating cycle.

Provisions for after-sales service cover Group entities' commitments 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 events.

Provisions for losses on completion of 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.

3.27. Bonds and other financial debt (current and non-current)

3.27.1. Bond loans, other loans and borrowings

These are recognised at amortised cost using the effective interest method. The effective interest rate is determined after taking account of redemption premiums and issuance expenses. Under this method, the interest expense is measured using the amortised cost method and reported under the cost of gross financial debt.

The benefit of a government loan at a significantly below-market rate of interest, which is in particular the case for project finance granted by public-sector organisations, is treated as a government grant and recognised as a reduction of the debt and the related investments, in accordance with IAS 20.

Financial instruments that comprise both a debt component and an equity component are recognised in accordance with IAS 32. The carrying amount of the hybrid instrument is apportioned between its debt component and its equity component, the equity component being defined as the difference between the fair value of the hybrid instrument and the fair value of the debt component. The debt component corresponds to the fair value of a debt with similar characteristics but without an equity component. The value attributed to the separately recognised equity component is not altered during the term of the instrument. The debt component is measured using the amortised cost method over its estimated term. Issuance costs are allocated proportionately between the debt and equity components.

The part at less than one year of borrowings is included in current borrowings.

3.27.2. Fair value of derivative financial instruments (assets and liabilities)

The Group uses derivative financial instruments to hedge its exposure to market risks (interest rates, exchange rates, equity prices). In accordance with IAS 39, all derivatives are required to be recognised in the balance sheet at their fair value. If a derivative is not designated as a hedge, the change in its fair value must be recognised through profit or loss. If a derivative is designated as a hedge, recognising it as a hedging instrument allows changes in the value of the derivative to be cancelled out in the income statement.

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

Most of the interest rate and foreign currency derivatives used by VINCI Construction are considered as trading instruments, directly allocated to the contract in question.

The fair value of derivative financial instruments designated as hedges of which the maturity is greater than one year is reported in the balance sheet under non-current financial assets or other loans and non-current financial debt. The fair value of other derivative instruments not designated as hedges and the part at less than one year of instruments designated as hedges are reported under current financial assets or current financial liabilities.

The market value of interest rate and foreign exchange transactions is estimated on the basis of valuations provided by bank counterparties or financial models commonly used in financial markets, using market data at the balance sheet date.

3.27.3. Put options granted to minority shareholders

Put options (options to sell) granted to the minority shareholders of certain Group subsidiaries are recognised under financial liabilities for the present value of the exercise price of the option and as a corresponding reduction of consolidated equity (minority interest and equity attributable to equity holders of the parent for the surplus, if any).

3.28. Off-balance sheet commitments

The Group's off-balance sheet commitments are monitored through specific annual and six-monthly reports.
Off-balance sheet commitments are reported in the appropriate Notes, as dictated by the activity to which they relate.

B. Business combinations

Regarding the acquisition referred to below, the values of the identifiable assets, liabilities and contingent liabilities have been allocated on the basis of information available at the date of closing the accounts. The goodwill arising may be subject to adjustment in the 12 months following the date of acquisition of control, depending on any changes made during this period.

Acquisition of Taylor Woodrow Construction

VINCI PLC, a UK subsidiary of VINCI Construction, agreed in September 2008 to acquire all the shares in Taylor Woodrow Construction. Taylor Woodrow Construction booked revenue of £688 million (€864 million) and net profit of £6.2 million (€7.8 million) for the twelve months of 2008. The acquired company is a major operator in the United Kingdom in railway and airport civil engineering and energy infrastructure and PPPs in the health and education sectors.

The Group has fully consolidated the company in its consolidated financial statements since 9 September 2008.

Determination of identifiable assets and liabilities at the date of acquisition of control

(in € millions)	Historical values	Fair-value adjustments	Fair values
Non-current assets			
Property, plant and equipment and intangible assets	11.7	26.2	37.9
Non-current financial assets	3.7	0.2	4.0
Deferred tax assets	0.2	3.9	4.1
Total non-current assets	**15.7**	**30.3**	**46.0**
Current assets	209.0	(1.0)	208.0
including cash for	*112.1*		*112.1*
Non-current liabilities			
Non-current financial debt and derivatives	0.0		0.0
Other non-current liabilities	0.0	2.0	2.0
Deferred tax liabilities	0.0		0.0
Total non-current liabilities	**0.0**	**2.0**	**2.0**
Current liabilities			
Current financial debt and derivatives	0.0		0.0
Other current payables	251.2	2.7	253.9
Total current liabilities	**251.2**	**2.7**	**253.9**
Total net assets	**(26.5)**	**24.5**	**(2.0)**
Purchase consideration (100% of the shares)	**93.2**		**93.2**

The fair value adjustments at the date of acquisition of control mainly relate to the recognition of the acquired brand name for €26.2 million and contingent liabilities.
The goodwill arising on acquisition of control of Taylor Woodrow Construction amounted to £76.4 million (€95.2 million at the date of acquisition of control). It has been valued by comparing the acquisition price with the corresponding share of the assets and liabilities owned, remeasured at fair value. This goodwill corresponds to the supplementary future economic benefits that VINCI Construction considers it will receive as a result of this acquisition. Allocation of the purchase consideration is not definitive.
Taylor Woodrow Construction's 2008 post-acquisition revenue and operating profit were £207 million (€260 million) and £1.4 million (€1.8 million) respectively.

C. Notes to the balance sheet and income statement

1. Intangible assets (net in € thousands)

	31/12/2007	Increase	Decreases	Translation differences and other	31/12/2008
Gross	79,220	6,308	(1,413)	20,475	104,590
Amortisation and provisions	(60,013)	(6,212)	1,435	5,605	(59,185)
Total net	**19,207**	**96**	**22**	**26,080**	**45,405**

Intangible assets mainly comprise software licences and patents.

The impact of acquisitions and reversals of amortisation in connection with business combinations, and that of impairment losses and reversals, on changes in the period is not material.

2. Goodwill (in € thousands)

	Gross	Impairment losses	Net
Goodwill at start of the period	558,002	(13,960)	544,042
Goodwill recognised during the period	154,233		154,233
Amortisation and provisions		(834)	(834)
Translation differences and others	(91,637)	1 397	(90,240)
Total	**620,598**	**(13,397)**	**607,201**

The main items of goodwill at net value at the balance sheet date were as follows:	**Net**
Solétanche Bachy	178,927
Nuvia	119,212
Taylor Woodrow Construction	80,249
Sogea Holdings UK	53,618
VINCI PLC	15,835
Fifehead Ltd (Stradform)	14,396
VMA	11,115
Energilec	8,920
Refco Holdings Inc.	8,707
Geopac	7,314

Impairment tests on goodwill and other non-financial assets (in € millions)
In accordance with IAS 36 Impairment of Assets, goodwill and other non-financial assets have been tested for impairment at 31 December 2008.

The value in use of cash-generating units is determined on the basis of activity and country, by discounting the forecasted operating cash flows before tax (operating profit plus depreciation and amortisation plus non-current provisions less operating investments less change in operating WCR), at the rates below.

Forecasted cash flows are generally determined on the basis of the latest three-year plans available. For periods beyond the three-year period, cash flows are extrapolated until the fifth year, generally using a growth rate based on management's assessment of the outlook for the entity under consideration.

Beyond the fifth year, the terminal value is determined by capitalising cash flows to infinity.

		Parameters of the model applied to cash flow forecasts				Impairment losses recognised in the period	
(in € millions)	Net carrying amount of goodwill 31 December 2008	Growth rate (Years Y+1 to Y+5)	Growth rate (terminal value)	Pre-tax discount rate 31 December 2008	Pre-tax discount rate 31 December 2007	2008	2007
Solétanche Bachy	178.9	1.2 to 3.4%	1.50%	10.13%	9.48%	-	-
Other goodwill	428.3	0 to 3%	0 to 3%	10.13 to 14.47%	8.5 à 11.3%	0.8	0.1
Total	**607.2**					**0.8**	**0.1**

3. Concession intangible assets (in € thousands)

Net total	31/12/2007	Increase	Decrease	Translation differences and other	31/12/2008
Gross	9,108	2,178			**11,286**
Amortisation and provisions	**(5,239)**	(214)			**(5,453)**
Net total	**3,869**	**1,964**			**5,833**

The impact on the Group's financial statements of acquisitions and reversals of amortisation in connection with business combinations, and of impairment losses and reversals, is not material.

4. Property, plant and equipment (in € thousands)

4.1. Change in the period

	31/12/2007	Increase	Decrease	Translation differences and other	31/12/2008
Gross	3,055,991	512,839	(169,589)	(42,991)	3,356,250
Amortisation and provisions	(1,733,807)	(331,696)	148,777	25,244	(1,891,482)
Net total	**1,322,184**	**181,143**	**(20,812)**	**(17,747)**	**1,464,768**

4.2 Breakdown by type of asset

	Gross	Depreciation	Net
Land	51,217	(5,528)	45,689
Buildings	213,095	(90,937)	122 ,158
Plant and equipment	2,788,613	(1 ,664,207)	1,124,406
Office furniture, computer equipment, fixtures and fittings	197,656	(130,762)	66,894
Non-current assets in progress	105,669	(48)	105,621
Total	**3,356,250**	**(1,891,482)**	**1,464,768**

The impact on the Group's financial statements of acquisitions and reversals of amortisation in connection with business combinations, and of impairment losses and reversals, is not material.

4.3. Investments during the period

	31/12/2008
Land	4,387
Buildings	15,565
Plant and equipment	463,807
Office furniture, computer equipment, fixtures and fittings	29,080
Total investments	**512,839**

4.4. Leased assets

Leased assets amounted to €124.4m at 31 December 2008 and mainly relate to assets used in operations.

5. Investment property (in € thousands)

	31/12/2007	Increase	Decrease	Translation differences and other	31/12/2008
Gross	25,481		(1,215)	(11,121)	13,145
Amortisation and provisions	(10,730)	(35)		3,683	(7,082)
Net total	**14,751**	**(35)**	**(1,215)**	**(7,438)**	**6,063**

The impact on the Group's financial statements of acquisitions and reversals of amortisation in connection with business combinations, and of impairment losses and reversals, is not material.

6. Investments in associates (in € thousands)

	31/12/2007	31/12/2008
Value of shares at start of the period	**14,036**	**24,206**
Share capital increases of associates	4,651	(943)
Group share of net income for the period	4,486	2,807
Dividends paid	(1,913)	(2,008)
Changes in consolidation scope, foreign currency translation differences and other	2,946	(3,291)
Total	**24,206**	**20,771**

7. Other non-current financial assets (in € thousands)

	Gross	Impairment losses	Net
Financial receivables PPPs	40,458		40 ,458
Investments in subsidiaries and associates	68,271	(27,420)	40,851
Other available-for-sale financial assets	4,135	(2,344)	1,791
Other non-current financial assets	39,278	(6,902)	32,376
Fair value of derivative financial instruments (assets)	8		8
Retirement benefit plans – net surplus financial assets	13,567		13,567
Total	**165,717**	**(36,666)**	**129,051**

8. Inventories and work in progress (in € thousands)

	31/12/2007	31/12/2008
Inventories	240,455	320,368
Work in progress	49,151	67,796
Net total	**289,606**	**388,164**

9. Cash management financial assets, cash and cash equivalents (in € thousands)

Cash management financial assets break down as follows:

	31/12/2007	31/12/2008
Cash management financial assets	**1,144,296**	**1 ,763,346**
Cash equivalents	591,508	521,266
Cash	793,063	698 ,220
Cash and cash equivalents	**1,384,571**	**1,219,486**

Financial assets mainly comprise an investment of cash with the parent company VINCI, attracting interest close to market rates.

10. Working capital requirement (surplus) (in € thousands)

	31/12/2007	31/12/2008
Inventories and work in progress (net)	289,606	388,164
Trade and other operating receivables	6,064,760	6,451,331
Other current assets	211,893	244,331
Current tax assets	24,076	59 ,996
Inventories and operating receivables (I)	**6,590,335**	**7,143,822**
Trade payables	3,956,214	4,353,489
Other current liabilities	3,753,317	4,293,431
Current tax payables	112,401	137,727
Operating payables (II)	**7,821,932**	**8,784,647**
Working capital requirement connected with operations (I-II)	**(1,231,597)**	**(1,640,825)**
Current provisions	***(1,026,579)***	***(1,203,870)***
Working capital requirement connected with operations *(after current provisions)*	**(2,258,176)**	**(2,844,695)**

11. Retirement and other employee benefit obligations (in € thousands)

11.1. Retirement benefit obligations

At 31 December 2008, provisions for retirement benefit obligations amounted to €135,732 thousand in total (including €125,256 thousand at more than one year) compared with €131,366 thousand at 31 December 2007 (including €116,772 thousand at more than one year). They comprise provisions for lump sums on retirement and provisions for obligations for supplementary retirement benefits. The part at less than one year was €10,476 thousand at 31 December 2008 and €14,594 thousand at 31 December 2007, and is reported under other current payables.

VINCI Construction's retirement benefit obligations under defined benefit plans comprise:

- obligations borne directly by VINCI Construction or its subsidiaries, for which provisions are taken in the consolidated balance sheet; these are mainly lump sums paid on voluntary retirement (in accordance with the social security law currently in force);
- obligations borne through external pension funds; for the most part these relate to the UK subsidiaries (VINCI plc and Freyssinet UK) and the CFE Group in Belgium.

The retirement benefit obligations covered by provisions recognised in the balance sheet mainly relate to France and Belgium. For these countries, the provisions are calculated on the basis of the following assumptions:

Plan	31/12/2008	31/12/2007
Discount rate	5.60%	5.25%
Inflation rate	2.0%	1.9%
Rate of salary increases	2% - 4%	2% - 4.2%
Rate of pension increases	1.5% - 2.5%	1.5% - 2.5%
Probable average remaining working life of employees	10-15 years	10-15 years

For the United Kingdom the provisions have been calculated using the following assumptions:

Plan	31/12/2008	31/12/2007
Discount rate	6.10%	5.80%
Inflation rate	3.2%	3.2%
Rate of salary increases	3% - 4.2%	3% - 4.15%
Rate of pension increases	3.1% - 5%	3.05% - 5%
Probable average remaining working life of employees	2-15 years	5-17 years

For each plan, the expected return on plan assets is determined using the building block method, which breaks down the expected return into three parts: money market investments, investments in bonds and investments in equities. The return on equities is determined by adding 3% to the long-term return on government bonds. The money and bond market components are determined from published market indexes.

Plan assets are valued at their fair value at 31 December 2008. The book value at 31 December 2008 is used for assets invested with insurance companies.

On the basis of these assumptions, the retirement benefit obligations, the part provided for, and the retirement benefit expenses recognised break down as follows:

Reconciliation of obligations and provisions in the balance sheet

	31/12/2008			31/12/2007		
(in € millions)	France	Foreign	Total	France	Foreign	Total
Present value of retirement benefit obligations	(142.2)	(368.0)	(510.2)	(141.0)	(446.3)	(587.3)
Fair value of plan assets	0.8	335.7	336.5	1.3	454.0	455.3
Surplus (or deficit)	**(141.4)**	**(32.3)**	**(173.7)**	**(139.7)**	**7.7**	**(132.0)**
Provisions recognised in balance sheet	**(117.4)**	**(18.2)**	**(135.6)**	**(113.3)**	**(18.1)**	**(131.4)**
Assets recognised in balance sheet		13.6	13.6		0.9	0.9
Items not recognised in balance sheet						
Actuarial gains and losses	8.5	27.7	36.2	9.7	(16.0)	(6.3)
Past service cost	15.5		15.5	16.7		16.7
Assets not recognised in balance sheet					(8.9)	(8.9)

The actuarial pension expense for the financial year amounts to €24.4 million.

11.2. Other employee benefits

At 31 December 2008, provisions for other employee benefits amounted to €19,853 thousand (including €14,419 thousand at more than one year) against €19,638 thousand at 31 December 2007 (including €15,924 thousand at more than one year). The part at less than one year was €5,434 thousand at 31 December 2008 and €3,714 thousand at 31 December 2007 and is reported under other current liabilities. Provisions for other employee benefits are measured using the projected unit credit method and mainly relate to obligations to pay long-service bonuses.

12. Provisions (in € thousands)

	31/12/2007	Expense	Reversals	Reversals of unused provisions	Other changes	31/12/2008
Warranties given to customers	332,676	127,875	(62,856)	(21,972)	(20,121)	355,602
Losses on completion	222,754	158,879	(123,321)	(24,475)	3,395	237,232
Disputes	182,101	80,718	(27,037)	(11,639)	1,936	226,079
Restructuring	12,272	6,732	(4,783)	(3,089)	(104)	11,028
Other current liabilities	213,633	165,555	(87,257)	(35,776)	(9,328)	246,827
Discounting of current provisions	(1,550)		264		5	(1,281)
Reclassification of the part at less than one year of non-current provisions	64,693				63,690	128,383
Current provisions	**1,026,579**	**539,759**	**(304,990)**	**(96,951)**	**39,473**	**1,203,870**
Liabilities in respect of subsidiaries	6,880	10,762	(711)	(3,000)	(229)	13,702
Other non-current liabilities	113,136	100,347	(18,342)	(21,283)	6,080	179,938
Discounting of non-current provisions	(1,704)		54			(1,650)
Reclassification of the part at less than one year of non-current provisions	(64,693)				(63,690)	(128,383)
Non-current provisions	**53,619**	**111,109**	**(18,999)**	**(24,283)**	**(57,839)**	**63,607**
TOTAL	**1,080,198**	**650,868**	**(323,989)**	**(121,234)**	**(18,366)**	**1,267,477**

13. Other current payables (in € thousands)

Other current payables break down as follows:

	31/12/2007	31/12/2008
Trade receivables - Advances received on work	729,226	803,565
Deferred income	973,890	1,122,763
Operating current accounts	544,233	623,863
Tax, employment and social benefit liabilities	1,066,543	1,122,627
Payables related to non-current assets	31,623	26,517
Other current liabilities	389,494	578,186
Provisions for retirement benefit and other employee benefits at less than 1 year	18,308	15,910
OTHER CURRENT PAYABLES	**3,753,317**	**4,293,431**

14. Net financial surplus and financing resources (in € thousands)

At the year end the Group had a net cash surplus of €1,938,032 thousand which breaks down as follows:

	31/12/2007	31/12/2008
Participating loans and bonds (a)	**(147)**	
Other loans and borrowing (a)	(426,662)	(475,259)
Fair value of derivative financial instruments (non-current liabilities)	(2,094)	(25,458)
Financial debt	***(428,756)***	***(500,717)***
Non-current financial debt	**(428,903)**	**(500,717)**
Part at less than one year of long-term borrowing (a)	(80,012)	(85,474)
Cash management current accounts, liabilities	(12,350)	(27,742)
Other current financial liabilities	(89,732)	(108,619)
Fair value of derivative financial instruments (current liabilities)	(536)	(10,394)
Bank overdrafts	(426,785)	(328,995)
Current financial debt	**(609,415)**	**(561,224)**
GROSS DEBT	**(1,038,318)**	**(1,061,941)**
Fair value of derivative financial instruments (assets)	4,925	16,247
Loans and collateralised receivables and other financial assets	904	894
Cash management financial assets	1,144,296	1,763,346
Cash and cash equivalents	1,384,571	1,219,486
NET FINANCIAL SURPLUS	**1,496,378**	**1,938,032**

(a) Long-term loan and financial debt (see analysis below)

Cash management financial assets include investments with parent companies of €1,689.4 million attracting interest at rates close to market rates.

Including net cash (see cash flow statement) for:

	31/12/2007	31/12/2008
UCITS - Cash equivalents	591,508	521,266
Cash	793,063	698,220
Bank overdrafts	(426,785)	(328,995)
NET CASH	**957,786**	**890,491**

Analysis of long-term loans and financial debt (in € millions)

	31/12/2007	31/12/2008
Bonds	0.1	
Bank loans and other financial debt	240.8	314.5
Financial lease debt restated	98.3	107.0
VINCI Group loans	167.6	139.2
LONG-TERM LOANS AND FINANCIAL DEBT (a)	**506.8**	**560.7**

The other loans and borrowings are not subject to any specific covenant, except for CFE's syndicated loan which is subject to covenants that take account, amongst other items, of equity and the debt-to-equity ratio, and of the cash flow generated.

Analysis of long-term loans and financial debt (in € millions)

	Contractual rate of interest	Maturity	Nominal still due	Value in balance sheet
Bank loans and other financial debt			**314.5**	**314.5**
CFE	3.7%	up to 2020	242.2	242.2
Solétanche	4.8%	up to 2020	32.9	33.0
Other			39.4	39.3
Finance lease debt restated			**107.0**	**107.0**
CFE	4.4%	up to 2015	27.3	27.3
Solétanche	5.6%	up to 2016	48.9	48.9
Other			30.8	30.8
VINCI GROUP LOANS			**139.2**	**139.2**

15. Revenue (in € millions)

The change in revenue takes account of changes in consolidation scope and foreign exchange rates and breaks down as follows:

	31/12/2008	31/12/2007
Revenue for the period	**14,820**	**13,027**
. Revenue of companies consolidated for the first time	(442)	883
. Revenue of companies no longer consolidated		(248)
. Impact of foreign exchange rate fluctuations		(226)
Revenue at constant consolidation scope and exchange rates	**14,378**	**13,436**

At constant consolidation scope and exchange rates, revenue shows a 7% increase against the previous period.

REVENUE BY DIVISION	31/12/2008	31/12/2007
VINCI Construction France	6,684	6,189
VINCI Construction Filiales Internationales	1,951	1,965
VINCI Construction UK	1,278	1,131
Compagnie d'Entreprises CFE	1,728	1,518
VINCI Construction Grands Projets	771	861
Freyssinet	970	831
Solétanche Bachy	1,510	588
Intragroup eliminations	(72)	(56)
Total	**14,820**	**13,027**

REVENUE BY GEOGRAPHICAL AREA (BY DESTINATION)	31/12/2008	31/12/2007
France (including overseas territories - (DOM-TOM))	8,145	7,361
Europe excluding France	4,237	3,839
Africa	992	751
North and South America	495	374
Middle East	503	328
Asia	333	272
Oceania	115	102
Total	**14,820**	**13,027**

REVENUE BY ACTIVITY	31/12/2008	31/12/2007
Building	6,332	5,925
Civil engineering and earthworks	6,219	4,972
Hydraulic engineering	801	780
Roads	639	602
Facility management and other services	277	238
Real estate development and promotion	208	219
Public works and environmental	181	172
Provision of services and other	163	119
Total	**14,820**	**13,027**

16. Operating profit from ordinary activities (in € thousands)

	31/12/2008	31/12/2007
Revenue	14,819,604	13,027,231
Revenue from ancillary activities	116,122	122,574
Operating revenue	**14,935,726**	**13,149,805**
Purchases (raw materials, supplies, goods)	(3,665,984)	(3,092,007)
Subcontracting and other external expenses	(6,950,246)	(6,392,371)
Wages, salaries and social benefit charges	(2,906,181)	(2,486,601)
Taxes and levies	(139,542)	(131,547)
Other operating income and expenses	13,977	35,257
Operating depreciation and amortisation expense	(335,222)	(280,123)
Net operating provision charges		
. Impairment losses on tangible and intangible assets	(1,392)	(1,302)
. Impairment of assets	(53,808)	(15,436)
. Retirement and other benefit obligations	5,815	(6,772)
. Current and non-current provisions	(176,850)	(134,081)
Operating profit from ordinary activities	**726,293**	**644,822**

Revenue from ancillary activities amounted to €116.1 million at 31 December 2008. It consisted mainly of sales of equipment, materials and merchandise for €54.6 million, study work, engineering and professional fees invoiced in connection with construction contracts, for €28.4 million and rental income for €29.5 million.

17. Share-based payments (in € millions)

The expense relating to benefits granted to employees has been assessed at €41.2 million before tax in respect of 2008, of which €3.7 million was in respect of share option plans, €12.7 million in respect of the Group Savings Schemes and €24.8 million in respect of the performance share plans.

17.1. Group Savings Scheme

The benefits granted to employees of the Group in connection with the Group Savings Scheme are recognised in profit or loss and are valued in accordance with IFRS 2 on the basis of the following assumptions:

- length of subscription period: 4 months;
- length of period during which funds are frozen: 5 years from the end of the subscription period.

The estimated number of shares subscribed to at the end of the subscription period is obtained by an analytical formula, based on linear regression methods, applied to historical observations of the plans between 2002 and 2008, taking account of the cost of restrictions on the availability of units in the savings fund.

The opportunity cost of the frozen shares subscribed to is estimated from the point of view of a third party holding a diversified portfolio and prepared to acquire the frozen shares in return for a discount corresponding to the return demanded by the purchaser on own funds allocated to hedge against market risk over the period in which the shares are frozen (five years). The market risk is assessed on an annual basis applying a value-at-risk approach.

17.2. Share subscription and purchase options

No new share option plans have been set up in 2007 or 2008. The main assumptions used to determine the fair values of the options granted in 2004-2006, in accordance with IFRS 2, were:

Plan	16/05/2006	09/01/2006	01/03/2005	07/09/2004
Volatility (*)	24.19%	23.60%	23.55%	25.23%
Expected return on share	6.50%	5.70%	6.30%	6.6 %
Risk-free rate of return (**)	3.68%	2.99%	3.17%	4.06%
Anticipated dividend distribution rate (***)	2.75%	2.92%	3.52%	3,33%
Fair value of the option (in euros)	7.74	5.66	5.93	4.90

(*) Volatility estimated using a multi-criteria approach.
(**) 5-year rate on French government bonds.
(***) Average return expected by financial analysts over the three years following the grant date adjusted by a theoretical annual growth rate beyond that period.

The validity period of the options included in the model is the contractual validity period adjusted to take account of behavioural assumptions (employee turnover, early exercise) based on past observations.

17.3. Performance shares

The fair value of the performance shares has been estimated by an external actuary. The main assumptions used for this assessment are:

	2008 Plan	2007 Plan
Price of VINCI share on date plan was announced (in euros)	55.7	49.5
Fair value of performance share at grant date (in euros)	28.2	24.5
Fair value of share price at grant date (in %)	50.53%	49.61%
Original maturity (in years) - vesting period	2 or 3 years	2 or 3 years
Volatility	26.51%	21.79%
Risk-free interest rate	4.07%	3.76%

These plans provide that the shares will only be definitively allocated after a two-year vesting period subject to VINCI's stock market and financial performance criteria being met. In accordance with IFRS 2, the number of performance shares measured at fair value in the calculation of the IFRS 2 expense is adjusted at each balance sheet date for the impact of the change since the grant date of the shares in the likelihood of the financial criteria being met.

18. Other financial income and expenses (in € thousands)

	31/12/2008	31/12/2007
Dividends received	2,104	2,324
Foreign exchange gains and losses	(10,596)	(445)
Effect of discounting to present value	(4,276)	(2,905)
Capital gains or losses on asset disposals and withdrawals from reserves	40,629	17,194
Other financial income and expenses, net	368	4,511
Other financial income and expenses, net	**28,229**	**20,679**

19. Net tax expense (in € thousand)

19.1. Analysis of net tax expense

	31/12/2008	31/12/2007
Current and deferred tax	(227,585)	(219,725)
Effective tax rate	30.21%	33.25%

19.2. Effective tax rate

Profit before tax and profit or loss of associates	**753,428**
Theoretical tax rate	34.43%
Theoretical tax charge	**(259,405)**
Goodwill impairment expense	(197)
Profits taxed at reduced and other rates	3,108
Tax rate differential between current and previous year	49
Tax rate differences (foreign countries)	29,187
Creation/(use) of carryforward losses not having given rise to deferred tax	(19,089)
Fixed-sum and other additional taxes	(25,248)
Permanent differences and miscellaneous	44,010
Tax charge recognised	**(227,585)**
Effective tax rate	30.21%

19.3. Breakdown of deferred tax assets and liabilities

Deferred tax assets and liabilities arising from temporary differences were as follows at year-end:

Assets	Liabilities	Net
216,081	73,409	142,672

19.4. Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €83.4 million at 31 December 2008.

20. Construction contracts (in € millions)

20.1. Financial information on construction contracts

Cost incurred plus recognised profits, less recognised losses and intermediate invoicing, is determined on a contract by contract basis. If this amount is positive it is shown on the line "Construction contracts in progress – assets". If negative, it is shown on the line "Construction contracts in progress – liabilities".

Advances are the amounts received before the corresponding work has been performed. Repayment terms depend on the terms of each individual contract. These advance payments are usually maintained over the length of the contract, irrespective of the amount of work carried out or in progress.

The various items relating to construction contracts in progress at the balance sheet date are:

(in € millions)	31/12/2008	31/12/2007
Construction contracts in progress - assets	692	580
Construction contracts in progress - liabilities	(926)	(775)
Construction contracts in progress	**(234)**	**(195)**
Costs incurred plus profits recognised, less losses recognised to date	26,940	20,916
Less invoices issued	(27,174)	(21,112)
Construction contracts in progress before advances received from customers	**(234)**	**(196)**
Advances received from customers	(594)	(526)
Construction contracts in progress, net	**(828)**	**(722)**

20.2. Commitments given and received in connection with construction contracts

The Group gives and receives guarantees (personal surety) in connection with its construction contracts, which break down as follows:

(in € millions)	Commitments given	Commitments received
Performance guarantees and performance bonds	2,807	263
Retention payments	1,424	332
Deferred payments to subcontractors	1,276	261
Bid bonds	57	
Total	**5,564**	**856**

21. Transactions with related parties (in € millions)

Transactions with related parties are:

- remuneration and similar benefits paid to members of the governing and management bodies;
- transactions with companies in which VINCI Construction has significant influence or joint control. (These transactions are conducted at market prices).

The Company also has normal business relations with other companies in the VINCI Group.

21.1. Remuneration of members of the Management Committee

VINCI Construction's share of remuneration paid to members of the Management Committee in 2008 amounted to €2,965,526.

21.2. Unconsolidated part items of entities consolidated by the proportionate method

(in € millions)	31/12/2008	31/12/2007
Revenue	1,811.1	1,650.1
Purchases	368.6	229.9
Subcontracting	1,189.6	1,240.0
Trade receivables	1,083.7	805.0
Trade payables	585.3	452.7

These mainly relate to transactions through joint-venture partnerships (SEP) in connection with VINCI Construction's civil engineering and construction operations.

21.3. Contribution to the consolidated balance sheet by proportionately consolidated companies

(in € millions)	31/12/2008	31/12/2007
Current assets	898.7	1,079.0
Non-current assets	604.,2	499.6
Current liabilities	1,609.2	1,155.7
Non-current liabilities	518.7	393.1
Operating revenue	2,223.3	1,935.7
Operating expenses	(2,070.4)	(1,838.2)
Cost of net financial debt	(5.4)	(9.5)
Other financial income and expenses	(4.1)	(4.9)
Income tax expense	(2.8)	(18.9)

Given the nature of the works undertaken by VINCI Construction, joint venture partnerships created for projects and that manage revenue of over €45 million (on a 100% basis) are consolidated proportionately.

22. Contractual obligations and other commitments made and received (in € millions)

	Commitments given	Commitments received
Joint and several guarantees of partnerships	15	
Bank overdrafts	2	
Tax and customs bonds	28	
Operating leases	243	
Collateral securities	247	2
Other commitments	245	239
Total	**780**	**241**

Given in particular the quality of its partners, the Group considers that the risk of its guarantee being invoked in respect of these commitments is negligible.

23. Employees and staff training rights

The average numbers of employees at the balance sheet date were:

	31/12/2008	31/12/2007
Engineers and managers	10,483	9,840
Non-management	56,176	55,393
Total	**66,659**	**65,233**

Individual entitlement to training

The Act of 4 May 2004 gives employees of French businesses the right to a minimum of 20 hours of training a year, which can be carried forward and accumulated over a period of six years. Expenditure under this individual right to training is considered as an expense for the period and does not give rise to the recognition of a provision, other than in exceptional cases. The Group's employees had acquired rights to 2,479,000 hours of such training at 31 December 2008.

24. Disputes and arbitration

To the Company's knowledge, there is no exceptional event or litigation likely to affect substantially the business, financial performance, net assets or financial situation of the Group or the Company. The companies comprising the VINCI Construction Group are sometimes involved in litigation arising from the normal course of business. The related risks are assessed by VINCI Construction and the subsidiaries involved on the basis of their knowledge of the cases, and provisions are taken in consequence. The main disputes current at the date of this document are as follows:

- On 23 May 2004, part of the shell structure over the passageway of Roissy airport's 2E terminal collapsed. The structure had been built for Aéroports de Paris, which in this project acted as principal, architect and main contractor. The construction work on terminal 2E was carried out under multiple separate contracts by numerous different companies. The passageway shells (superstructures) were constructed by a consortium comprising companies that are today VINCI Construction subsidiaries.
The incident is currently subject to a court-ordered expert appraisal to establish the reasons for the collapse and assess the damages incurred. A criminal investigation was also initiated in the wake of the collapse. The financial consequences of this incident relate on the one hand to the rebuilding costs, which are a matter for the prime contractor's insurers, and, on the other hand, to the financial losses incurred by the operators of the building as a result of the disruption caused by the site being unavailable for use. The amount of these losses and the terms under which the consequences will be borne by the companies involved remains to be determined. As the case presently stands, the Group considers that this dispute will not have a material unfavourable effect on its financial situation.

- In 1997, SNCF lodged multiple claims with the Paris Administrative Court against a large number of construction enterprises, of which several are Group subsidiaries, with a view to obtaining financial compensation for the loss it claims to have suffered between 1987 and 1990 during the award of tenders for the construction of the TGV Nord and TGV Rhône-Alpes lines and their interconnection. This claim followed the ruling against the companies involved by the competition authority in 1995, which the Paris Appeal Court upheld overall.
The Paris Administrative Court, after having ruled in December 1998 in respect of these two claims that the findings of the competition authority regarding the anti-competitive practices entitled SNCF to claim that its consent was impaired with respect to the contracts in question, ordered an appraisal to establish the impact of such practices. The enterprises had appealed against this decision before the Court of Cassation. However, in a ruling issued on 19 December 2007, the Council of State (Conseil d'Etat) rejected their appeals. In 2005, the expert appointed by the Paris Administrative Court submitted two reports in which it was concluded that SNCF had incurred extra costs significantly lower than the amounts claimed.
The amount sought from consortiums in which VINCI Construction companies have holdings, and which carried out approximately 20 of the contracts for work, amounts to €30 million. These claims should be subjected to detailed examination by the Paris Administrative Court.
VINCI Construction considers that SNCF did not suffer financial prejudice on the award of these tenders to its subsidiaries given that each contract was subject to detailed negotiation with SNCF, which is a highly experienced and qualified project owner in this field. VINCI Construction considers that these disputes will not have a material adverse effect on its financial situation.

- On 23 May 2008, the *Conseil Régional d'Ile-de-France* – the regional authority for the Ile-de-France – applied to the Paris Court of First Instance (Tribunal de Grande Instance) for a ruling in chambers against 15 enterprises, of which several are members of the VINCI Construction Group, and several natural persons, ordering them to pay Conseil Régional d'Ile-de-France a provisional amount of €76 million. This application was further to a judgement by the Paris Appeal Court on 27 February 2007 against various natural persons finding them guilty of operating a cartel and to the decision on 9 May 2007 by the competition authority (Conseil de la Concurrence) imposing penalties on the enterprises for anti-competitive practices between 1991 and 1996 in connection with the programme to renovate secondary educational establishments in the Ile-de-France region. This decision was confirmed by a ruling by the Paris Appeal Court on 3 July 2008 which has been appealed against before the Court of Cassation. The Group does not expect the proceedings in progress to have a material financial impact.

25. List of the main companies and entities consolidated at 31 December 2008

	Consolidation method	% holding
1/ Parent		
VINCI Construction	**FC**	**100.0**
2/ Subsidiaries		
VINCI Construction France	**FC**	**100.0**
Bateg	FC	100.0
Botte Fondations	FC	100.0
Bourdarios	FC	100.0
Campenon Bernard Construction	FC	100.0
Campenon Bernard Régions	FC	100.0
Campenon Bernard Sud-Est	FC	100.0
Chantiers Modernes BTP	FC	100.0
Chantiers Modernes Sud	FC	100.0
Dodin Campenon Bernard	FC	100.0
Dumez Côte d'Azur	FC	100.0
Dumez EPS	FC	100.0
Dumez Île-de-France	FC	100.0
Dumez Méditerranée	FC	100.0
EMCC	FC	100.0
Energilec	FC	100.0
GTM Bâtiment	FC	100.0
GTM Génie Civil et Services	FC	100.0
Lainé Delau	FC	100.0
Les Travaux du Midi	FC	100.0
Neximmo 5	PC	49.9
Petit	FC	100.0
Pitance	FC	100.0
SCAO	PC	33.3
SICRA Île-de-France	FC	100.0
Sobea Environnement	FC	100.0
Société d'Ingénierie et de Réalisation de Construction	FC	100.0
Sogea Atlantique	FC	100.0
Sogea Caroni	FC	100.0
Sogea Est BTP	FC	100.0
Sogea Nord-Ouest	FC	100.0
Sogea Picardie	FC	100.0
Sogea Sud	FC	100.0
VINCI Construction Terrassement	FC	100.0
VINCI Environnement	FC	100.0
VINCI Networks	FC	100,0

25. List of the main companies and entities consolidated at 31 December 2008 (continued)

	Consolidation method	% holding
2/ Subsidiaries (continued)		
VINCI Construction Filiales Internationales	**FC**	**100.0**
Dumez-GTM Calédonie	FC	100.0
First Czech Construction Company - FCC (Czech Republic)	FC	100.0
GTM Guadeloupe	FC	100.0
Inter Most (Serbia)	FC	100.0
Nofrayane (Frech Guyana)	FC	100.0
Prumstav (Czech Republic)	FC	100.0
SBTPC (Réunion)	FC	100.0
SMP CZ (Czech Republic)	FC	100.0
Sobea Gabon	FC	90.0
Sogea Martinique	FC	100.0
Sogea Mayotte	FC	100.0
Sogea Réunion	FC	100.0
Sogea-Satom	FC	100.0
Warbud (Poland)	FC	99.7

VINCI PLC (United Kingdom)	**FC**	**100.0**
Crispin & Borst	FC	100.0
Gordon Durham	FC	100.0
John Jones	FC	100.0
Norwest Holst Ltd	FC	100.0
Stradform Ltd	FC	100.0
Taylor Woodrow Construction	FC	100.0
VINCI Investment Ltd	FC	100.0
VINCI Construction UK	FC	100.0
Weaver PLC	FC	100.0

25. List of the main companies and entities consolidated at 31 December 2008 (continued)

	Consolidation method		% holding
2/ Subsidiaries (continued)			
Compagnie d'Entreprises CFE (Belgium)	**FC**		**46.8**
ABEB	FC		46.8
BPC	FC		46.8
BPI	FC		46.8
CFE Hungary	FC		46.8
CFE Nederland	FC		46.8
CFE Polska	FC		46.8
CFE Slovaquia	FC		46.8
CLE	FC		46.8
CLI SA	FC		46.8
DEME (Dredging Environmental and Marine Engineering)	PC		23.4
Druart	FC		29.3
Engema	FC		46.8
Geka	FC		46.8
L. Stevens & Co	FC		46.8
Nizet Entreprises	FC		46.8
Sogesmaint	FC		31.7
Van Wellen	FC		46.8
Vanderhoydonckx	FC		46.8
VMA Infra-industrie	FC		46.8
VINCI Construction Grands Projets	**FC**		**100.0**
M1 motorway (UK)	PC		33.3
Patras-Corinth motorway (Greece)	PC		30.0
Wadi Dayqah dam (Oman)	PC		50.0
Brightwater tunnels (USA)	PC		60.0
Coentunnel (Netherlands)	PC	(1)	29.1
Budapest Metro (Hungary)	PC		35.0
Cairo Metro – Ligne 3 (Egypt)	PC		28.5
Kincardine bridge (Scotland)	PC		50.0
QDVC (Qatar)	PC		49.0
Socaly	PC	(2)	72.0
Socaso	PC		66.7
Socatop	PC	(3)	50.0
Liefkenshoek tunnel (Belgium)	PC	(4)	36.7
Hallandsas tunnels (Sweden)	PC		40,0

(1) including CFE's share at 46.8% : 10.1%; (2) including VINCI Construction France's share 48%; (3) including VINCI Construction France's share 8.3%; (4) including CFE's share at 46.8% : 11.7%.

25. List of the main companies and entities consolidated at 31 December 2008 (continued)

	Consolidation method	% holding
2/ Subsidiaries (continued)		
Soletanche Freyssinet	**FC**	**100.0**
Bachy Soletanche Group Ltd (Hong Kong)	FC	100.0
Bachy Soletanche Holding Ltd (United Kingdom)	FC	100.0
Bachy Soletanche Singapore Pte Ltd	FC	100.0
CSM Bessac SAS (France)	FC	100.0
Freyssinet East Llc (United Arab Emirates)	FC	100.0
Freyssinet (France)	FC	100.0
Freyssinet Hong Kong	FC	100.0
Freyssinet International & Cie	FC	100.0
Freyssinet Korea (Korea)	FC	90.0
Freyssinet SA (Spain)	PC	50.0
Groupe Geopac (Canada)	FC	100.0
Austress Freyssinet (Australia)	FC	92.0
Menard	FC	100.0
Nicholson Construction Company Inc. (USA)	FC	100.0
Nuvia Ltd (UK)	FC	100.0
Osnova Solsif Ltd (Ukraine)	FC	70.0
Rodio Cimentaciones Especiales SA (Spain)	PC	50.0
Soletanche Bachy Chile SA	FC	95.0
Solétanche Bachy (France)	FC	100.0
Solétanche Bachy Pieux SAS (France)	FC	100.0
Soletanche Polska Spzoo	FC	100.0
Terre Armée Internationale	FC	100.0
The Reinforced Earth CY (USA)	FC	100.0
Zao Soletanchestroy (Russia)	FC	100.0
VINCI Construction Holding		
Dumez Construction	FC	100.0

Report of the Statutory Auditors on the consolidated financial statements

for the year ended 31 December 2008

In accordance with our appointment as Statutory Auditors by your Shareholders' General Meeting, we hereby report to you for the year ended 31 December 2008 on:
- the audit of the accompanying consolidated financial statements of VINCI Construction S.A.S;
- the justification of our assessments; and
- the specific verification required by law.

Your Chairman is responsible for preparation of the consolidated financial statements. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit consists in examining, by sampling or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. It also consists in assessing the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that the information that we have collected provides a sufficient and appropriate basis for our opinion.
In our opinion, the consolidated financial statements give a true and fair view of the financial position, the assets and liabilities, and the results of the group formed by the persons and entities included in the consolidation, in accordance with the International Financial Reporting Standards as endorsed by the European Union.

II. Justification of our assessments

As required by article L.823-9 of the French Code of Commerce relating to the justification of our assessments, we inform you of the following:
As stated in Note A.3.4 to the consolidated financial statements entitled Construction contracts, the VINCI Construction Group recognises income from its long-term contracts using the percentage of completion method. We have assessed the assumptions used and the Group's calculations.
As stated in Note A.3.11 to the consolidated financial statements entitled Goodwill, the VINCI Construction Group performs impairment tests on goodwill at least annually. We have examined how these impairment tests are performed and the cash flow forecasts and assumptions used.
These assessments were made as part of our audit of the consolidated financial statements taken as a whole and have therefore contributed to the formation of our opinion, given in the first part of this report..

III. Specific verification

We have also verified, as required by law, the information contained in the Group Management Report. We have no comments to make as to its fair presentation and its conformity with the consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, 20 April 2009
The Statutory Auditors

KPMG AUDIT
A Department of KPMG S.A
Philippe Bourhis

DELOITTE & ASSOCIÉS
Marc de Villartay

VINCI
CONSTRUCTION