# Annual Report 2009

129th corporate financial year

Proud of their many realisations,
the teams of the CFE group are pleased
to present the activity report
for the year 2009.

Compagnie d'Entreprises CFE SA

Founded in Brussels on June 21, 1880
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1160 Brussels – Belgium
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# Edito

As expected, the CFE group's 2009 revenue and profit came in below those of the previous year, when it achieved its best-ever performance. However, the decline in revenue (€ -125 million), operating profit (€ -19.3 million) and net after-tax profit (€ -8.2 million) was modest against the backdrop of the global economic crisis.

All divisions made a positive contribution to profit. DEME deserves special recognition for again demonstrating its ability to strengthen its position in the international dredging market, fully vindicating the substantial investments made in recent years to modernise its fleet.

CFE has many strengths that enable it to weather the economic crisis and move confidently into 2010. The order book, standing at € 2,024 million, is satisfactory, although construction activity is likely to decline from the 2009 level. We intend to resist the temptation to take orders at any price, concentrating instead on profit. To do this, our recent international expansion, especially in Tunisia, holds out good prospects for repositioning our activity.

CFE's broad diversity of business lines and geographical locations is an additional asset, as is our sound financial position, which shields us from liquidity problems.

The CFE teams are therefore preparing the future with equanimity and with a great determination to succeed. They will be taking advantage of the challenges they face in the current market to better prepare for coming years.

Renaud Bentégeat
*Managing Director*

Philippe Delaunois
*President of the Board of Directors*

< SQUARE – Brussels (BE)

# Strategy

CFE intends to expand its capabilities in rail works, both in Belgium and on international markets.

The CFE group forms a coherent whole in which each division is supported by the others. The concessions and property development divisions award work to the general contracting companies, which in turn are potential customers of the companies making up the multitechnics division, which maintain the structures built under public private partnership contracts. Similarly, many of DEME's business lines tie in with the civil engineering activities carried out by CFE group companies. These are just a few examples of many synergies among the various divisions. Their consolidation in 2010 will not prevent them from taking advantage of further opportunities to grow and acquire additional capabilities.

## Construction division

The order book of the construction division declined by a substantial 24% in one year. The reduction in orders is due to two factors

- execution of major civil engineering contracts signed in 2008 (Coentunnel, Diabolo, the Liefkenshoek rail tunnel and the 'CrommeLijn' project in Delft), which take up a part of the order book each year;
- reduction in new building orders, especially in a number of countries directly affected by the economic crisis (especially Luxembourg and Central European countries).

CFE intends to respond to this situation by taking a two-pronged approach. First, it intends to resign itself to the loss of business activity in those market segments where there is less work and to focus on maintaining margins rather than seeking to boost revenue. Secondly, it will be proactively seeking new markets to compensate for the loss of business in markets that are temporarily less buoyant. The contract won in Tunisia in December 2009 vindicate the strategy adopted by the group three years ago, which is aimed at boosting international activity in major projects.

CFE has many advantages that enable its construction division to go forward confidently despite the current difficult economic environment:

- good synergy with the group's property development companies;
- strong support from the concessions division to meet the requirements of current contracting procedures;
- good civil engineering-building balance, which gives the group outstanding professional capabilities in both business lines;
- good grasp of market trends, notably including a focus on environmental quality at each step of the construction process.

The construction division will not be systematically seeking acquisitions. However, it may take advantage of opportunities that arise, especially with a view to developing niche activities that complement its existing business lines.

## Property development and management division

The group's property development and management division again recorded satisfactory profit, confirming its well-targeted market positioning, primarily in Belgium and Luxembourg.
In 2010 the division will continue to expand its activities in these two countries and will also launch the construction of an apartment building in Gdansk, Poland (a first for CFE property development) and start work on a 270-unit luxury apartment building in Bizerte, Tunisia, in which CFE holds 25%. This international expansion will take place in parallel with the search for new land in Belgium and Luxembourg, primarily for residential construction but, circumstances permitting, also for office buildings. In office space, buildings co-developed and already rented in the Avenue Fonsny in Brussels will be sold during the year.

## Multitechnics division

CFE's multitechnics division, which grew substantially over the last four years, had a very good year in 2009, albeit with a few difficulties in heating and climate control.

In 2010, the division will be expanding its capabilities in a variety of areas:

- in Belgium, the division will take advantage of any opportunities for acquisitions, as it did in

2009 with Elektro Van De Maele, which rounded out CFE's offering in western Flanders;
• internationally, following the creation of VMA Slovakia in 2004 and the opening of a location in Hungary in 2009, VMA plans to position itself in the Netherlands to be better positioned to take part in major civil engineering works scheduled for the coming years.

In terms of its business lines, the division plans to expand its capabilities in BMS (Building Management Systems) and photovoltaic systems, already well covered by Nizet Entreprise.

Last but not least, the CFE group intends to build on the experience gleaned by the Stevens and ENGEMA teams to expand its capabilities in rail works, both in Belgium and on international markets.

## Concessions & PPP division

The first concession taken on by this division, the Turnhout car park, was opened in December 2009.

In addition to the ongoing execution of works in connection with the Coentunnel PPP and the Liefkenshoek rail tunnel projects, for which contracts were signed in 2008, and the company's interest in the Bizerte marina, acquired in 2009, the division's teams are looking to win new public private partnership contracts. CFE was selected to bid on school renovation and construction projects in the German-speaking community and on the MAVA project in the Netherlands and will also be closely tracking developments in the Antwerp ring road project, for which the Noriant consortium was declared preferred bidder in December 2007.

With regard to Rent-A-Port, business initiated in Vietnam, the Middle East and Nigeria is expected to develop favourably in 2010.

## Dredging and environmental division

CFE's dredging division, made up of the group's 50% interest in DEME, is doing very well. Based on its order book, which stood at a very high level on January 1, 2010, the year promises to be a good one, especially in view of DEME's major fleet renewal in recent years. These investments, fully vindicated by the company's profits, will continue in 2010 with a view to enhancing the company's competitiveness. Meanwhile, DEME will be expanding its diversified activities (oil and gas, environment, offshore wind farms, etc.) to meet demand, which remains buoyant. Ambitious projects in which DEME is taking part or which its teams are studying could ultimately provide a further boost to the company's revenue and profits. For example, major works on the London Gateway and the river Scheldt deepening projects will continue in 2010. But contracts for other, even larger, projects such as the bridge between Qatar and Bahrein may be signed in the course of the year.

In a difficult economic environment in which the main advantages will be creativity and rigour, CFE plans to do its utmost to achieve what remains its primary goal – satisfying its customers.

With the concession and construction of the Liefkenshoek rail tunnel, the group CFE realizes one of its strategic objectives, to be an active player in this new market.

# Operational chart

Compagnie d'Entreprises CFE

CFE International Coordination Centre

CFE

## PPP & CONCESSIONS DIVISION

PARTICIPATIONS

- 18% Coentunnel Company
- 25% Locorail
- 50% Parking Turnhout
- 25% Marina Bizerte
- 45% Rent A Port
- PEM

## CONSTRUCTION DIVISION

CFE EcoTech *

**FLANDERS**
- MBG *
- Van Wellen

**CENTRAL BELGIUM**
- Amart
- BPC
- CFE Brabant *

**WALLONIA**
- BAGECI *

**G.D. OF LUXEMBOURG**
- CLE

**THE NETHERLANDS**
- CFE Nederland
- GEKA

**CENTRAL EUROPE**
- CFE Hungary
- CFE Polska
- CFE Slovakia
- CFE România

**EXPORT**
- CFE International *
- 49% CFE Middle East
- CFE Tunisie

## MULTITECHNICS DIVISION

- Druart s.a.
- Prodfroid
- Engema
- Nizet entreprise
- Stevens
- 64.95% Van De Maele
- Vanderhoydoncks
- Vma Infra Industrie
- Vma Slovakia
- Voltis

## REAL ESTATE DEVELOPMENT AND MANAGEMENT SERVICES DIVISION

- BPI
- BPI Polska
- CFE Immo *
- CLI
- CM Construction Management
- CMT
- 66% Sogesmaint CBRE
- Sogesmaint CBRE

## DREDGING AND ENVIRONMENTAL DIVISION

DEME Dredging, Environmental & Marine Engineering

**DREDGING AND ENVIRONMENT**
- Dredging International
- Baggerwerken Decloedt
- Medco 44%
- SIDRA
- DIAP
- ...

**OIL, GAS AND OFFSHORE**
- Tideway
- GEOSEA

**HEAVY LIFT OPERATIONS**
- Scaldis 55%

**ENVIRONMENT**
- Ecoterres/DEC 75%

**BUILDING MATERIALS**
- DBM

**CONCESSIONS**
- C-Power
- Power@sea

February 15, 2010

Only the main companies and branches are shown.

*branches

# Highlights of 2009

## January

CFE Brabant, BAGECI, CFE EcoTech and Nizet Entreprise are awarded the construction and electromechanical engineering works contract for the new Hain Valley wastewater treatment plant (100,000 population equivalent).

The Walloon regional authority awards a four-year contract to manage category B dredging spoil to the consortium comprising DEME subsidiary Ecoterres (leader), Envirowall and Ferrari. The consortium will recycle 285,000 cu. metres of contaminated silt annually.

## February

Cancellation of the contract between DEME and Nakheel for the redevelopment of old Port Rashid in Dubai.

Sedisol – Farciennes (BE)

La Réserve - Knokke (BE)

## March

Official opening of the Przymorze shopping centre, built by CFE Polska for the E. Leclerc supermarket chain.

DEC Ecoterres wins its first contract in Brazil. The contract covers ground preparation works for the new container terminal in the Port of Santos.

Driving of the first pile for the La Réserve project at Knokke. The property developer and owner of the apartment project is La Réserve Promotions SA, of which BPI-CFE Immo owns one-third of the share capital.

## April

Boring starts on the first tunnel for the Diabolo project, the rail link between Zaventem and Antwerp.

Side Stone Dumping Vessel Pompei, partly owned by DEME, is taken hostage by pirates 800 miles off the Somali coast.

Realization of landing jetties – 'Rotterdam-Maasvlakte' (NL)

## May

Dredging International receives order from Abu Dhabi Oil Refining Company (Takreer) to dredge and backfill 40 million cu. metres to create a platform on which new infrastructure for its Ruwais refinery will be build.

GEKA Bouw, the CFE subsidiary specialising in pile driving, receives an order to build two jetties for TS LNG's Rotterdam-Maasvlakte gas terminal project.

## June

Boring completed on the first tunnel of the Diabolo project and installation of steel bridge over the E19 motorway.

Official opening of first six wind turbines, located 27 km off the Belgian coast, by the former Prime Minister Herman Van Rompuy. When finished, this offshore wind farm will meet the energy needs of 600,000 consumers.

BREEAM certification for the Atlantis project

breeam The Code for Sustainable Buildings

This is to certify that

**Bridge Building, Avenue Charles Quint 584, 1082 Brussels, Belgium**

has achieved an interim score of 59.50%, and a BREEAM rating of

**VERY GOOD**

Pass Outstanding

This Design Stage assessment was carried out under the 2008 version of BREEAM Europe - Offices

Signed on behalf of BRE Global Ltd

29th July 2009
Date

Katie Marsden
Licensed Assessor

AECOM
On behalf of

CODIC Group
Developer

Cerau Sprl
Architect/Design Team

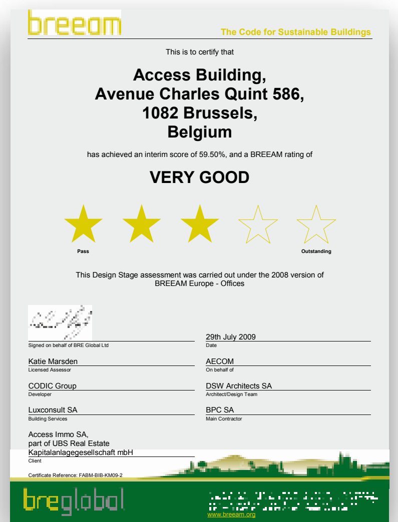
Luxconsult SA
Building Services

BPC SA
Main Contractor

Bridge Immo SA, part of UBS Real Estate Kapitalanlagegesellschaft mbH
Client

Certificate Reference: FABM-BIB-KM09-1

breglobal www.breeam.org



breeam The Code for Sustainable Buildings

This is to certify that

**Access Building, Avenue Charles Quint 586, 1082 Brussels, Belgium**

has achieved an interim score of 59.50%, and a BREEAM rating of

**VERY GOOD**

Pass Outstanding

This Design Stage assessment was carried out under the 2008 version of BREEAM Europe - Offices

Signed on behalf of BRE Global Ltd

29th July 2009
Date

Katie Marsden
Licensed Assessor

AECOM
On behalf of

CODIC Group
Developer

DSW Architects SA
Architect/Design Team

Luxconsult SA
Building Services

BPC SA
Main Contractor

Access Immo SA, part of UBS Real Estate Kapitalanlagegesellschaft mbH
Client

Certificate Reference: FABM-BIB-KM09-2

breglobal www.breeam.org


The new jumbo jack-up platform 'Goliath'

## July

The Atlantis project, constructed by BPC for Codic in Brussels, receives BREEAM (BRE Environmental Assessment Method) certification.

Commissioning of DEME subsidiary GeoSea's jumbo jack-up platform Goliath.

## September

Multitechnics division strengthened by the acquisition of Elektro Van De Maele NV, an electrical contractor operating in the fields of public, service and industrial installations, the electrical part of HVAC and agribusiness (installation, optimisation and automation of stables).

Nizet Entreprise/MBG joint-venture signs a contract with Ivarem, the joint district waste authority, to install Belgium's biggest solar farm on the Lier landfill.

CFE Hungary and VMA are awarded the contract for the construction of two data centres, each 10,000 sq. metres, near Budapest for a major Belgian bank.


Alain Bernard received the 2009 Export Lion from the Flemish Minister President, Kris Peeters.

## Oktober

Handover and opening of the new Mediacité shopping centre, built by BPC in Liège. This is also the first retail sector building to obtain BREEAM certification.

## November

Official opening of the underground car park with 420 spaces in Turnhout developed by CFE Concessions and VINCI Park Belgium and built by MBG.

DEC, DEME's environment specialist, receives IADC Safety Award for the remediation of acid tar lagoons in Rieme, Belgium. In addition, DEME wins Flanders Investment & Trade's 2009 Export Lion award for its outstanding export performance.

## December

CFE acquires 25% of the share capital of Bizerte Cap 3000, the Tunisian company in charge of developing a marina and property complex.

< Mediacité – Liège (BE)

# Board of Directors





1 **Jan Steyaert**
Independent Director
President of the audit committee

2 **Richard Francioli**
Director
Member of the remuneration and nomination committee

3 **Philippe Delusinne**
Independent Director
Member of the audit committee

4 **Renaud Bentégeat**
Managing Director

5 **Christian Labeyrie**
Director
Member of the audit committee

6 **Philippe Delaunois**
President of the Board of Directors
Independent Director
Member of the remuneration and nomination committee

7 **Ciska Servais***
Independent Director
President of the remuneration and nomination committee

8 **Bernard Huvelin**
Director

# Key figures

Jacques Ninanne

## Consolidated statement of comprehensive income in millions of EUR

| | IFRS | | | | |
|---|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenue | 975.4 | 1,164.0 | 1,467.6 | 1,728.4 | 1,602.6 |
| Operating result | 52.2 | 65.9 | 99.0 | 112.4 | 88.6 |
| Profit before tax | 39.9 | 57.3 | 83.9 | 95.4 | 76.8 |
| Net profit of the group | 25.5 | 40.7 | 62.4 | 69.9 | 61.7 |
| Gross self-financing (1) | 85.5 | 122.4 | 156.5 | 185.4 | 174.0 |
| EBIT (2) | 52.5 | 65.9 | 100.7 | 113.7 | 91.2 |
| EBITDA (3) | 90.0 | 125.5 | 166.9 | 196.2 | 184.2 |
| Equity – part of the group (before distribution) | 190.4 | 265.5 | 317.3 | 357.7 | 413.3 |

(1) Gross self-financing margin: see consolidated cash flow statement on page 156 of the consolidated financial report.

(2) EBIT: operating result + income from non-current financial assets + result from associates.

(3) EBITDA: EBIT + depreciation and impairements + other non-cash items (under IFRS).

## Consolidated statement of financial position in millions of EUR

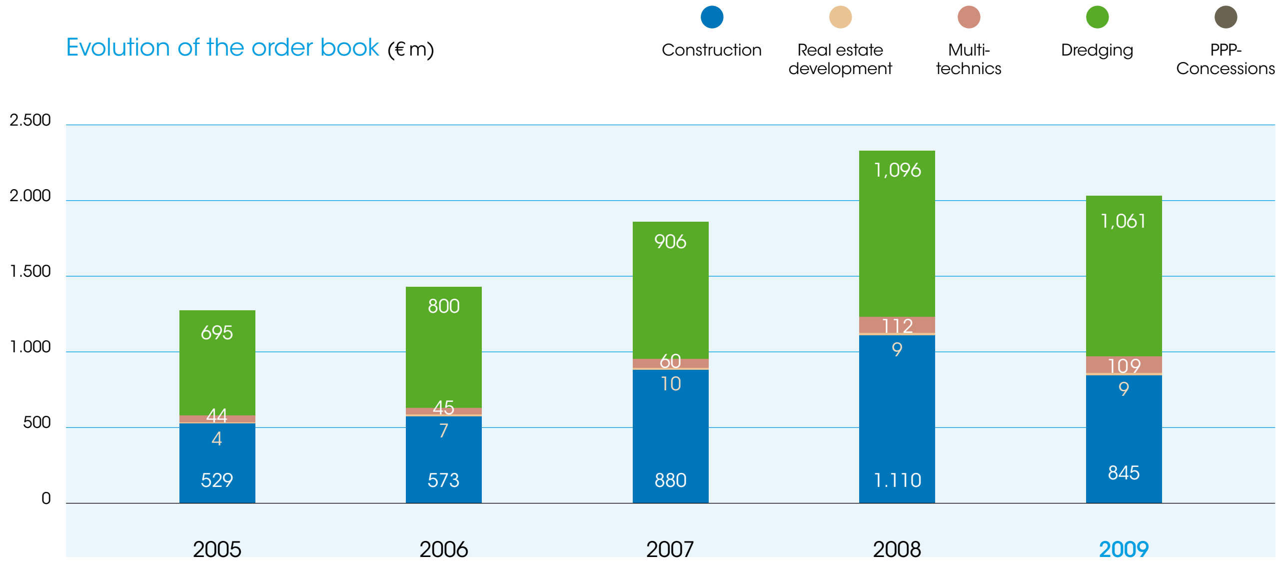
| | IFRS | | | | |
|---|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Equity | 179.1 | 269.6 | 322.9 | 368.2 | 423.8 |
| Working capital | 174.0 | 141.7 | 103.1 | 133.5 | 152.3 |
| Investments in tangible and intangible assets | 95.3 | 132.9 | 101.2 | 156.8 | 190.2 |
| Depreciation | 42.8 | 53.9 | 66.9 | 73.4 | 82.1 |

## Annual growth

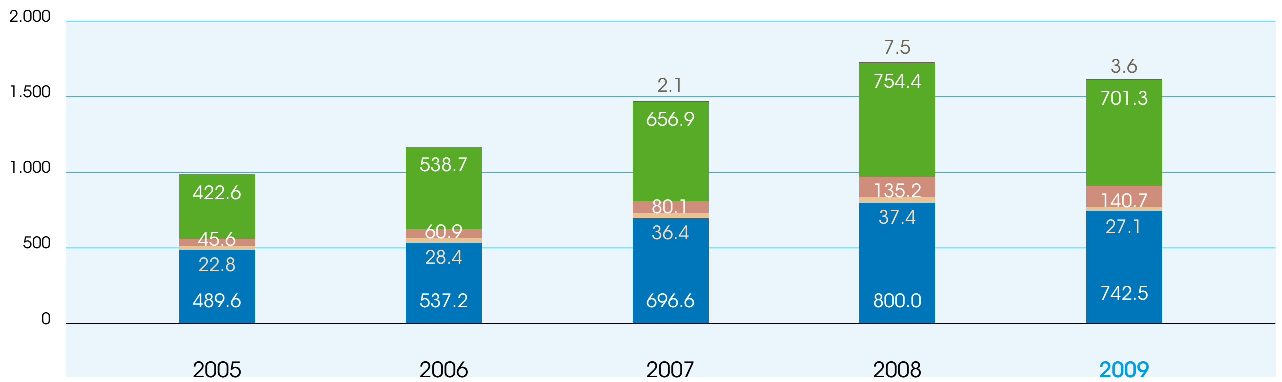
| | IFRS | | | | |
|---|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenue | 14.2% | 19.3% | 26.1% | 17.8% | -7.3% |
| EBIT | 36.7% | 25.6% | 52.8% | 12.9% | -19.8% |
| Result of the year | 17.0% | 59.6% | 53.3% | 12.0% | -11.7% |

## Data by division

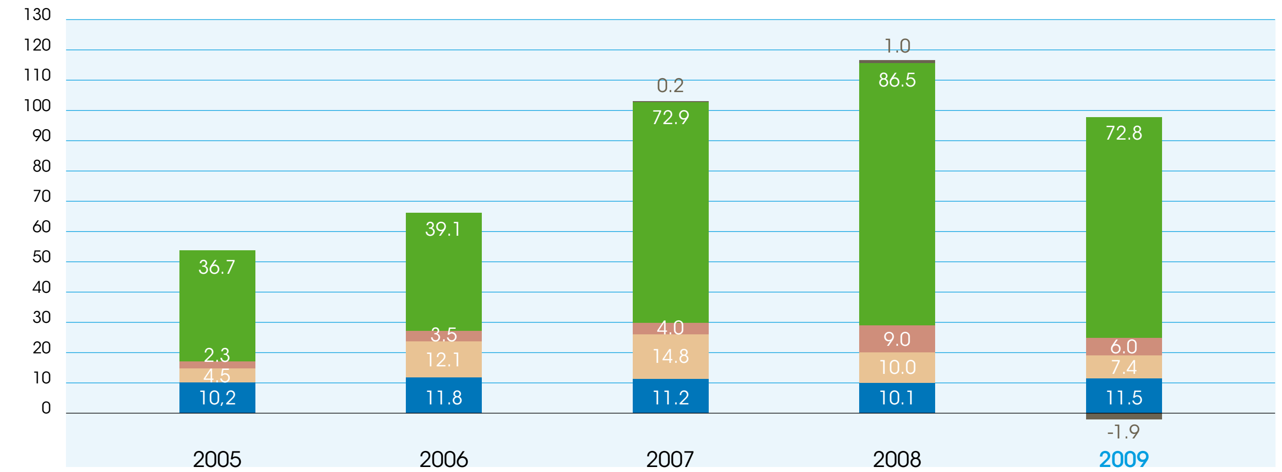
### Evolution of the order book (€ m)




### Evolution of the revenue (€ m)




### Evolution of the operating result (€ m)



## Ratios

| | IFRS | | | | |
|---|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| EBIT/revenue | 5.4% | 5.7% | 6.8% | 6.6% | 5.7% |
| EBIT/cash flow | 61.4% | 53.8% | 64.3% | 61.3% | 52.4% |
| EBITDA/revenue | 9.2% | 10.8% | 11.4% | 11.4% | 11.5% |
| Net profit of the group/ equity – part of the group | 13.4% | 15.3% | 19.7% | 19.5% | 14.9% |
| Net profit of the group/ revenue | 2.6% | 3.5% | 4.3% | 4.0% | 3.9% |

## Data in EUR per share

| | IFRS | | | | | |
|---|---|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2007 | 2008 | 2009 |
| | | | before split | after split* | | |
| Number of shares at 31/12 | 581,879 | 654,613 | 654,613 | 13,092,260 | 13,092,260 | 13,092,260 |
| Operating result | 89.7 | 100.7 | 151.3 | 7.56 | 8.59 | 6.77 |
| Gross self-financing margin | 148.0 | 187.0 | 239.1 | 11.95 | 14.16 | 13.3 |
| Net profit of the group | 43.8 | 62.2 | 95.4 | 4.77 | 5.34 | 4.17 |
| Gross dividend | 10.5 | 16.0 | 24.0 | 1.2 | 1.2 | 1.2 |
| Net dividend | 7.87 | 12.0 | 18.0 | 0.9 | 0.9 | 0.9 |
| Equity – part of the group | 327.3 | 405.5 | 484.6 | 24.2 | 27.3 | 31.6 |

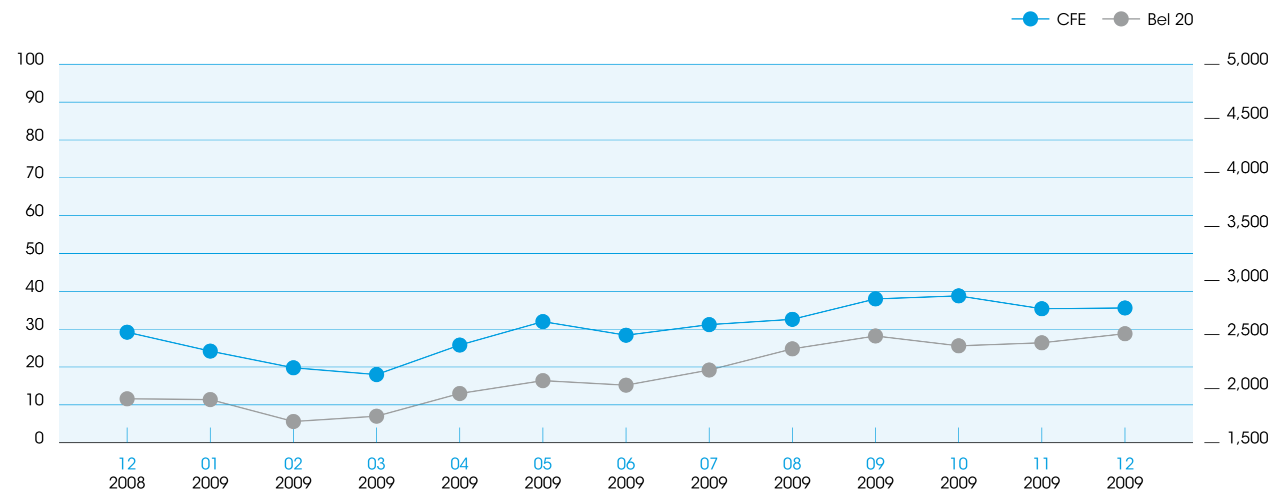
## The stock exchange

| | | IFRS | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2005 | 2006 | 2007 | 2007 | 2008 | 2009 |
| | | | | before split | after split* | | |
| Lowest price | EUR | 268.5 | 662 | 947 | 47.35 | 22.90 | 16.00 |
| Highest price | EUR | 735.0 | 975 | 1,533 | 76.65 | 72.50 | 42.00 |
| Price at close of the FY | EUR | 715.0 | 967 | 1,400 | 70.00 | 29.25 | 35.50 |
| Average volume per day | shares | 634 | 1.148 | 1,061 | 21,220 | 17,240 | 24,035 |
| Market capitalisation at 31/12 | Million EUR | 416.04 | 633.01 | 916.46 | 916.46 | 382.95 | 464.78 |

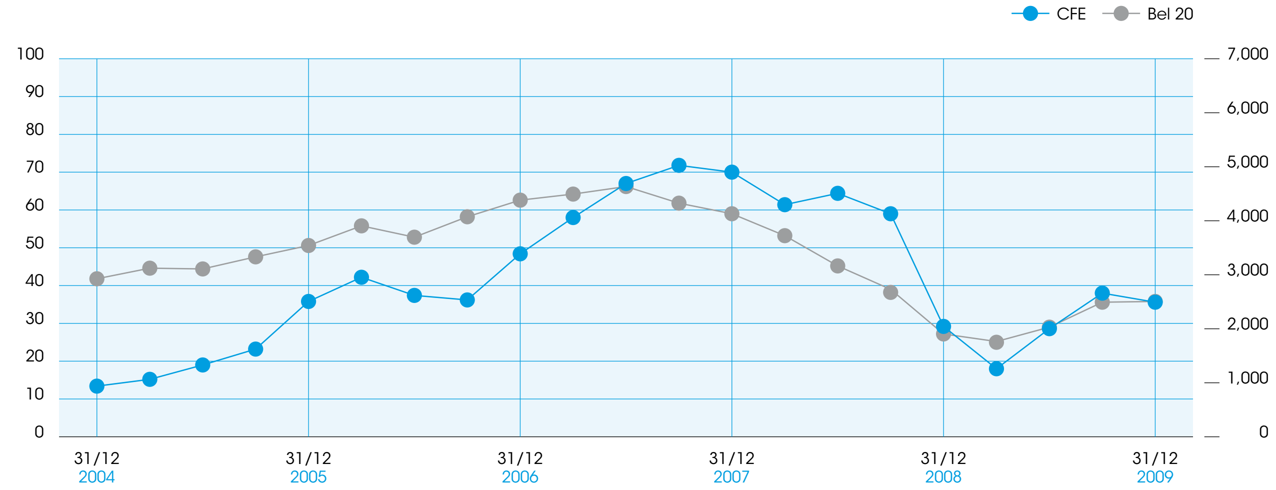
(*) data taking into account that the shares of CFE SA are divided in 20

## Trend comparing the CFE price with the Bel 20 index

### For the year 2009




### Over the last five years



## Some information on the share and exercise of the rights

On December 31, 2007, 13,092,260 shares were issued.

We remember that the extraordinary general assembly held on October 8, 2007, approved the following:
- the Board of Directors' motion to abolish the company's bearer shares per January 1, 2008;
- the Board of Directors' motion per January 1, 2008, to split by 20 the sixhundredfiftyfourthousandsixhundredandthirteen (654,613) company shares – without value listing, and fully paid up, and which represent the company capital of twentyonemillionthreehundredseventyfourthousandninehundredseventyone EUR and fortythree cent (21,374,971.43), as a result of which the said company capital shall from the stated date be represented by thirteenmillionninetytwothousandtwohundredandsixty (13,092,260) shares.

The process of dematerialisation is still in progress.

The company's shares are currently nominal, bearer or dematerialised shares. As a result of splitting the shareholding, on the one hand, and the dematerialisation, on the other hand, the shares have to be exchanged. The annual general meeting decided on the following modalities of exchange.

The exchange of the stated shares as a consequence of the splitting of shares and the conversion of the bearer shares into dematerialised shares shall simultaneously take place on January 1, 2008.

The exchange of nominal shares shall automatically take effect. The number of partial shares for which they qualify shall be automatically allocated in the share register.

The exchange of existing bearer shares, as already listed in the stock account per January 1, 2008, shall automatically take effect, and the number of partial shares for which they qualify shall be automatically allocated.

To exchange any existing bearer shares still physically held on January 1, 2008, shareholders must either hand these in to a financial institution of their choice for registration in a stock account, or at the company's registered offices for recording in the shareholders' register. The number of partial shares shall then be offset or recorded in the register.

From January 1, 2008, the exercise of any title in connection with bearer shares shall be suspended whilst they continue to be physically held. It is emphasized hereby that from January 1, 2008, any holders of such material bearer shares must apply to have their shares dematerialised or exchanged for nominal shares in order to be entitled to attend an annual general meeting.

Any such material bearer shares issued by the company as are neither listed in a stock account nor recorded in the share register shall on December 31, 2013, be legally converted into dematerialised shares.

Euroclear Belgium has been appointed as the executor. The splitting of the shareholding shall be carried out by Euroclear Belgium on the basis of the company's accounts.

There was no issue of convertible bonds or warrants.

Bank Degroof has now been appointed as the 'Main Paying Agent'.

The financial institutions with whom holders of financial instruments may assert their financial titles are the following: Bank Degroof, BNP Paribas Fortis and ING Belgique.

## Voting rights

On October 16, 2007, CFE was informed by VINCI Construction, by virtue of the clauses of article 74, paragraph 7 of the Belgian law dated April 1, 2007 relating to takeover bids, about the following notification being made to the Bank, Financial and Insurance Commission:

> Disclosure to the CBFA, pursuant to Article 74, § 6, of the Law of April 1, 2007, by a person who, at September 1, 2007, individually holds more than 30% of the securities with voting rights in a company listed on Eurolist, Alternext by Euronext or the Free Market (Marché libre/Vrije Markt).

**1. Name of the issuer of the securities with voting rights that are held**
Compagnie d'Entreprises CFE

**2. Full identity of the natural or legal person who, at September 1, 2007, individually holds more than 30% of the securities with voting rights issued by the company named under point 1**
Legal person:
VINCI Construction – société par actions simplifiée
5 cours Ferdinand-de-Lesseps
F-92500 Rueil-Malmaison
(France)
Telephone: 33 1 47 16 39 00
Contact person:
mr. François Ravery

**3. Full identity of the natural and/or legal person(s) ultimately controlling the legal person named under point 2**
Legal person:
VINCI – société anonyme
1 cours Ferdinand-de-Lesseps
F-92500 Rueil-Malmaison
(France)
Telephone: 33 1 47 16 35 00
Contact person:
mr. Christian Labeyrie

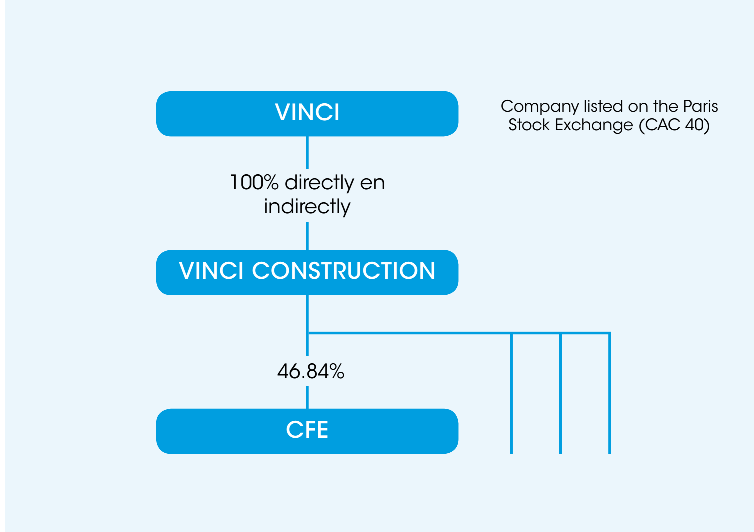
**4. Chain of control**
VINCI, owning 86.64% of the voting rights of VINCI Construction, holds the exclusive control of this last one. The remaining balance 13.36% of voting rights is in the hands of SOCOFREG, 100% owned by VINCI.

VINCI is a private limited company listed on the stock exchange of Paris. As a result of the fragmented shareholderscompositition of VINCI, no one exercises control on the company.

**5. Number and percentage of securities with voting rights held by the person named under point 2**
Number of securities with voting rights held: 306,644 securities (*)
Percentage : 46.84%
(*) before share split by 20. Given the split, the actual number is 6,132,880

**6. Date and signature of the person named under point 2**
11 october 2007 - François Ravery

**7. Date and signature of the person named under point 3**
11 october 2007 - Christian Labeyrie.




The July 28, 2008, VINCI Construction informed CFE about the information transmitted to the Belgian Banking, Finance and Insurance Commission (CBFA) by VINCI Construction. According to this information, VINCI Construction owns 46.84 % of the capital of CFE. This percentage has remained unchanged since the last declaration on October 11, 2007. Furthermore, VINCI Construction does not own any other shares in a similar construction company owning shares in CFE.

The August 19, 2009, VINCI Construction informed CFE that the participation of VINCI Construction into CFE remained unchanged since the last declaration on September 1, 2008, wereby VINCI Construction owns 46.84 % of the capital of CFE.

## Belgian regulations regarding transparency

The shareholder structure that is reported below can be found in the notifications that CFE has received on the date on which the annual accounts were closed, and in conformity with the regulations regarding transparency (Title II of the law of the May 2, 2007 on the publication of important participations in issuers, whose shares are listed for trading on a regulated market, and in conformity with various other regulations).

- VINCI Construction S.A.S., with registered headquarters in the Cours Ferdinand-de-Lesseps 5 at F-92500 Rueil Malmaison (France), was on September 1, 2008 the owner of 6,132,880 shares with voting rights in the Compagnie d'Entreprises CFE SA, or 46.84 % of the voting rights of the company. VINCI SA, which exercises exclusive control over VINCI Construction, is the ultimate controlling shareholder of Compagnie d'Entreprises CFE SA.
- Grantham, Mayo, Van Otterloo & Co LLC, with registered headquarters at 40 Rowes Wharf, Boston MA 02110, United States of America, notified to Compagnie d'Entreprises CFE that it owns 388,815 securities in the capital of the company on 7 may 2009, what represents 2.97 % of the voting rights in the company. This participation amounted before to 5.40 % of the voting rights of the company (September 1, 2008).

The notification threshold of important participations is mentioned in the articles of association of Compagnie d'Entreprises CFE and amount to 3% of the existing voting rights.

# Management

LEFT TO RIGHT

**Youssef Merdassi**
General Manager CFE International (including CFE Hungary, CFE Slovakia, CFE România* and CFE Middle-East)

**Lode Franken**
Deputy General Manager construction division and Director DEME

**Jacques Ninanne**
Deputy General Manager corporate CFE group – Chief Financial Officer

**André de Koning**
Director CFE Nederland and GEKA

**Yves Weyts**
Managing Director Aannemingen Van Wellen and Director synergies and communication CFE group

**Jacques Lefèvre**
General Manager CFE Immo, Managing Director BPI and Projectontwikkeling Van Wellen

**Frédéric Claes**
Managing Director BPC and Director Amart

LEFT TO RIGHT

**Patrick Van Craen**
Managing Director CLE, General Manager Tunisia, Director and General Manager CLi and Construction Management

**Patrick de Caters**
General Manager BAGECI

**Renaud Bentégeat**
Managing Director CFE group

**Gabriel Marijsse**
Director Human Resources CFE group

**Christian Van Hamme**
General Manager multitechnics division

**Bernard Cols**
General Manager CFE Brabant, Director CFE EcoTech and CFE Polska

**Michel Guillaume**
Director sustainable development CFE group and Director Sogesmaint-CBRE

**Patrick Verswijvel**
General Manager MBG

# A social and responsable group


Gabriel Marijsse


Michel Guillaume

CFE is made up of a number of companies, all of which work together to promote corporate social responsibility. Employees illustrate their responsibility towards CFE's various stakeholders every day through the numerous projects initiated and made possible by the group.

## 1 Social responsibility

The corporate human resources department is tasked with supporting CFE in its search for a broad spectrum of talented people. Its job is to explain CFE's corporate values to candidates so as to attract them into the group and help them integrate. In addition, with the help of the decentralised management teams, the department ensures employees have the opportunity to grow and fulfil their potential as members of the group.

### Recruitment, a constant concern

Despite the difficult economic climate, CFE is duty bound to prepare for the future. In 2009, the group participated in recruitment days organised on university and engineering school campuses, which led to about 20 recent graduates being hired. CFE was thus able to maintain a certain balance in the age pyramid and offset the number of employees taking retirement.

In addition to targeting students nearing completion of their qualifications, CFE focused on hiring experienced personnel for specific projects, as well as highly skilled employees such as design engineers, geologists and IT specialists. The greatest needs to fill in 2009 were at CFE EcoTech, which started a series of projects, and CFE Nederland, where there has been significant business growth, particularly in DBFM (design, build, finance and maintain) projects.

DEME also continued its recruitment campaign, hiring more than 160 new employees for its international maritime engineering projects. Its aim was to broaden the skills of existing employees, particularly those working on project sites. This effort will continue in 2010, when the focus will be on candidates wishing to work in the international arena and on experienced people to crew the new dredgers and off-shore vessels, as well as jack-up platforms.

The new employees – over 300 of them – hired by the CFE group in 2009 are a guarantee for the future.

### Equality and diversity, the common thread running through CFE's human resources policy

Following its first audit two years ago, independent rating agency Vigeo carried out a follow-up audit in 2009 to analyse progress made in the diversity policy, which covers gender equality, people from an immigrant background, those aged 55 or over, and those with disabilities. Its conclusions were very positive. Two noteworthy findings were:

- The group's remarkable determination to prevent discrimination and promote female employees. This led, inter alia, to the highly symbolic appointment of a woman at the head of Sogesmaint-CBRE and another to the management of the Cracow agency in Poland.
- Efforts made to increase diversity within the group's internal and external communications: these included several articles published in the in-house magazine, a play produced for management explaining how to prevent direct and indirect discrimination, a diversity module in the training programme for new recruits, and fact sheets on the evolution of female engineering graduates in various operating businesses.

Elsewhere, CFE is working with the Brussels-Capital regional authority to further the programme aimed at fostering the integration of people with disabilities within the company. A working group was formed in 2009 with the aid of an implementation specialist from the regional authority, employees and union representatives.

To demystify this field, the portrait of a disabled employee was published in the in-house magazine. In addition, the company's website invites potential employees with disabilities to identify themselves so that they may receive special attention. In 2009, CFE hired several people with disabilities and hopes to progress in this area in the coming years.

### Integration and development through training and mentoring

CFE has grown tremendously over recent years, not only in terms of revenue but also in terms of employee numbers. New hires and employees absorbed after merger and acquisition activity in the past four years represent more than 50% of the work force. Given the considerable challenge their integration represents, the focus in 2009 was on large-scale training. CFE ensures that employees from its various business units and divisions get to know each other and learn about CFE's corporate culture by organising in-house training programmes. These range from MS Project training to Autocad, and from time management to communication. A second convention for CFE's senior management, following the first in 2008, also helped to consolidate integration.

Examination of the training figures reveals that over 40% of training hours for employees was of a technical or professional nature. Programmes in this category included internally organised training on waste-water treatment and a seminar for 600 construction division operations staff on the subject of professionalism: personnel, equipment and work preparation. In addition, there were some highly specialised training programmes targeted at employees wishing to improve their performance. Examples here included technological change within the multitechnics division and aspects of sustainable construction for the construction division. The emphasis for skilled and semi-skilled workers was also on the technical and professional nature of their work. Driving cranes and other heavy or special equipment is now covered extensively.

2009 was a special year for CFE in terms of safety training: having obtained its VCA safety

2009 Vigeo audit findings

| | **Change** |
|---|---|
| Prevention of discrimination* | + |
| Women* | + |
| People with disabilities | + |
| People from an immigrant background | = |
| People aged 55 or over | = |

* best practice

certification 10 years ago, some employees had to renew their certificates. The VCA training, play on safety during the group convention and a programme on working at a height explain why safety accounted for 23% of the total number of training hours.

For future project managers, CFE launched a long training programme similar to the 18-month programme for young works engineers. About 40 young project engineers from several construction companies were thus prepared for their new role. In 2008, they received training on the public procurement process, concrete, foundations, formwork, optimising scheduling, etc.; in 2009, the topics included budget control, sustainable construction and PPP projects. For each module, the future project managers are assigned an experienced mentor, who shows them the ropes.

Training was also a priority for DEME in 2009 because employee quality is a major strength during a less prosperous economic period. In years gone by, dredge operators learned their skills on the job. Whilst this form of training remains very important, it must now be based on good theoretical knowledge. Numerous initiatives have been taken to that end over recent years, including simulation training for dredger crews.

DEME also reviewed its apprenticeship training for various jobs. The one-off modules of previous years are now part of a comprehensive programme for employees. This change was made in response to what both employees and the company really wanted: a clearly defined career development opportunity that makes them one of the best in their field.

In 2010, DEME will be focusing strongly on safety training. In addition to the technical safety programme, DEME has developed a safety culture training module. All employees will be able to complete the module between now and the end of 2010. For operations managers, this four-hour module is part of a broader programme, which includes a significant communication component.

DEME also launched its NeXt seminar: an interactive session for employees with about three years of working experience in the company. It marks the beginning of their later career development and includes in-depth training as part of their jobs. Known as DEME 2020, some specific training programmes are already under way for future project managers and accountants.



## Social indicators

### Staff per division

| | Group & Concessions | Construction | Multi-technics | Real estate | DEME at 100% | Total CFE (DEME at 50%) |
|---|---|---|---|---|---|---|
| 2006 | 66 | 2,088 | 423 | 81 | 2,922 | 4,119 |
| 2007 | 68 | 2,589 | 622 | 90 | 3,060 | 4,899 |
| 2008 | 71 | 2,600 | 910 | 86 | 3,632 | 5,483 |
| **2009** | **79** | **2,299** | **977** | **84** | **3,668** | **5,273** |

### Staff per trade

| 2009 | Labourers | Employees | Total |
|---|---|---|---|
| Group & Concessions | 3 | 76 | 79 |
| Construction | 1,410 | 889 | 2,299 |
| Multitechnics | 676 | 301 | 977 |
| Real estate | 2 | 82 | 84 |
| DEME at 100% | 1,884 | 1,784 | 3,668 |
| **Total CFE (DEME at 50%)** | **3,033** | **2,240** | **5,273** |

### Staff per type of contract

| | Contract indefinite period | Contract definite period | Work & study | Total |
|---|---|---|---|---|
| 2006 | 3,817 | 381 | 1 | 4,199 |
| 2007 | 4,585 | 309 | 5 | 4,899 |
| 2008 | 5,112 | 366 | 5 | 5,483 |
| **2009** | **4,909** | **361** | **3** | **5,273** |

### Age pyramide

| | 2006 | 2007 | 2008 | **2009** |
|---|---|---|---|---|
| < 25 | 342 | 469 | 561 | **487** |
| 26-30 | 502 | 691 | 805 | **761** |
| 31-35 | 595 | 664 | 758 | **722** |
| 36-40 | 646 | 763 | 810 | **767** |
| 41-45 | 637 | 716 | 792 | **777** |
| 46-50 | 512 | 543 | 629 | **616** |
| 51-55 | 529 | 590 | 583 | **585** |
| 56-60 | 337 | 350 | 426 | **422** |
| > 60 | 99 | 113 | 119 | **136** |

## Seniority

| | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| < 1 | 769 | 1,078 | 988 | 586 |
| 1-5 | 1,267 | 1,582 | 2,091 | 2,225 |
| 6-10 | 791 | 854 | 907 | 896 |
| 11-15 | 435 | 402 | 424 | 483 |
| 16-20 | 385 | 432 | 473 | 441 |
| 21-25 | 145 | 155 | 189 | 253 |
| > 25 | 407 | 396 | 411 | 389 |

## Men / women

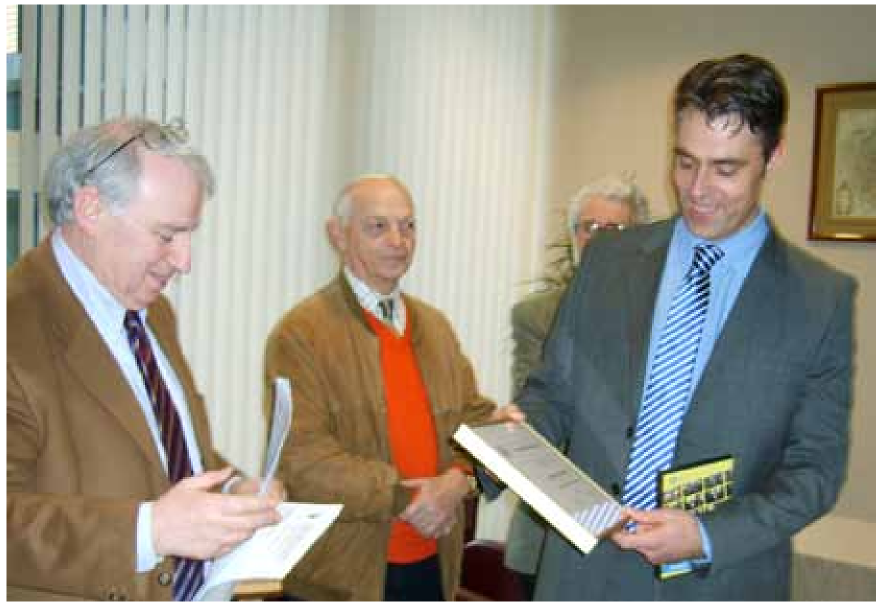
| | Male employees | Female employees | Male labourers | Female labourers |
|---|---|---|---|---|
| 2006 | 1,224 | 372 | 2,587 | 16 |
| 2007 | 1,501 | 451 | 2,921 | 26 |
| 2008 | 1,742 | 519 | 3,195 | 27 |
| **2009** | **1,708** | **532** | **3,008** | **25** |

## Training (in number of hours by nature of training)

| | Total 2008 | Total 2009 | Men | Women |
|---|---|---|---|---|
| Technical | 31,628 | 36,249 | 34,154 | 2,095 |
| Hygiene and safety | 20,023 | 26,495 | 25,298 | 1,197 |
| Environment | 574 | 1,153 | 1,075 | 78 |
| Management | 5,705 | 7,405 | 6,850 | 555 |
| Information Technology | 5,037 | 4,085 | 3,016 | 1,069 |
| Admin./Acc./Manag./Legal | 2,097 | 2,747 | 1,751 | 996 |
| Languages | 3,372 | 4,219 | 3,209 | 1,010 |
| Diversity | 1,488 | 8 | 0 | 8 |
| Others | 3,814 | 2,926 | 2,387 | 539 |
| Total | 73,738 | 85,287 | 77,740 | 7,547 |

## Absenteeism

| | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| Number of days absence due to illness | 37,182 | 57,545 | 50,009 | 49,675 |
| Number of days absence due to industrial accident | 2,662 | 14,024 | 8,036 | 7,585 |
| Number of days absence for accident related to work/home travel | 350 | 260 | 269 | 340 |
| Number of days absence due to professional illness | 0 | 0 | 306 | 0 |
| Number of days worked | 923,780 | 1,077,780 | 1,217,943 | 1,239,392 |
| Level of absenteeism | 4.35% | 6.66% | 4.81% | 4.65% |



CFE received from the Belgian Federal Public Service for Employment, Labour and Social Dialogue the first prize for its 'Safety first!' play.

## Creating a safe working environment

Efforts to improve the accident frequency rate stagnated somewhat in 2007. To remedy the situation in 2008, a play about safety was organised for all skilled and semi-skilled workers, and safety workshops were on the agenda at several events.

The aim is to trigger a reduction in the accident frequency rate over time. All the construction division's line managers attended the play. They also participated in at least one workshop on the problems raised during discussions after the play was seen by skilled and semi-skilled workers. Basing themselves on the proposals put forward by line managers, the division's senior managers made decisions on how to improve safety in the short and long term. These measures include both internal and external communication with third-parties working on project sites, the ways in which safety awareness can be built, working with subcontractors, and the training and induction of group and other companies' workers on construction sites.

The safety awareness message was reinforced by using three opportunities to inform employees: firstly, at home in their pay packets; secondly, through a poster encouraging them to think about the monthly safety topic; and thirdly, during the interactive 'toolbox' meeting on that topic. Skills and knowledge improvement continued throughout the year, with training in such areas as working at a height, VCA safety and other safety-related courses.

Within the CFE group, a programme of exchanging knowledge and experience was initiated, bringing together safety managers (accident prevention advisors) for discussions. Meetings are held at group level and in the construction and multitechnics divisions.

Clients congratulated group companies on several projects for their safety approach and performance: two subsidiaries in the Netherlands, CFE Nederland and GEKA, received the GATE (Gas Access to Europe) 'Entrepreneur of the Month' award as part of the LNG Maasvlakte project; Vanderhoydoncks received a congratulatory letter from Nike on its approach to safety while executing its project; DEC received the IADS safety award for the Rieme wastewater treatment project; the Belgian Federal Public Service for Employment, Labour and Social Dialogue awarded the first prize of the 2009 competition of the European Safety Club's Belgian Section for its 'Safety first!' play.

Safety was also high on the list of priorities at DEME in 2009. The same goal was pursued by everyone, whether on board a vessel or in an office: zero accidents. With the aid of specially organised sessions, the emphasis was on safety awareness in general and on the safety culture with a view to changing the attitudes of all DEME group employees. This continuous improvement process was accompanied by the introduction of the 'Take 5' initiative, encouraging employees to think about safety for five minutes before executing a new task or assignment.

Specific safety targets for construction in 2010:

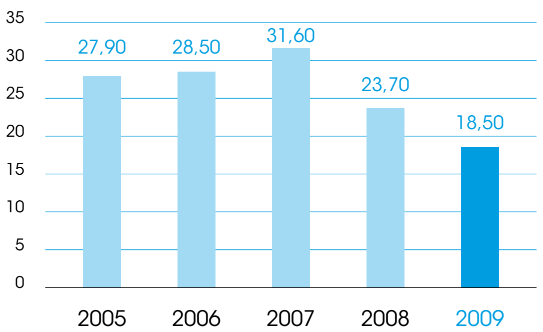
- continuation of actions following the play;
- improvement in the sponsorship and mentoring system for new workers;
- safety training for all new recruits from the moment they are hired;
- special training for site equipment operators.

All the above actions are aimed at reducing the number of accidents.

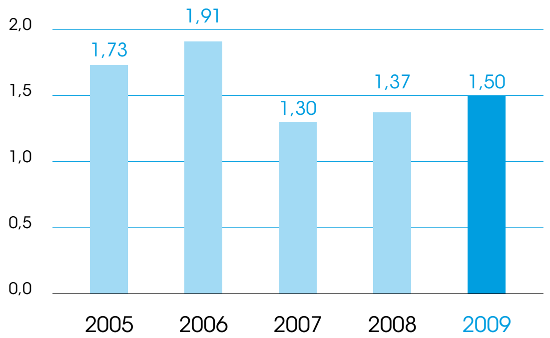
## Frequency rate and Seriousness rate

### Construction division

Frequency rate

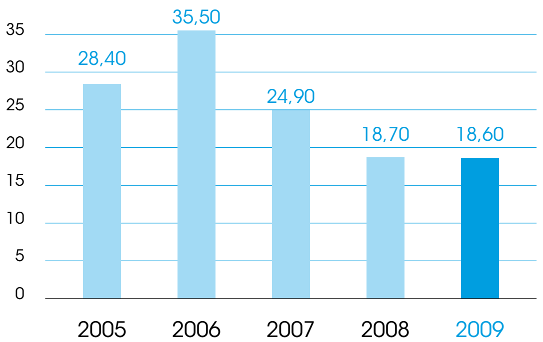



Seriousness rate

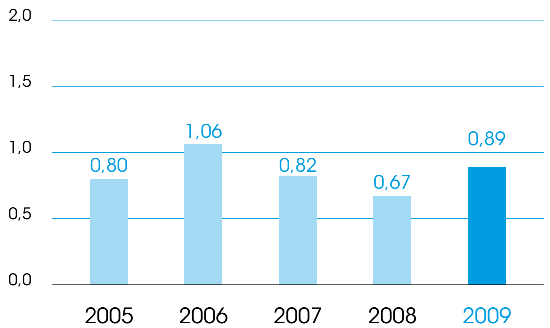



### Multitechnics division

Frequency rate

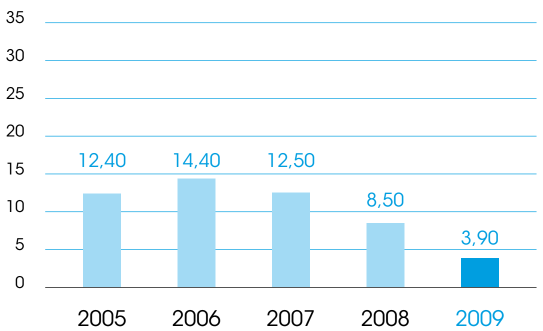



Seriousness rate

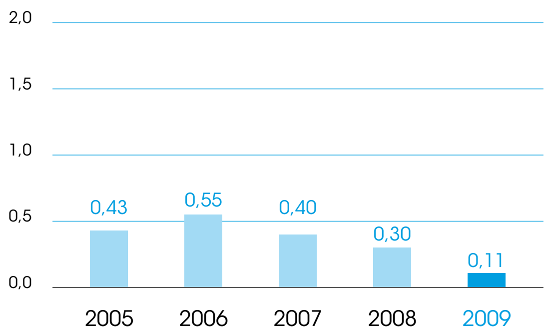



### Dredging and environmental division

Frequency rate




Seriousness rate






## 2 Environmental responsibility


The HQE (high environmental quality) certification, obtained for the Serenity project in Strassen (LU)

The notions of socially responsible entrepreneurship are an integral part of each group subsidiary's policy. The services provided by group companies and their involvement in special sustainable development projects bear witness to CFE's participation in the construction of the future.

To step up the intensity of its actions in this regard, the group decided to create an independent sustainable development department to assist all its entities. The department is led by Michel Guillaume.

The mission of this department is to re-think the buildings of the future in order to reduce their energy consumption by identifying potential sources of $CO_2$ savings, new sustainable materials, environment-friendly techniques and the new comfort criteria that are set to change rapidly.

The department will support the group's various divisions, which will all integrate the environmental concepts of the future in their wide range of construction projects.

The aim is to create in-house technical and environmental know-how. This will be available to everyone to help with decision-making and project definition, or with proposing durable optional solutions that are economically suited to the new requirements of clients and local authorities, who will redefine the rules for obtaining building permits, and for renovating and operating the buildings of the future.

The department will also be responsible for developing business independently by proposing comprehensive investment concepts to clients wishing to convert their facilities into environment-friendly or energy-neutral buildings.

In 2016, all new buildings in Belgium will have to be passive. In-depth reflection must therefore start immediately to meet the challenge in the short term and propose appropriate technical and environmental solutions based on four key points so as to reduce the carbon footprint of new projects:

1/ improve heat and ventilation insulation;
2/ recover energy;
3/ radically reduce installed electricity demand and non-renewable energy consumption;
4/ produce alternative energy.

Alongside this energy focus, the sustainable development department will advise projects on the application of these new techniques and on how to better protect the environment as they build (impermeability, reinforced insulation, waste reduction and sorting, compliance with noise standards and respect for nearby residents, reduction of the carbon footprint of materials used, green energy sources for building sites, etc.).

To support this change, the group has ordered a special study into $CO_2$ emissions at a number of typical projects and environmental reporting has been intensified. By measuring such well-defined parameters as water, gas, electricity, petrol and diesel consumption, the aim is to obtain a better overview of the impact of specific actions involved in the various production processes within its companies and to focus on those actions that could reduce their impact. The environmental

Key 2009 environmental data – energy consumption

| | Natural gas (kWh) | Petrol (liter) | Diesel (liter) | Electricity (kWh) | $CO_2$-emission by revenue (g eq $CO_2$/EUR)* |
|---|---|---|---|---|---|
| Construction | 9,132,173.28 | 2,435,023.32 | 2,558,521.22 | 13,583,440.17 | 35.44 |
| Multitechnics | 1,408,686.33 | 124,948.81 | 1,262,164.32 | 1,288,578.52 | 38.13 |
| Real estate development and management services | 1,050,897.92 | 0.00 | 35,689.95 | 1,303,246.10 | 31.44 |
| Dredging | 0.00 | 8,823,541.00 | 547,200.00 | 5,853,492.00 | 758.55 |
| Concessions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

* ISO Scope 2 of the ISO 14064 standard

reporting initiated in 2008 has been fine-tuned and, at the end of 2009, covered 83% of the group's revenue, against 74% at the end of 2008. The company car fleet continued to become more environment-friendly, enabling the group to prepare for the new $CO_2$ legislation issued at the beginning of 2010 for company vehicles.

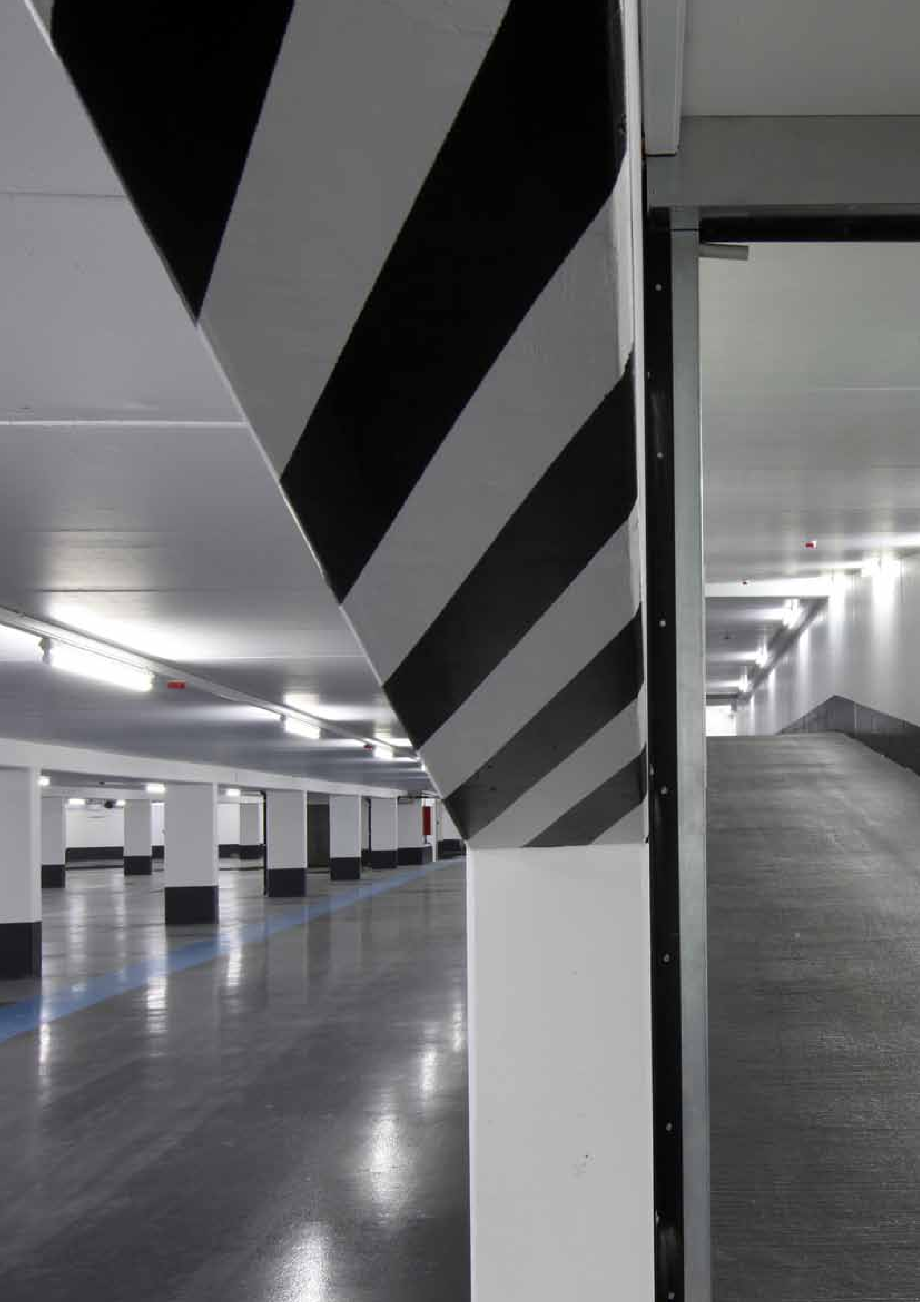
The strong growth of various activities in these new market segments within group companies bears witness to the fact that they are all integrating the concept of sustainable development, where the focus is always on people and the environment in the widest sense of the term:

- Nizet Entreprise's photovoltaic business with the development and construction of one of Belgium's largest solar energy farms at Lier on the site of a former landfill;
- Modernisation of Belgium's first solar energy farm at Chevetogne, where the used panels and cells were all recycled;
- The relighting activities of VMA, Vanderhoydoncks and Nizet Entreprise;
- Sludge treatment and site remediation, both in Belgium and elsewhere (London Olympics, Santos Brazil) by DEC-Ecoterres' environmental specialists;
- The development, construction and operation of wind farms such as the C-Power project off the coast of Belgium;
- Coastline protection by renourishing beaches (adding sand) all over the world and the construction of sea walls by Dredging International such as those at Kruibeke and Asper;
- The development, financing and/or construction of real estate projects and sustainable construction. Examples include the Serenity office complex in Luxembourg, the Mediacité shopping centre in Liège, the Atlantic office project in Brussels, the new Erasmus district in Anderlecht, the Liefkenshoek railway tunnel in the Port of Antwerp, the Coentunnel in Amsterdam, the Diabolo project at Zaventem and many other interesting projects.

Development and construction of one of Belgium's largest solar power farms at Lier (BE)

# PPP – Concessions Division

1



# PPP–Concessions Division

The PPP - Concessions division continued its growth in 2009. The two major projects won in 2008, namely the Liefkenshoek rail tunnel in Antwerp and the Coentunnel in the Netherlands, were under construction and scheduled for handover in 2013 - 2014.

In November 2009, the works on the Turnhout car park were officially accepted and the 420-space car park is now in operation. This 50-year concession, held in partnership with VINCI Park Belgium, represented an investment of €8 million, financed 50% by CFE.

In December, CFE invested €5 million in the acquisition of a 25% equity holding in Bizerte Cap 3000, a Tunisian company that has a 50-year concession for the development of a marina with 700 berths in the Mediterranean port of Bizerte. Construction work has now started.

Other projects were under study during the year. CFE remained involved in the Antwerp Ring completion project. The Noriant consortium, in which CFE holds 13.5% of the equity, was designated preferred bidder in 2007. The award procedure having been deferred once again, the consortium was awaiting information from the client at the beginning of 2010 as to its continuation.

In a consortium with SKE, a VINCI subsidiary, the company submitted its offer for the schools project in the German-speaking Community of Belgium. In addition, as a member of the Poort van Europa consortium with BAM PPP and VINCI Concessions, the group participated in the tender for the A15 motorway project in Rotterdam. The outcome of these tenders will be known in 2010.

The PPP market in Belgium and the Netherlands is currently undergoing strong growth, with prequalification procedures under way for schools, tramway systems and airport infrastructure.

The maintenance of major infrastructure over long periods led CFE to expand its PPP - Concessions division to include expertise in the life cycle management of projects and reducing total cost ownership. As a result, three engineers with specialist skills in the techniques needed and in managing project life cycles joined the division.

Jacques Ninanne

Liefkenshoek rail tunnel – Antwerp (BE)

< Parking 'De Warande' – Turnhout (BE)

# Rent-A-Port

In 2006, CFE and Ackermans & van Haaren, jointed with the management, created Rent-A-Port. Rent-A-Port provides eight successive activities for greenfield projects (i.e. new sites that have not yet been developed) as part of the preparation or analysis of future investments.

The eight activities are: port engineering, economic feasibility studies, the design of maritime infrastructure, financing infrastructure works, works supervision, training for operations employees, port management and the maintenance of ports and maritime structures.

2009 was a transition year during which Rent-A-Port focused on several strategic areas:

- the development of three port and logistics projects in West Africa (Nigeria, Democratic Republic of Congo and Ghana);
- feasibility studies on the flows of industrial minerals between Oman and India, including several studies and logistics and port management contracts (always in partnership). One of the objectives in those two countries is also to encourage the growth of maritime trade between the two countries, which have huge potential, and the Port of Antwerp;
- new partnerships and concessions were developed in the area of the Port of Haiphong in northern Vietnam. Thanks to IPEM, a Rent-A-Port subsidiary that has been operating there since 1997, other opportunities were also studied in the country's central and southern areas;
- a new joint-venture company was created with the Port of Antwerp (a "Société Anonyme" or Belgian public limited company) with a view to obtaining a management and marketing contract for the new Duqm mega port in Oman;
- a new business unit, Rent-A-Port - Windenergy, was created in 2009. In partnership with ElectraWinds, it filed an application for a licence to operate a wind farm off the coast of Belgium. The partnership's name is RENTEL.

Marc Stordiau

< Pioneer constructions of the OKLNG Project, developed by Rent-A-Port – (NG) >

# Multitechnics Division

# 2

# Multitechnics Division

Thanks to the good results of the different companies active in the railway, photovoltaic and automation sector and taking into account the difficult economic conditions, the division has realized an honorable year with respect to activity and results.

| (in millions EUR) | 2009 | 2008 |
| --- | --- | --- |
| Order book (as of December 31) | 108.7 | 112.1 |
| Revenue | 140.7 | 135.2 |

The acquisition of 64.95% of the capital of Elektro Van De Maele and the 100% acquisition of Prodfroid find their justification in a better regional spread as well as an addition of complementary competences to the ones already existing within this division. A specific attention is being exposed to further regional and interinational development of its activities and more particulary in the rail related business.

Christian Van Hamme

## The comittee

The activities of the multitechnics division are monitored by a committee comprising:

**Christian Van Hamme**, General Manager of the multitechnics division,

**Erwin Bobbaerts**, Managing Director of Louis Stevens & Co,

**Jean-Marie Chabart**, Managing Director of Druart and Director of Prodfroid,

**Jean-Paul Coch**, Managing Director of ENGEMA,

**Joris De Vreese**, Managing Director of VMA,

**Hubert Lacroix**, Managing Director of Nizet Entreprise,

**Gabriel Marijsse**, Human Resources Manager of the CFE group,

**Jos Stroeken**, Managing Director of Louis Stevens & Co and Vanderhoydoncks,

**Yves Weyts**, Director of synergies and communication of the CFE group,

**Guy Wynendaele**, Managing Director of VMA and Director of Elektro Van De Maele.

< Electromechanical installation in the agriculture industry – Wuustwezel (BE)

# Druart

The revenue, affected by the the economic crisis, was much lower than projected. This decrease of activity, along with the difficulty of booking orders at reasonable prices, recorded significant losses. Measures were taken on the organisation and a productivity improvement programme was launched in June. This policy aimed at motivating and empowering all the players started having a positive impact during the third quarter of 2009.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 8.2 | 11.5 |
| **Revenue** | 19.0 | 22.3 |

Major projects completed in 2009 included the installation of gas boiler rooms in several high-rise housing buildings in Droixhe for La Maison Liégeoise, a building for Les Amis des Aveugles in Ghlin, phase 3 of the Roselies wastewater treatment plant refurbishment works, the Marchienne au Pont wastewater treatment plant in association with Nizet Entreprise and Degrémont, the Oupaye wastewater treatment plant with Degrémont, renovation of the H&M shop in Tournai, the refurbishment of ONEM offices in Charleroi, the installation of conference rooms at La Maison des 8 Heures in Brussels, refurbishment of the former post sorting office in Charleroi for SNCB and new buildings for the company Fancy in Seneffe as a subcontractor to BAGECI. In 2009 Druart created a maintenance department that will find his stability in 2011.

The current structure should allow the company's financial situation to come to an equilibrium and enable it to take full advantage of any return to economic growth. Based on the order book at the end of the year, Druart's business in 2010 is expected to be at about the same level as the previous year.

< Sanitary and HVAC installation – Seneffe (BE)

Jean-Marie Chabart

## Prodfroid

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 0.7 | – |
| **Revenue** | 1.4 | – |

Located at Warisoulx, near Namur, Prodfroid specialises in the supply, installation and maintenance of cooling equipment. CFE's objective when acquiring this company was to develop synergies between Prodfroid and Druart.

In 2009, Prodfroid generated revenue and profit in line with projections. Revenue for 2010 is expected to be similar to that realised in 2009

Installation of cooling equipment – Brussels (BE)


# ENGEMA

ENGEMA had a satisfying year in 2009, with all its departments contributing to the results

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 21.8 | 32.1 |
| **Revenue** | 20.1 | 18.0 |

ENGEMA Rail Overhead Lines completed the Brussels-Midi, Liège-Guillemins, Moustier and Montzent-Botzelaer passenger railway station projects, as well as the freight station project at Genk. The works were officially accepted during the year to the great satisfaction of clients TUC Rail and Infrabel. The works on the rigid overhead contact line for the Haren tram depot were also officially accepted by STIB and Tractebel.

The overhead line design and engineering office finished the studies under way on projects such as the training station at Ronet, works packages R and G at Schaerbeek station, and the maintenance and modification of the overhead lines for Infrabel's North-East District, which covers the Provinces of Limburg, Antwerp and Flemish Brabant.

ENGEMA Rail Signalling successfully completed three complex projects in 2009, namely the Leuven–Diegem RER, Etterbeek–Watermael RER and Landen station. The department also consolidated its position in Belgium's rail market. The Leuven–Diegem RER works were officially accepted by the client. A number of new employees were recruited to the department following its expansion.

Following an in-depth reorganisation and thanks to a fault-free performance on the Plénesses project (70 kV line for Elia), ENGEMA Montage closed the year on a high note. New potential customers such as Fluxys, Infrabel and TUC Rail in Belgium and Creos in Luxembourg have been approached for the pylon crews and the linesmen.

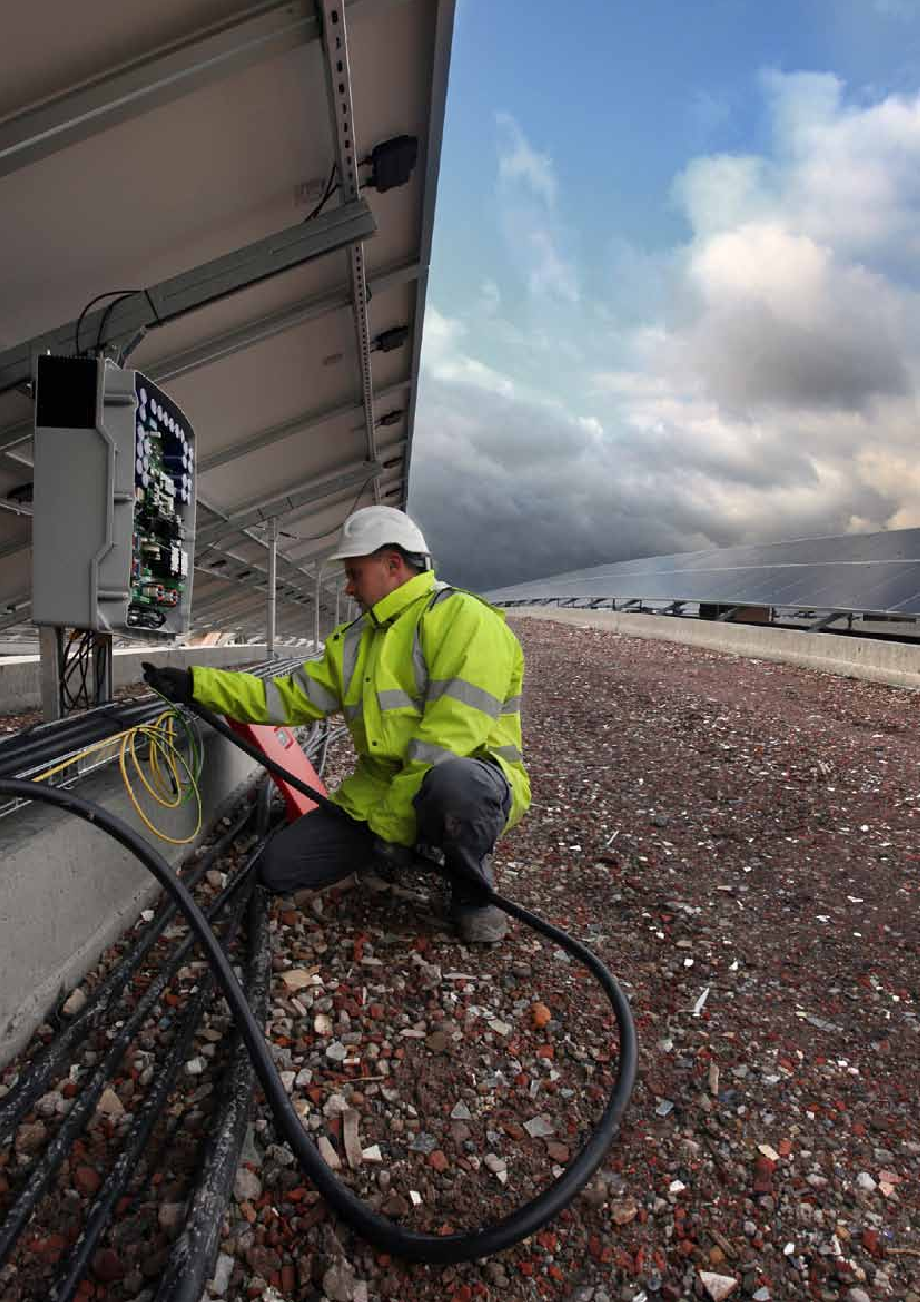
ENGEMA Lignes, whose core business of rural electrification (both overhead and buried) and telecommunications works is carried out mainly in the southern part of Belgium, increased its market share and strengthened its margins. Several small projects were completed for ORES, TECTEO, Elia and Belgacom.

Even if the order book is decreasing, ENGEMA remains confident for 2010.

< Maintenance of the overhead lines for Infrabel's North-East District (BE)

Jean-Paul Coch

Installation of a high tension pylon – Tergnée – Farciennes – Pont de Loup (BE)



# Nizet Entreprise

The company's profit declined slightly compared with 2008 but its revenue increased. In line with CFE's ambitious sustainable development policy, Nizet Entreprise continued to expand its photovoltaic department, creating a roof installation service so that it can guarantee the quality and delivery dates of operations in this sector. To extend its sustainability concept, Nizet Entreprise moved into the cogeneration market in partnership with Druart (CFE multitechnics division).

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 16.6 | 24.6 |
| **Revenue** | 43.8 | 39.0 |

The year was marked by two outstanding projects in Nizet Entreprise's history: one the one hand, for Ivarem in Lier (Province of Antwerp), the photovoltaic department and MBG (CFE construction division) created one of Belgium's biggest solar power plants (13,000 photovoltaic panels, 3.4 MW) within three months; and on the other hand, the electrical engineering works for Mediacité in Liège, the largest shopping centre in Wallonia, with a total surface area of 190,000 sq. metres and over 120 shops in a 42,000 sq. metre shopping mall.

Despite the economic crisis, the tertiary department achieved a high level of business. Its projects in Brussels included the Le Marquis, Petercam, Van Gogh, Leopold Village, Eurobiotec and Fortis North Light (with VMA) buildings in Brussels, while in Wallonia, they included UCM at Wierde, Cap Affaires at Arlon, Tyberchamps at Seneffe and the continuation of electrical works at the Film Museum, the Tram Museum in Brussels and the Hergé Museum at Louvain-la-Neuve.

In 2009, Nizet Entreprise confirmed once again its leadership position in the hospital sectors of both Brussels (Edith Cavell, St Jean, St Michel, Erasmus, Brugmann, Iris Sud, Groupe Chirec, etc.) and Wallonia (Jolimont, Sainte Elizabeth Namur, Chirec Braine l'Alleud, Dinant, Eupen, Mons and so on).

The photovoltaic department exceeded its objectives by a wide margin, tripling its projected revenue. Nizet Entreprise is emerging as CFE's photovoltaic specialist. In addition to the IVAREM project mentioned above, the company worked on the solar power plant project at Chevetogne and the Euro Space Centre at Redu. It also has a framework contract with the European Commission.

In response to a growing need for engineering, the infrastructure department (formerly known as the electromechanical engineering department) created a design and engineering office and a scheduling and commissioning unit for electrical engineering installations. Over the past year, this department continued the electrical engineering works at STIB's tram depot in Haren for CFE Brabant, the RER at Ottignies for BAGECI, cogeneration at the Palais de Justice (law courts) in Brussels, the Vortex wastewater treatment project at Namur in association with BAGECI and CFE Brabant, as well as the Waterloo and Braine-le-Château treatment plants with CFE Brabant. The high and low voltage workshops managed to maintain their business at a high level, similar to that of previous years.

In the year ahead, the company will focus on building furthermore its renewable energy and maintenance activities. It will also seek to strengthen its management and develop its project management tools.

Hubert Lacroix

< Development and construction of a solar power farm for Ivarem – Lier (BE) >

# Louis Stevens & Co

While continuing to integrate into the CFE group, the company invested in diversifying its business portfolio. Despite the economic crisis, Louis Stevens & Co managed to grow and broaden its business activities in a remarkable manner. Drawing on its multidisciplinary skills (electrical engineering, signalling, cabling and airport beacons), Louis Stevens & Co completed some significant projects.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 18.9 | 11.6 |
| **Revenue** | 15.2 | 13.0 |

The main projects won and executed in 2009 included the Diabolo project where, as a member of a consortium participating in the railway development north of Brussels Airport, Louis Stevens & Co carried out signalling and high voltage works; Châtelet-Tamines, consisting of earthworks for the concentration of signal boxes in South-West Belgium; the Liefkenshoek rail tunnel, where it cabled the section between the South works package on Antwerp's left bank of Antwerp and the right bank, Antwerp-North; Malaga, involving the later implementation of 2,500 CCTV cameras to improve safety in some 50 Belgian railway stations; and implementation, in a consortium, of signalling for Block 6 in Ghent.

Louis Stevens & Co also continued to monitor change in the market during 2009. This enabled the company to extend its product portfolio to new disciplines. Thanks to targeted investments and training for a specialist team, the company diversified into glass fibre fabrication solutions, which led to some interesting projects such as 'Last Mile' projects and Malaga A, B and D.

In 2010, Louis Stevens & Co will focus on developing its business activities and maintaining the upward trend set over recent years. The order book at the end of 2009 was already very promising, with the continuation of some long-term projects such as Diabolo, Malaga, STB, Tamines and the Liefkenshoek rail tunnel. Internally, Louis Stevens & Co will continue its efforts to raise employee awareness of safety issues. This is a core concern, especially since the number of employees increased from 114 to 130 during 2009. Louis Stevens & Co is looking to the future with confidence.

Jos Stroeken

Erwin Bobbaerts

Malaga Project – installation of CCTV cameras – Railway station Guillemins – Liège (BE)

< Malaga Project – installation of CCTV cameras – Railway station Louvain (BE)

# Elektro Van De Maele

In September, CFE acquired 64.95% of the equity of Elektro Van De Maele with the aim of creating strong synergies between that company and VMA so as to expand regionally into Western Flanders and extend its activities to include, inter alia, agribusiness (automation of stables).

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 12.0 | – |
| **Revenue** (2nd semester) | 3.8 | – |

Elektro Van De Maele was founded in 1994. The company specialises in designing and implementing electrical engineering installations: high and low voltage, automation, etc. It recently expanded its business portfolio to include HVAC (heating, ventilation and air conditioning) and electromechanical installations in the agricultural field. Elektro Van De Maele operates in the public, private and industrial sectors. The company covers the whole of East and West Flanders in the public sector, but only West Flanders in the private sector.

With its 60 employees, the company generates annual revenue of over €8 million and it had an already well-filled order book at the end of 2009. The company's founder, Julien Van De Maele, retains operational management.

Julien Van De Maele

Electromechanical installation in the agriculture industry – Wuustwezel (BE)



# Vanderhoydoncks

The difficult economic climate continued in the sector throughout the year. Many electrical engineering projects were postponed or shelved completely, and this is reflected in the company's activity and order book.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 3.2 | 4.1 |
| **Revenue** | 7.0 | 9.7 |

In 2009, Vanderhoydoncks worked on several electrical installations, including: fire detection system, telephone, television distribution and videophone systems for several interesting projects, like the Park 51 housing and offices project in Herent; Sint Trudo Hospital in Saint Trond; the Hendrix office in Peer; the logistics center of Avnet Logistic in Tongres; the Central Station in Brussels; and the execution on Nike's Strategy 3 building in Laakdal.

The wireless & wireline department, created in 2008, also had several projects. These included increasing the capacity of Belgacom's European data centres and carrying out radio maintenance work in road tunnels under the contract with the Flemish public authorities.

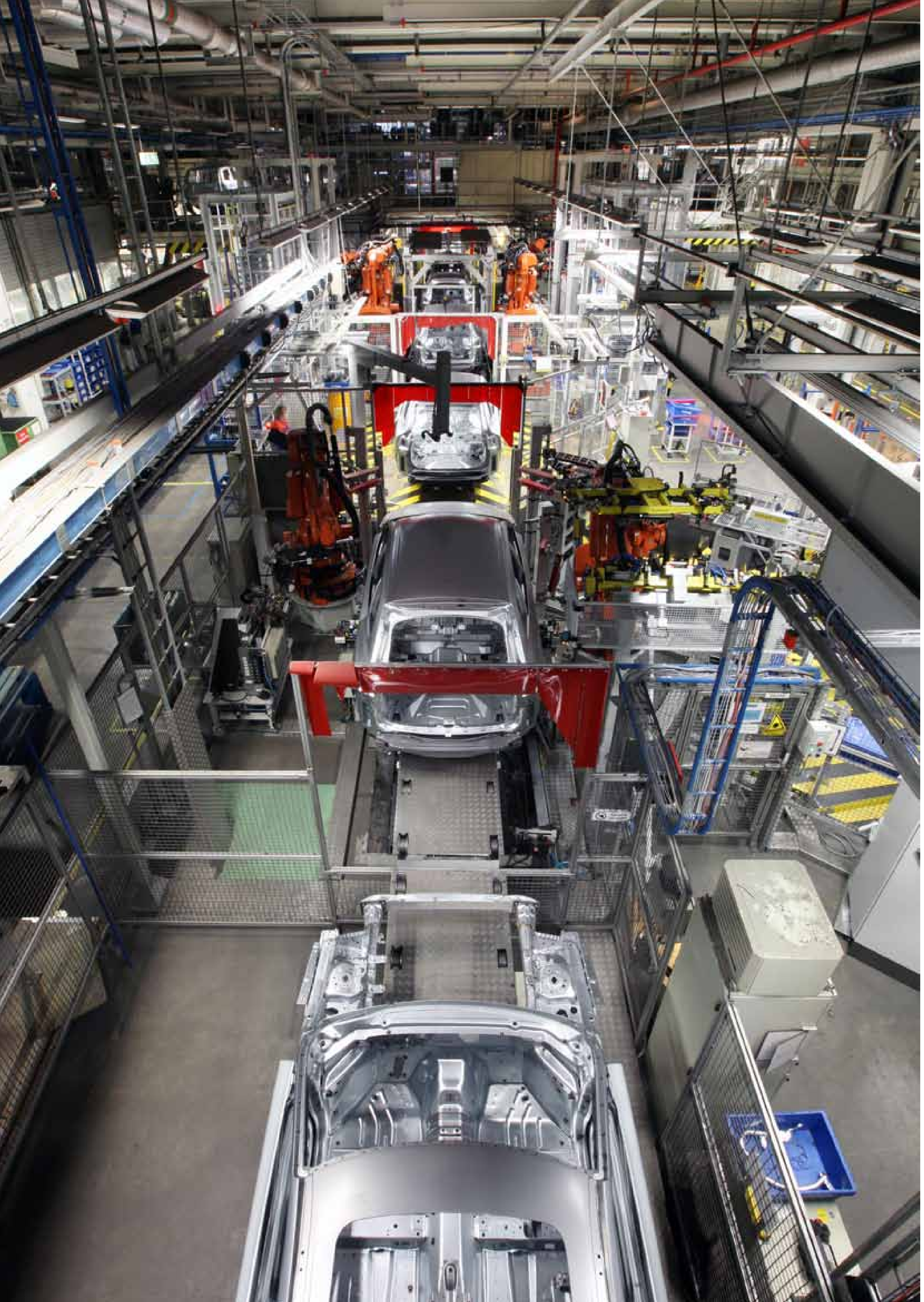
Some of these projects, in particular those at the Heilig Hart Hospital, Sint Trudo Hospital and Nike, will continue into 2010. Other projects scheduled for 2010 include installing electrical fixtures and fittings in some Colruyt shops and a high voltage installation at Scania in Opglabbeek.

In 2010, Vanderhoydoncks will be striving to build its commercial activities. To that end, it launched an internal reorganisation with the aim of focusing on three specific areas: the medical sector, industry and the property market.

Jos Stroeken

Safety and quality remain top priorities in working methods. Increasing safety awareness is a major challenge, and one for which several actions have been or will be taken. One example is the employee training programme on the use of protective equipment that is planned for 2010.

Study and execution of electrotechnical works in a production hall and office building for LSC – Bree (BE)



# VMA

For VMA, 2009 was as successful as the previous year. Despite the economic crisis and a reduction in revenue, VMA generated sound profit, achieving a level the same in absolute value as that in 2008. This performance was attributable to the order book built up in 2008 at competitive but appropriate prices, the unceasing efforts of employees, good execution of projects and very careful cost management.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 27.4 | 28.1 |
| **Revenue** | 26.5 | 34.7 |

For the industry department, 2009 was a 'car' year, which followed the 'green' year in 2008. The arrival of the Audi A1 in Brussels (former VW Forest company) generated additional revenue of several million euros. All the projects were successfully completed, confirming VMA's reliability in this sector. VMA carried out significant work for the car succeeding the Volvo C60 (in Ghent), participating in complex installations. This gives VMA an edge over the competition and enables the company to open up new work challenges for its employees.

The infra department also performed well. Its major projects for the year included the University of Ghent, AMCA and Citylink in Antwerp, the Kam-building in Bruges and the casino in Brussels, where compliance with the schedule was important. In addition, system engineering became more than just a concept for VMA. For CrommeLijn, the consortium in which CFE is a member, the infra department participated in the electrical engineering for the Delft railway tunnel (Netherlands), illustrating how synergies can be exploited to broaden the technological skills of the CFE group.

VMA will start 2010 with a well-filled order book. A major component of the order book is the technical equipment of two data centres for a Belgian bank, on which VMA is working with CFE Hungary. This project will enable VMA to continue developing its BMS (building management systems) platform. Drawing together all a building's technologies and linking them to a central system that can be consulted via the Internet makes building managers' lives much easier and energy management decisions can be applied instantly.

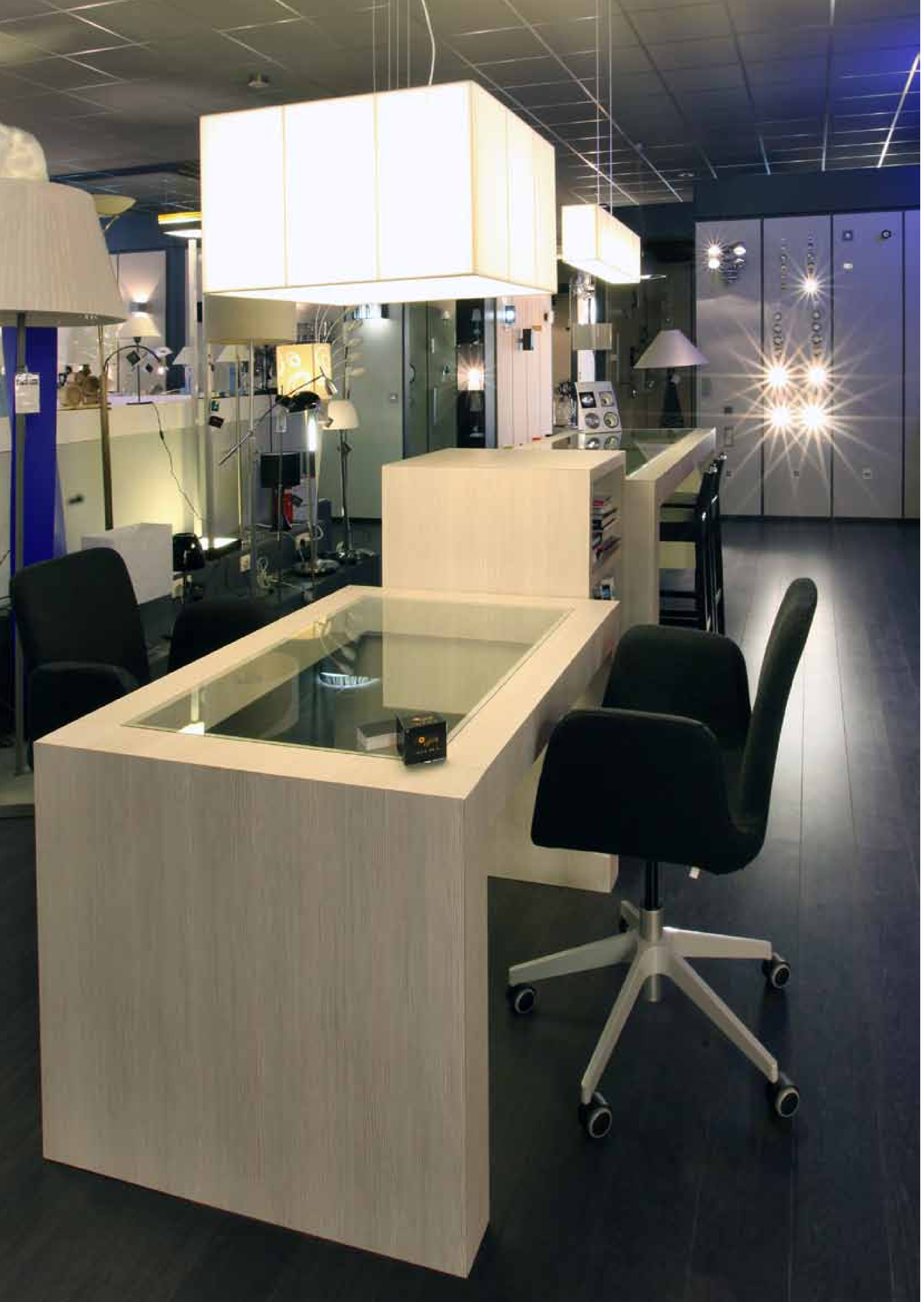
During the first half of 2009, VMA Slovakia was impacted by the economic crisis. This trend was however turned around during the second half of the year thanks to the efforts of management and employees. The electrical installations started on the Green Park project for CFE Slovakia and illustrate the good cooperation between these two companies.

Guy Wynendaele

Joris De Vreese

Electricity works – Casino Brussels (BE)

< Industrial automation – Volvo Cars Ghent (BE)



# Voltis

In a difficult context due to the economic crisis and their customers' reduced purchasing power, the two Voltis shops (Louvain-la-Neuve and Waterloo) generated excellent profit, in line with the projections made in the beginning of the crisis.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Revenue** | 7.4 | 7.5 |

To better meet customer needs, some changes were successfully made to the sales area of the Waterloo shop during 2009. As a result, lighting products are more prominently displayed. Changes will also be made to the Louvain-la-Neuve head office in 2010.

Voltis applies the sustainable development concept initiated by CFE by offering its customers a broad range of lighting that is both sustainable and economical.

The 20 Voltis sales advisers are available to customers and capable of answering all technical questions about the products proposed.

< Voltis store – Waterloo (BE)

Voltis store – Louvain-la-Neuve (BE)

# 3

# Construction Division

# Construction Division

The activity is essentially geographically structured

- in the north of Belgium, two profit centres: MBG and Aannemingen Van Wellen,
- in the Brussels region and Brabant: Amart, BPC and CFE Brabant,
- in Wallonia: BAGECI,
- in Luxemburg: CLE,
- in the Netherlands: CFE Nederland and GEKA,
- in Central Europe: CFE Hungary, CFE Polska, CFE Contracting and Engineering SRL (România) and CFE Slovakia,
- in the Middle East: CFE Middle East,
- for export: CFE International and CFE Tunisie

Finally, the electro-mechanical activities of CFE EcoTech, based in Brussels, such as water treatment plants and smoke processing stations are being exercised, independent of their geographic location.

| (in milions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 845.0 | 1,109.7 |
| **Activity** | 742.5 | 800.0 |

## The committee

A committee, consisting of the principal executives of the construction division meet every three weeks.

**Renaud Bentégeat**,

**Frédéric Claes**, Managing Director BPC and Director Amart,

**Bernard Cols**, General Manager CFE Brabant and Director CFE EcoTech and CFE Polska,

**Patrick de Caters**, General Manager BAGECI,

**André de Koning**, Director CFE Nederland en GEKA,

**Lode Franken**, Deputy General Manager construction division,

**Gabriel Marijsse**, Human resources Director of the CFE group,

**Youssef Merdassi**, General Manager CFE International (including Hungary, Slovakia, Romania and Middle East),

**Jacques Ninanne**, Deputy General Manager Corporate – Chief Financial Officer of the CFE group,

**Patrick Van Craen**, Managing Director CLE, Director Tunisia,

**Patrick Verswijvel**, General Manager MBG,

**Yves Weyts**, Managing Director Aannemingen Van Wellen and Director synergies and communication of the CFE group.



# Technical services of the Construction Division

## BENELMAT: supporting worksites

BENELMAT reinforced the services it offers to worksites in 2009. To assist operational teams, it will be focusing on support for the worksite preparation process, help with the choice and supply of formwork, ongoing advice in the selection of equipment and expanded in-house rental. BENELMAT will be offering particularly significant support to the large civil engineering and export contracts that CFE has recently won.

## Decentralisation of safety and quality

In 2009, the decentralised entities integrated their quality and safety managers within their teams. The central department is now focusing on audits and on providing support for large civil engineering projects.

## Engineering department

Wide-ranging technical expertise is needed to meet the specific needs of complex projects. Without its many engineers and their widely acknowledged skills, CFE could not have built the many highly sophisticated

Lode Franken


structures for which the group received orders. The engineering department is a central tool serving worksites and bid preparation staff.

In 2009, with the execution studies for the Liefkenshoek rail tunnel project (design, build, finance & maintain), the engineering department invested much of its engineering capacity in Flanders. Work included:

- calculations and construction drawings for impressive structures such as the tunnel starting shaft; stability studies for the noise abatement structures in the vicinity of Kallo, in which the large volumes of materials excavated from the tunnel will be used to build an ecological earth structure that will significantly improve quality of life for the surrounding community;
- the design-build natural gas tank and bullet project for MBG at the ITC Rubis Terminal in Beveren, a project won on the basis of an in-house design and detailed engineering for subsequent optimisation;
- and ongoing engineering studies for the completion of the Antwerp Ring Road project, aimed at further perfecting the design.

In other geographical areas, projects were virtually all related to the environment. At CFE Brabant, the department participated in the foundations and ancillary structures at the Braine-le-Château wastewater treatment plant. It continued to work with BAGECI and CFE EcoTech on the Vortex sewer project in Namur and carried out its usual work for CFE EcoTech at wastewater treatment plants such as Sclessin, Basècles, Waterloo and Mouscron. As business developed at CFE International, there were regular requests for advice and assistance. In addition, occasional services were provided to such group entities as Amart, Construction Management, Nizet Entreprise – photovoltaics, etc.

In addition to execution studies, the engineering department provided ongoing support for preliminary projects and submissions such as the new NATO central headquarters and the RER project in Watermael-Boitsfort.

The Liefkenshoek rail tunnel project will ensure continuity in 2010, and requests will continue to come in from worksites, tendering teams and the various methods departments. As a result, the group hired several young engineers in the course of last year. They will enable the department to go on providing efficient and effective engineering support to the CFE construction division.

# Amart

Following an exceptional year in 2008, Amart felt the effects of the downturn very early on, with a significant decline in business activity. Despite this, the company handed over high-profile projects in 2009, including the renovation of the 'Justice' building for Befimmo; a building for Elad Brody in the Avenue Louise; Bovenberg 122 for La Foncière Carrefour de l'Europe; and an office building for Pylos in the Avenue de l'Industrie. Experience gleaned on these projects earned the company the confidence of well-known partners such as Prowinko, DHB, Falcon and Fidentia Real Estate, for which Amart was asked to build a number of new projects.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 12.7 | 14.8 |
| **Activity** | 22.2 | 31.6 |

To meet these new challenges, Amart created the position of technical director, reinforced its worksite supervisory staff and hired a quality safety environment manager.

In terms of safety, the efforts deployed over the last several years bore fruit, with only one lost-time accident in 2009.

Lastly, the new Building Energy Performance standards that have come into force and the new renewable energy, low-energy and passive construction techniques that have come on stream will have a considerable impact on the approach to the design and execution of new construction and renovation projects.

Following the renovation of the Maison EREC (Rue d'Arlon) and the head office of Wilhelm & Co (Rue de la Bonté), for which renewable energy techniques were used, the construction of a building with 30 passive apartments for DHB will be Amart's next project in this type of market.

In view of its history and the nature of its clients, profitability and client satisfaction will remain, more than ever, the company's main focus in the coming year.

Ivan De Wilde

Renovation of the 'Justice' building – Brussels (BE)

BAGECI

# BAGECI

BAGECI reinforced its structure and improved the service it provides to its clients by integrating its methods department, which is aimed at very early worksite preparation.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 62.7 | 76.9 |
| **Activity** | 60.4 | 62.3 |

In building, 2009 was a highly diversified year. The following projects were carried out and handed over in record time: as a member of a 'bouwteam', a logistics and office building for Fancy in Seneffe; the Cap Affaires in Arlon for BPI; the structural works on the five-star Royal Sélys hotel in Liège, in a consortium with BPC, and works at the West Station in Brussels, in a consortium with CFE Brabant. In Vottem, structural work is under way on three buildings for a retirement and nursing home. The new residential renovation business activity continued slowly to expand: BAGECI is renovating 850 housing units at SHAPE in Mons and several hundred public housing units in Mons and La Louvière.

BAGECI concentrates on its operations in the Namur region. Work started on the Hautes Ecoles de Namur building. Six houses are under construction for OCASC (army) in Belgrade.

Industrial works were handed over in Longchamps and Floreffe. In addition, the restructuring of the Mundo-N building has been awarded to BAGECI, which will carry out the project in compliance with low-energy criteria.

In civil engineering, work continued on the RER between Ottignies and Louvain la Neuve, as well as on the Sclessin wastewater treatment plant (200,000 pop. eq.). These two projects, which will be handed over in 2010, had an impact on the company's 2009 financial performance.

Together with CFE EcoTech and Nizet Entreprise, BAGECI participates in the Vortex project in Namur, which is aimed at cleaning up the Meuse River. With the same partners and CFE Brabant, BAGECI is also involved in building the Hain Valley wastewater treatment plant for IBW. The installation of the Hain main sewer is still under way.

The market in Wallonia continues to be difficult and this results in a sharp decline in the order book.

In 2010, BAGECI will be focusing on high-performance (passive, low-energy, etc.) buildings, public-private partnerships and small wastewater treatment plants. In civil engineering, BAGECI will start up, in association with CLE and third partner, the construction on the Pulvermühle Viaduct in Luxembourg.

< Logistics and office building – Seneffe (BE)

< First phase of the RER – Ottignies – Louvain-la-Neuve (BE)

Patrick de Caters

BPC

# BPC

With the construction sector as a whole hard hit by the crisis, BPC is in the fortunate position of ending 2009 with an increase of the business activity compared with the previous financial year, consolidating its position as one of the best-performing large construction companies. However, BPC's order book at the end of December was substantially down by comparison with 2008.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 57.6 | 107.9 |
| **Activity** | 102.8 | 70.3 |

Frédéric Claes

BPC is more than ever concentrating on its core business, the construction of large urban buildings for the private sector. BPC's policy is focused on its available resources and on matching them to the environment in which they can best be deployed. This should enable BPC to find new projects in coming months to replace the major projects completed in the second half of 2009.

In terms of handovers, 2009 was a year of outstanding challenges successfully met: the new Mobistar head office for Banimmo in Evere, built in just 16 months; the prestigious Médiacité shopping centre in Liège for the Wilhelm & Co group, inaugurated on schedule on 20 October 2009; the Brugmann Court complex comprising 86 apartments in Ixelles for BPI/Wilma; and last but not least, 18,000 sq. metres of office space in the South City project opposite the Brussels South railway station for Atenor/BPI/BRED/Soficom/Immobel.

Two of the projects in which BPC was involved obtained BREEAM (Building Research Establishment Environmental Assessment Method) environmental certification. The Atlantis project developed for Codic in Berchem-Sainte-Agathe won Belgium's first BREEAM certification in the office space sector and the Médiacité project won Europe's first certification of this type in the retail sector.

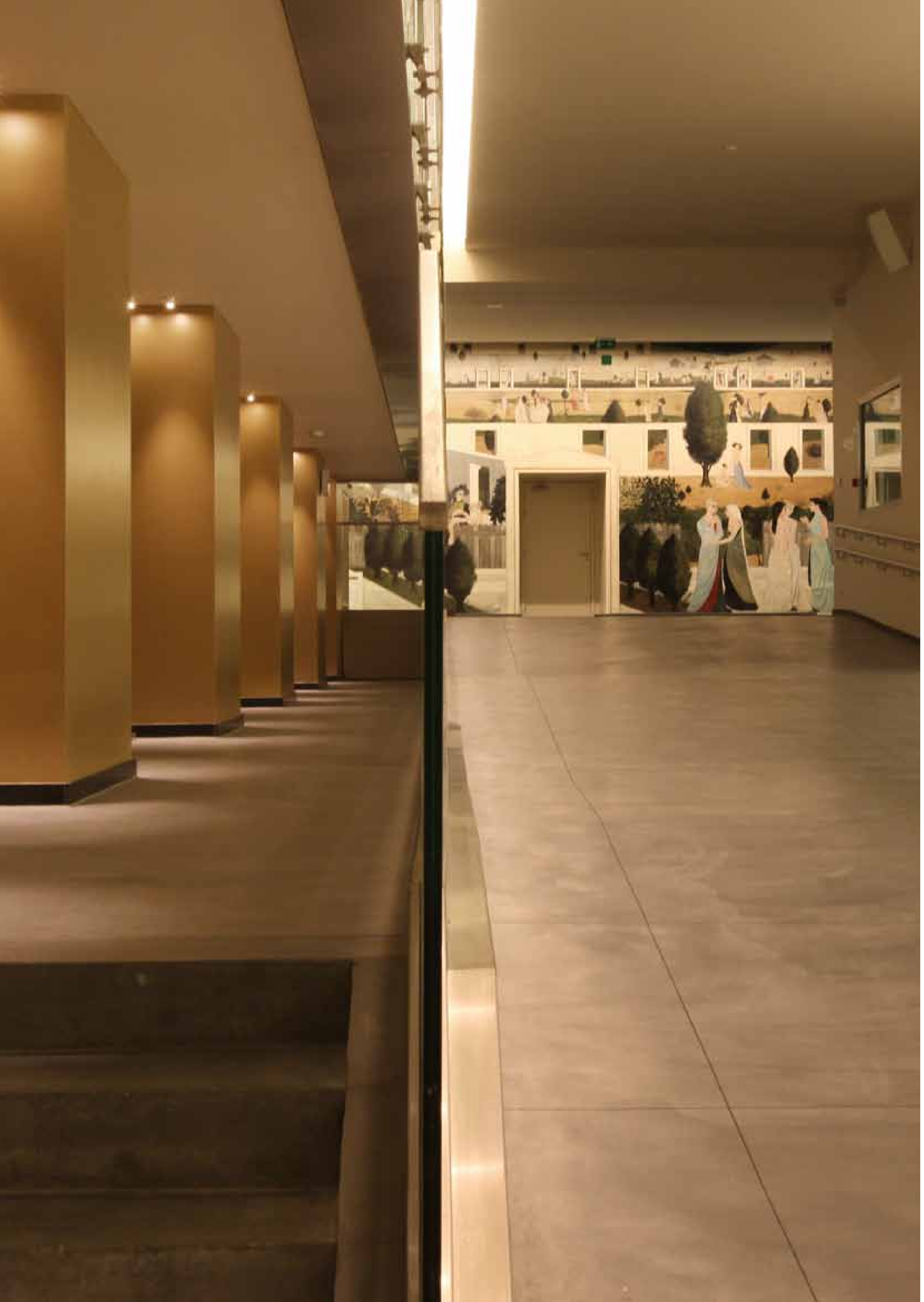
Alongside these projects, BPC started and continued work on other large-scale projects in Brussels, Wavre, Louvain-la-Neuve and Liège among other places:

- in non-residential construction, projects included a FIAT showroom and workshop; an office and apartment building for Bouygues Immobilier in Delta (Auderghem); the ongoing South City (offices and hotel) project for Atenor in association with BPI, Immobel and others; the new RTBF centre in Liège; and 50,000 sq. metres of laboratory space for GSK in Wavre.
- in residential construction, they included the first phase of the La Sablière development near the Uccle-Calevoet station for BPI; the Media Gardens (75 apartments) in Schaerbeek for Atenor, which sold the project to Aedifica; work to ensure better accessibility for disabled people in a European Parliament building; and the second phase of the Ladeuze project (polyclinic, offices and student housing) in the centre of Louvain-la-Neuve for Eckelmans.

Thanks to work done upstream to identify and prepare large projects and to the many projects it has under study, BPC moves into 2010 with equanimity, ready for new challenges and prepared to maintain profitability despite the downturn in business activity resulting from the prevailing economic situation and the lack of a very large project in the short term. BPC will be focusing more than ever on satisfying its clients and seeking win-win situations with them to maintain their loyalty.

< Mediacité – Liège (BE)

South City – Brussels (BE)



# CFE Brabant

A number of large projects were completed in 2009, including the refurbishment of the platforms and the underground level of the Brussels Central Station for SNCB Holding and the construction of the new tram depot in Haren for the STIB.
In addition, as part of a consortium, CFE Brabant completed the renovation and extension works at the Brussels conference centre known as the SQUARE and the construction of The Capital, an Axa Real Estate office complex development.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 66.9 | 87.8 |
| **Activity** | 89.6 | 118.0 |

Also in 2009, in a demonstration of its teams' expertise, CFE Brabant completed work on a number of complex projects to the satisfaction of its clients. These included the renovation of the Tram Museum and depot in Woluwe-Saint-Pierre for the STIB; finishing works at the West Station for Bruxelles Mobilité; the construction, as part of a consortium, of the Centre d'Hébergement de l'Agglomération Bruxelloise (CHAB) youth hostel, which also contains a medical centre and car parks, for the municipality of Saint-Josse-ten-Noode; finishing works at three new wings of the Brugmann teaching hospital; and the first phase of housing units at the Barbarahof development in Louvain for the Resiterrae-BPI developer consortium.

Notwithstanding a decline in activity from 2008, which was an exceptional year, the teams remained fully occupied with ongoing projects, especially the North Light office building for Fortis Real Estate, the new Solvay Business School for ULB and the new sports centre for the municipality of Auderghem, and with the launch of new orders such as the construction of a new wing at the Saint Pierre teaching hospital and a convalescent home and extension at the CPAS polyclinic in Saint-Josse-ten-Noode.

Another success in 2009 was the design and build contract for a new drinking water treatment and storage plant in Louvain, awarded by Vlaamse Maatschappij voor Watervoorziening.

The tendering team was very active throughout the year and especially during the last quarter, answering professional and competitive bids for a large number of tenders issued by public and private sector clients. A number of major projects are still being studied. Other recently submitted bids appear to be well placed and should give rise to a number of orders at the beginning of the year.

< SQUARE - Brussels (BE)

Bernard Cols

< New entrance hall of the Iris Sud hospital – Ixelles (BE)

# CFE Nederland

Through joint-venture companies, CFE Nederland won the major contracts for the second Coentunnel and the Delft railway tunnel in 2008. Work on these two long-term projects got under way in 2009.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 192.7 | 240.7 |
| **Activity** | 64.5 | 39.5 |

In addition, the construction of three concrete LNG tanks in the outer harbour of the Port of Rotterdam culminated – in the literal sense of the term – in the raising of the final metal structure. These works will be handed over in 2010. The docking protection works at the Wester IJ-dock in Amsterdam were handed over in August 2009. The additional foundation works for the buildings to be constructed at this basin were also awarded and handed over in December 2009. On the Muiderbrug bridge widening project, CFE Nederland marked an intermediate milestone in June 2009 with the placement of the two 70-metre pylons and the raising of the existing bridge. This project won the Dutch Concrete Award in 2009 in the Construction category. The work will be handed over in 2010. The Houten railway project is proceeding apace and will be handed over in 2010.

The industrial building and construction department was set up in 2009. The VCA-P certificate for the chemical sector, obtained in 2009, will enable it to work in an industrial environment.

The 2010 outlook for CFE Nederland is good and the supply of infrastructure works is sufficient to maintain the order book at its present level and to pursue the CFE Group's development strategy in the Netherlands.

< Three concrete LNG tanks – outer harbour of Rotterdam (NL)
v

André de Koning

# CFE International

Sales and marketing efforts got under way in Africa this year and will be continued in 2010. The recently assembled teams and capabilities will enable CFE International to support the expansion of a product-oriented marketing strategy by building on intra-group synergies and focusing on project development (for PPP's hospitals, hotels, resorts, shopping centres, etc.). These steps have been taken with a view to building long-term client relationships and thus preparing for the future when the market picks up.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 8.3 | 11.2 |
| **Activity** | 15.0 | 6.2 |

In 2009, CFE International took measures to obtain comprehensive Quality Environment Safety certification and reinforced its marketing and operational capabilities to ensure better market coverage. In Qatar, the Mesaieed project was handed over on schedule to the full satisfaction of the client, who awarded a second project to CFE Qatar. Similarly, the efforts made in Africa in partnership with VINCI Construction Filiales Internationales should result in several contracts, including one to build the University of Ndjamena in Chad.

< Construction of a compound – Mesaieed (QA)

Youssef Merdassi

## CFE România*

In Romania, where the 2009 economic downturn not only prompted a freeze on new investments and ongoing projects but also caused most of the large projects under way to be halted, the newly established team adjusted to the changed situation by taking part in the public and private sector tenders that went ahead. These were mainly for housing, where demand held up until the middle of the year. The understanding of construction prices that has been gained will serve the company well as it undertakes new engineering studies for clients already familiar with CFE in Romania and Belgium.

Michel Hoedenaeken

## CFE Middle East

In the first half of 2009, CFE Middle East completed the buildings covered by its contract with Keppel Seghers Engineering Singapore as part of the Doha Solid Waste project. The project was handed over and the maintenance period started. In the second half of 2009, CFE Middle East, again working with Keppel Seghers Engineering Singapore, began work on the one-day back-up tank at the Doha North wastewater treatment plant. The project, known as Lagoon 1, is part of Qatar's first Eco Park.

The outlook for 2010 is good as a result of the partnership forged with Keppel Seghers Engineering Singapore, which is undergoing rapid development, offers further prospects for growth involving industrial buildings and structures for public and private energy, oil and public utility sector clients.

Gérard Bourrelly

# CFE Hungary
# CFE Slovakia

In 2009, the Hungarian economy was severely impacted by the financial crisis, which resulted in a halt in private sector investments, CFE Hungary's traditional construction market.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 36.7 | 34.2 |
| **Activity** | 34.2 | 38.9 |

In Budapest, CFE Hungary completed the Krisztina Palace, a high-end office centre for which the facades and interior were designed by architect Dominique Perrault. This is the first co-development with Codic Hungary. Another major project was the successful refurbishment of two diplomatic buildings for the Algerian Embassy.

Although no major order was signed in the first half of 2009, CFE Hungary received the order, in a consortium with VMA, for the construction of two service centres for a major Belgian bank. This large contract gives CFE Hungary a confident outlook for its construction activities in 2010. Notwithstanding this order, the company is making strong efforts to identify new projects in various market sectors.

Caution prevails more than ever since several projects for which the company had succeeded in winning the trust of its clients have been postponed. However, given the company's good reputation, it can reasonably be hoped that should these projects go ahead it will be with CFE Hungary.

## CFE Slovakia

CFE Slovakia continued the construction of the Green Park residential project with a view to handing the building over to GTC in 2010. As a result of its quest for new construction projects, CFE Slovakia is relatively well placed to start construction on a number of large-scale projects in 2010.

Pascal Steens

High-end office centre 'Krisztina Palace' – Budapest (HU)



# CFE Polska

After several consecutive years of strong growth, CFE Polska experienced a drop in business activity in 2009. CFE Polska's excellent reputation as a strong construction partner in the Polish market was consolidated in 2009 with the successful handover of several major projects. This success is due, inter alia, to the Polish team's professional approach and commitment.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 6.9 | 17.7 |
| **Activity** | 19.8 | 77.0 |

In 2009, several projects were completed. A young worksite team built the new Bergerat Monnoyeur dealership in Wroclaw to the full satisfaction of the client. After an intensive final phase, the worksite team succeeded in completing the Przymorze shopping centre for E. Leclerc in Gdansk on schedule. In Warsaw, the first occupants moved into the Villa l'Azur residential project built for Bouygues Immobilier. The extension of the KEN shopping centre for E. Leclerc in Warsaw was completed and the shopping centre opened for business.

CFE Polska was recognised at national level for its responsible approach to its employees, its clients and the environment, winning the Fair Play Enterprise certificate for 2009. CFE Polska is committed to working for a sustainable future. It was one of the co-founders of the Polish Green Building Council, an organisation that promotes sustainable construction and that organises a series of training courses. CFE Polska was also recognised for its very strong growth since 2005. It is now market leader in the Masovia region.

The difficult economic situation has led to a downturn in its activities, but CFE Polska maintains a solid basis for sustained growth in the future. In 2009, the CFE Polska design team obtained a building permit for an industrial project to be carried out for the French group Soprema. Work is under way for the construction of the factory in the Blonia district of Warsaw and is scheduled for completion in 2010. The design team also began the execution engineering studies for the 4 Oceans residential project in Gdansk, which will be co-developed in an association where BPI is part of.

Bruno Lambrecht

Residential project Villa l'Azur – Warsaw (PL)

# CFE EcoTech

The growth recorded by CFE EcoTech is due to the fact that two major projects in Wallonia have now progressed beyond the engineering and civil engineering works stage to the electromechanical equipment installation phase. These are the Sclessin wastewater treatment plant (200,000 population equivalent) for AIDE and, for INASEP in Namur, main sewers and 37 pumping stations equipped with the innovative Vortex treatment system – a world first in the use of this system in a city-wide sewer network.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 24.8 | 34.9 |
| **Activity** | 10.9 | 3.0 |

During the year, the teams continued construction of the Basècles wastewater treatment plant (4,500 pop. eq.) for IPALLE and the renovation of the Waterloo treatment plant's sludge dehydration unit (25,000 pop. eq.) for IBW. These will be brought into operation in early 2010.

2009 also saw the initiation of design studies and civil engineering works for the new Hain Valley wastewater treatment plant (100,000 pop. eq.) for IBW, as well as the start of construction of an anaerobic sludge fermentation system at the Mouscron wastewater treatment plant for IPALLE; this facility will generate 848 MWh/yr of green electricity. The Hain Valley plant is to begin operating in 2012, while the Mouscron green energy generating unit will be commissioned at the end of 2010. Lastly, the company completed an industrial pilot test at the Brussels South wastewater treatment plant (360,000 pop. eq.) to demonstrate the feasibility of an aeration tank sludge degassing system. Construction of this project is expected to get under way in 2010.

With the domestic market in decline, CFE EcoTech refocused on the export market to prospect for projects both in its core business and in the new water-related sectors it is covering.

First export orders are expected in 2010.

Guy Van Den Bossche

Installation of the electromechanical equipment – Sclessin (BE)



# GEKA

In early 2009, GEKA won several large projects that rapidly filled its order books not just for 2009 but also for a major part of 2010 with all kind of projects.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 24.8 | 5.0 |
| **Activity** | 32.3 | 24.4 |

GEKA was able to add to its backlog the construction of a pier for the new Vopak storage terminal in Amsterdam, the design and build contract for the construction of a pier for seagoing and inland waterway vessels at the new Abengoa biodiesel plant in Rotterdam and the construction of two new marine piers at the LNG terminal in the outer harbour of the Port of Rotterdam.

The extension of the engineering department has thus prompted many new design and build orders.

A large number of projects were handed over in 2009. The Cittershaven guardhouse project in Vlissingen for Zeeland Seaport is a noteworthy example.

In early 2009, GEKA invested in two large-capacity foundation machines to its machinery fleet. The investment will enable GEKA to step up its operations in the foundation and hydraulic engineering markets and to penetrate a heavier civil engineering market segment.

In 2010 GEKA will be celebrating its 125th anniversary in the Netherlands and taking into account the order book, 2010 can been foreseen with serenity.

Having already obtained VCA-P certification, the company completed the required procedures to obtain ISO 14001 certification in early 2010 in order to meet the requirements of the petrochemical industry.

Hans Schutte

Realization of landing jetties – Rotterdam-Maasvlakte (NL)

# CLE

The first signs of a slowdown in the property market in the wake of the financial crisis appeared in 2009. Several investment projects in which CLE was well positioned were postponed or cancelled. Difficulty in renewing the order book resulted in a reduction in business activity of some 15%.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 34.1 | 78.3 |
| **Activity** | 84.3 | 104.2 |

The completion of the major projects already under way did, however, enable to company to maintain an acceptable level of activity. The European Investment Bank project was handed over, marking the completion of a high-profile, complex and challenging undertaking. Four projects are being finalised for handover in early 2010:

- the first tenants have moved into the C1 office buildings in the Rives de Clausen district;
- the finishing touches are being put on the Drosbach project in La Cloche d'Or;
- CLE has been awarded the contract covering finishing works for the Bank of New York, which is moving into the Vertigo building in La Cloche d'Or, now in the pre-handover phase;
- and CLE is moving into its new Route d'Arlon offices in Strassen in the low-energy, high environmental quality certified Serenity project that will be handed over in the first quarter of 2010. In the Kirchberg district, the second phase of the Conference Centre was handed over to the Buildings Administration and installation works are continuing on the KAD project worksite, to the satisfaction of the European Parliament.

In an effort to offset the decline in private-sector investment, the Luxembourg government launched a public works programme. In response to the new evolution given to the market, CLE stepped up its bids on public procurement tenders, including tenders in the field of civil engineering in which the company had previously done little business. CLE won a few government contracts, including the Kinneksbond school in Mamer, the Nonnewisen school in Esch, the biotechnology laboratory in Belval and the Pulvermühle railway viaduct in Luxembourg for the Luxembourg Railways. The order book renewal remains the great challenge of 2010

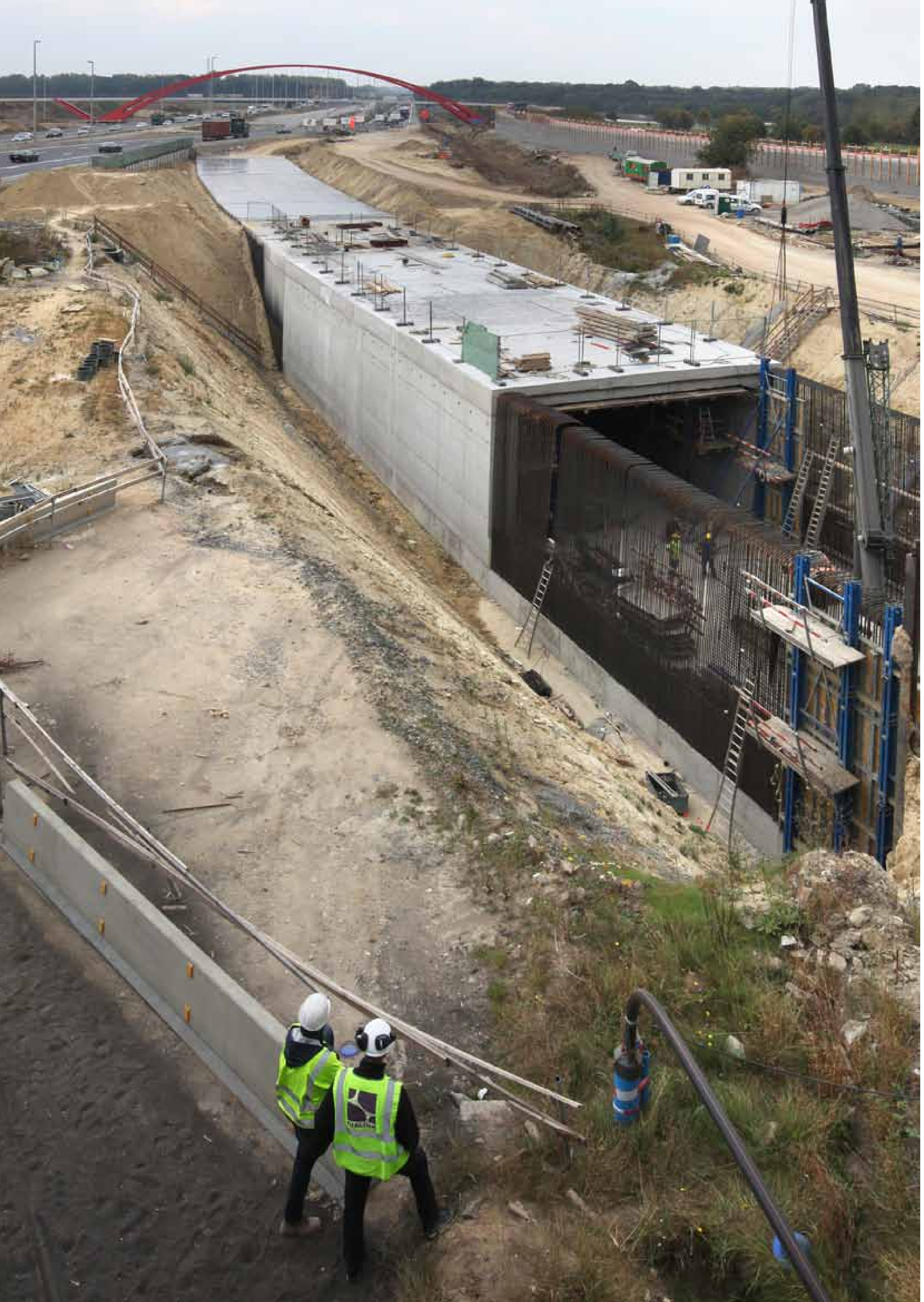
Thanks to assigning employees to previously sub-contracted works and re-assigning some within the CFE group, a major restructuring operation could be, at the moment, avoided.

The shifts in personnel and the successful effort to keep overheads at an acceptable level have made it possible to maintain capabilities pending a resumption of activity.

Patrick Van Craen

Office building Drosbach – La Cloche d'Or (LU)

< Vertigo project – construction of two office buildings – La Cloche d'Or (LU)



# MBG

In 2009, MBG generated record revenue thanks to a substantial increase in the activity of the civil engineering department, which took part in two major infrastructure projects: the €320 million (at 100%) Diabolo and the €680 million (at 100%) Liefkenshoek tunnel, which are being built by the Dialink and Locobouw joint ventures respectively.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 226.0 | 325.7 |
| **Activity** | 146.7 | 116.6 |

Dialink continued work on the tunnels and access ramps for the northern rail link to Zaventem Airport. Two tunnels, each with a length of 1,080 metres and an outside diameter of 8 metres were successfully bored under the taxiways and runways without disrupting airport operations. Working at an intensive pace, Dialink managed not only to make up for the previous delay but to complete the works ahead of schedule. As part of the ongoing Diabolo project, MBG completed work on the central reservation of the E19 motorway. The link between the new rail line and the existing line at Malines-Zemst is nearing completion.

Locobouw started work on the various structures of the 16 km long project. In 2009 this included earthworks, construction of the cement slurry bentonite cut-off walls and concrete structures. Boring works will thus get under way in early 2010.

Refurbishment works on the Noorderlaan bridges over the Albert Canal are nearing completion. The Kruibeke emptying locks and the Asper dam have been handed over.

Following intensive works over a period of four years, which have made it possible to draw up a balanced plan for the completion of the Antwerp Ring, the Noriant consortium is awaiting the decision by the Region to go ahead with the project.

The industrial buildings and structures department withstood the recession. ABEB was smoothly integrated into MBG. Several projects were completed. Examples are the new BFG power station at the Arcelor plant in Ghent for Siemens (in a joint venture); the Nieuwport and Turnhout underground car parks; the compressor buildings for Fluxys in Weelde in cooperation with Renco Italy; the Renardeau apartments in Ghent; and the Avenue Building office block in Antwerp.

New industrial orders were obtained from BASF, ITC Rubis and Tessenderlo Chemie. In the office and healthcare sectors, orders were received for a retirement and nursing home in Zingem; a residence and nursing home in Hofstade and Ypres; new offices for Dredging International in Zwijndrecht; the RAC in Hasselt; the extension of the financial centre in Bruges; and the renovation of the GIMV buildings in Antwerp. Meanwhile, work in Antwerp on the Jordaenskaai apartments and the London Tower office building (in a joint venture) and the La Réserve project in Knokke (also in a joint venture) is proceeding on schedule.

MBG ended 2009 on a productive note with a green project: a 3.4 MW, 13,000 panel photovoltaic farm in Lier for the Ivarem joint district waste authority.

With a high level of activity guaranteed by its order book in civil engineering, MBG can move confidently into 2010.

Patrick Verswijvel

Construction of apartments and a hotel for the 'La Réserve' project – Knokke (BE)

< Construction of the tunnels and access ramps for the northern rail link to Zaventem Airport – Zaventem (BE)

# Aannemingen Van Wellen

Investments in the Port of Antwerp have been postponed and cut back, in a move that strongly affected both of the company's departments (roads and construction). In addition, the difficult settlement of a number of pending construction cases had a negative impact on the company's activity and results.

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 43.9 | 74.6 |
| **Activity** | 60.2 | 106.4 |


< Asfalt works for the Diabolo project – Zaventem (BE)

Given the decline in the private-sector roadworks market, projects are quite different from those of last year. Most are related to public procurement contracts.

Aannemingen Van Wellen's volume of activity in the roads department was also down as a result of price pressures. In this difficult economy, the roads department completed a number of impressive projects: the first phase of the Kluizendok GCT container terminal in Ghent, the first phase of the Noorderlaan bridge construction project as part of a joint venture, the refurbishment of the N131 highway in Rijkevorsel and the roadworks on the second Escaut bridge at Temse. Other projects begun in 2009 are still under way: the E19 motorway bypass towards Brussels and the corresponding roadworks as part of the Diabolo project in Machelen/Vilvoorde, maintenance works for several municipal administrations in Flanders and a number of jobs as part of the Liefkenshoek rail tunnel project. A number of logistics operators in the Port of Antwerp also took the opportunity to resurface their yards while they remained empty.

After carrying out a number of impressive large projects in recent years, such as the Finis Terrae multi-family house project in Knokke and the B-Park shopping centre in Bruges, and in the absence of similar projects for the immediate future, the construction department adjusted its objectives over the last year. The volume of contracts was virtually half that of 2008, which was a very good year. In 2009, activity was made up of several smaller construction and renovation projects, in which Aannemingen Van Wellen provides genuine value added for the client. Though the construction department is not limited to the greater Antwerp area, a large number of projects – examples being the new construction of the Patio shopping centre in Meir; an office building for Grimaldi in Brouwersvliet; and the structural renovation of a building in the Graanmarkt – shows that it continues to be a recognised and highly sought after partner in this region. In the port area, Aannemingen Van Wellen is supporting its clients with the construction of a crane beam and an office building for HUPAC. The weathertight shell of the La Réserve apartment building in Knokke for developer LRP and the new La Réserve hotel in Knokke for developer LRI are proceeding on schedule.

The change in management at the end of 2009, the change in company structure and a number of recent orders in both departments will, in the longer term, enable Aannemingen Van Wellen to resume its autonomous growth within the group while retaining its identity.

Yves Weyts

Renovation of a building on the Graanmarkt – Antwerp (BE)

# Real estate development and management services Division

# 4

# Real estate development and management services division

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 9.4 | 8.5 |
| **Activity** | 27.1 | 37.4 |
| **Real Estate development** | 67.7% | 67.6% |
| **Building Management** | 24.5% | 24.6% |
| **Project Management** | 7.8% | 7.8% |

## The comittee

The activities of the division are assured through a committee comprising:

**Renaud Bentégeat**,

**Philippe Blaton**, Director BPI,

**Fabien De Jonge**, Project Financing Manager,

**Michel Guillaume**, President Sogesmaint-CBRE and Director Sustainable Development CFE group,

**Micheline De Munck**, Managing Director Sogesmaint-CBRE,

**Jacques Lefèvre**, General Manager CFE Immo, Managing Director BPI and Projectontwikkeling Van Wellen,

**Jacques Ninanne**, Deputy General Manager Corporate – Chief Financial Officer,

**Patrick Van Craen**, Director and General Manager CLi and Construction Management,

**Catherine Vincent**, Secretary General of the division.



SOGESMAINT CBRE

# Sogesmaint-CBRE

Micheline De Munck, who joined the teams in May 2008, took over management of the company in August 2009. The economic crisis that surged through the commercial property market caused an abrupt downturn in some activities associated with the various businesses.

The property management department was less affected due to the recurring nature of its business and because the portfolio remained stable throughout the year despite numerous contracts being renegotiated and fees revised downwards.

The project management department suffered a great deal more. This was because clients frequently delayed or postponed decisions on building renovation work pending a clearer view of the situation in the medium term. Renovation work on 177 and 181 chaussée de la Hulpe (approximately 15,000 sq. metres) was postponed, for example, while the renovation of part of the Brouckère Tower was cancelled.

Activities related to corporate relocations were also severely reduced due to the wait-and-see attitude of tenants who preferred to renegotiate the leases of their existing premises so as to benefit from the decline in office rental fees.

The company management department's activities were reduced voluntarily because they are not very profitable and there are contractual risks.

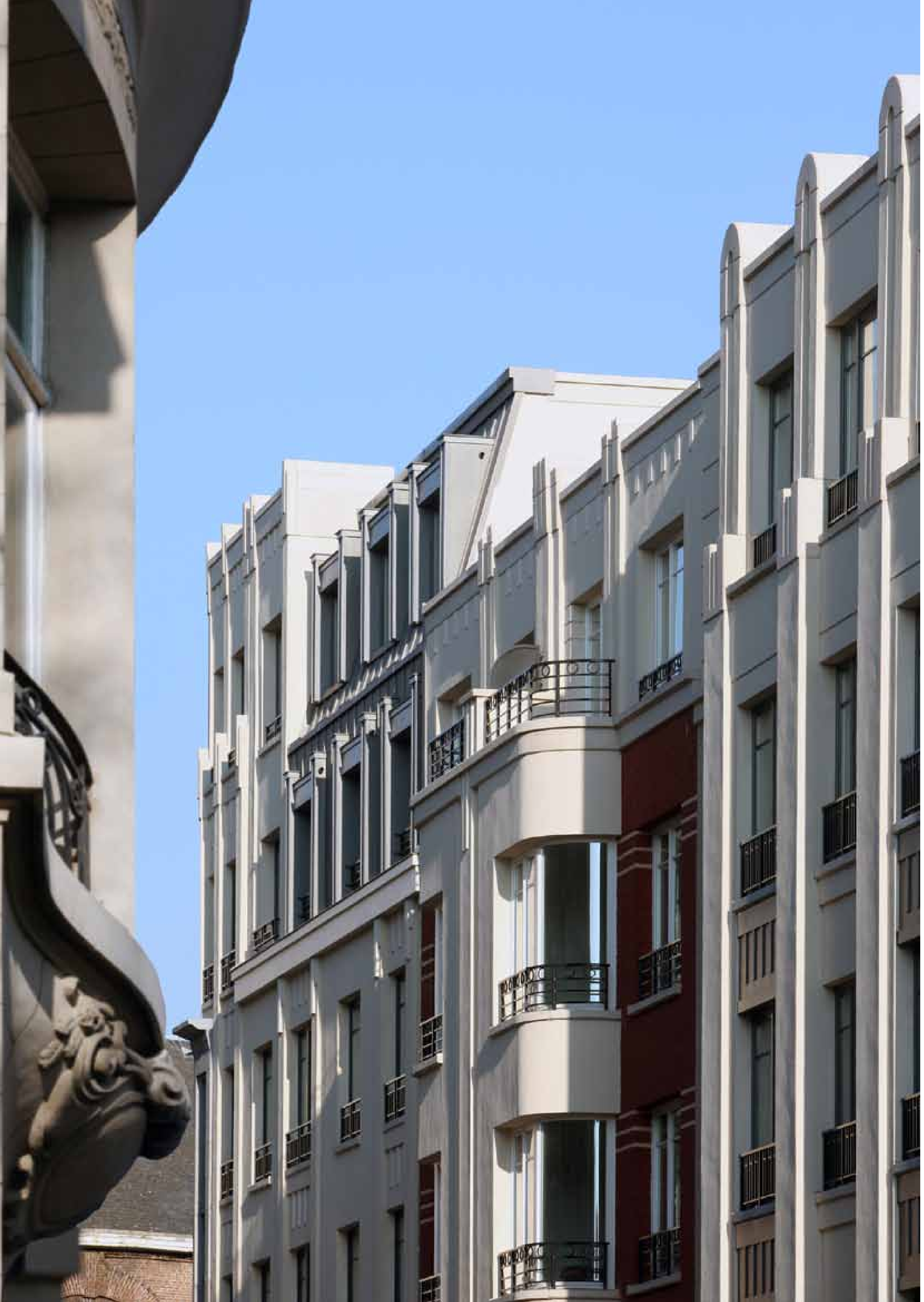
In Luxembourg, business remained stable but weak. The company continued to make vigorous efforts to increase the number of local staff and penetrate the property management market in a context that had become very unfavourable.

At the end of 2009, the company's Brussels office moved to new premises, which are more fit for purpose. In addition, the accounting and financial management teams were strengthened in order to better respond to customer expectations in terms of increasingly detailed and frequent reports.

With its younger team more focused on comprehensive customer service, Sogesmaint-CBRE is in a better position to take advantage of the expected upturn in 2010.

Micheline De Munck

Office building 'Zenith' – Brussels (BE)



# BPI-CFE Immo

Continuing the trend of the previous year, 2009 started under very tense conditions. The flood of pessimistic information had an impact on the property market: housing sales fell strongly; decisions to move into new offices were cancelled or postponed. There was no way of knowing when the Belgian property market might stabilise.

As a result, commercial activity for projects under construction was monitored very carefully. In a partnership, BPI launched a product guaranteeing the profitability of housing investments. The Sandcourt project was used to test the product, which proved to be very popular: buyers were found quickly for the 22 apartments already completed. On completion of all the pre-production work, BPI sold the Crespel project to a private investor and construction started on site. Given the economic climate, the search for new sites to be developed was postponed.

The perception of the economic climate changed during the summer. The property market stabilised, returning to a certain level of activity but without the pace of previous years. Several programmes were handed over after the summer, including the Brugmann Court residence in Ixelles, all of which had been sold; and the last phase of Les Jardins de Jette, a major residential programme started in 1993. In addition, the Cap Affaires serviced apartment building in Arlon was officially accepted by the investors, to the great satisfaction of the operator, as was the first phase of the Barbarahof programme in Louvain.

The market for office space was at its lowest ebb for many years. Nevertheless, CFE continued the Avenue Fonsny projects, handing over the first phase of Block C, the Fonsny building in Smals, on schedule. It also started construction of the office building known as Block D for which, together with the Broodthaers building in Block C, a potential tenant has come forward. These buildings will be proposed for investment in 2010 since investors are reappearing on the market.

In the service sector, a retirement and nursing home was launched in Uccle, developed with a group specialising in the sector and an investor.

In Poland, the impact of the economic crisis was brutal and no new projects were acquired. The market responded favourably to the launch of commercialisation of the Gdansk residential programme. It is hoped therefore that the works will start in spring 2010. In Hungary, it was decided to freeze all investment activity and cease seeking new projects due to the financial and economic crisis.

This very difficult period was used to obtain permits suited to current market conditions. These permits were, in particular, for the residential projects in Beersel, Harelbeke and Anderlecht. One was also obtained for the residential project in Sterpenich as Décathlon signed a lease in the shopping centre project. Negotiations are being held with other possible tenants.

The major office project developed at Brussels South railway station will move ahead in a 50/50 partnership with Atenor.

Lastly, all the projects developed by subsidiary Projectontwikkeling Van Wellen were transferred to BPI at the end of 2009.

< Brugmann Court residence – Ixelles (BE)

Jacques Lefèvre

< Serviced apartment building Cap Affaires – Arlon (BE)

# CLi

Property development business in Luxembourg in 2009 stemmed mainly from the Serenity project located in the Route d'Arlon in Strassen, with over 10,500 sq. metres of offices in a building designed to France's HQE (high environmental quality) standards. It therefore fits with the group's strategy of providing buildings that comply with sustainable development principles.

Acquired by Fidentia, a green investment fund, the Serenity building will be handed over at the beginning of 2010. At the end of 2009, 30% of the surface area had been rented, which gives good reason to believe that tenants will be found for the entire building under satisfactory conditions. CLE, CLi and Sogesmaint-CBRE Luxembourg will move their head office into the building in January 2010.

The serviced apartment building in Bettembourg was approved by the general development plan authorities and the public enquiry was launched. Local development plan approval is expected during the first half of 2010. The project consists of about 100 apartments for people aged 55 and over. It will comply with low-energy standards and will also have HQE certification.

CLi also studied several projects for which the land value had been revised to reflect the new market conditions, i.e. pressure on rents and the higher rates of capitalisation required by investors. A cautious acquisition policy should, if the opportunity presents itself, enable CLi to recreate a source of projects that will, in turn, support CLE's construction activity in the years to come.

Patrick Van Craen

HQE office building 'Serenity' – Strassen (LU)



# Construction Management

In 2009, there was a positive outcome to efforts to develop projects in Morocco and Tunisia, and a local subsidiary, Construction Management Tunisie (CMT), was created in Tunisia. The contract relating to the Bizerte project in Tunisia for a 700 berth marina and associated property was signed with Tunisian partners. The project calls for 70,000 sq. metres of residential (270 apartments) and commercial buildings, as well as car parks and services. Under this contract, CMT is responsible for the client-side project management of the entire project and CFE is in charge of the construction of all the property works, which will start at the beginning of 2010.

Participation in the Bizerte marina project raises the visibility of Construction Management and the CFE group as a whole in Tunisia. There is also good reason to believe that an in-country presence could lead to the development of future business over the long term for property that meets international quality and sustainable development standards. This approach fits perfectly with the Tunisian government's policy, which aims to replace the country's image as a mass tourism destination by implementing upmarket, environment-friendly tourism projects.

In Morocco, within the framework of project development contracts signed with local partners holding the land rights, Construction Management was given a preliminary permit for a serviced apartment building and a care home in Marrakesh, which is already being marketed by operators specialising in this kind of project. Other permit applications filed include one for a hotel, office and residential complex near Tangier airport and one for a hotel and tourism residential complex in Fez. Although the financial crisis caused a slowdown in the implementation of major upmarket tourism residential projects aimed directly at non-Moroccan purchasers, the domestic market continued to grow strongly, boosting demand for the good quality projects that Construction Management targets.

Construction Management continued its activity in support of projects developed by CLi in Luxembourg within the framework of client-side project management assignments for the Serenity project in Luxembourg and the De la Seigneurie project in Bettembourg. Permits for both projects are expected in the summer of 2010.

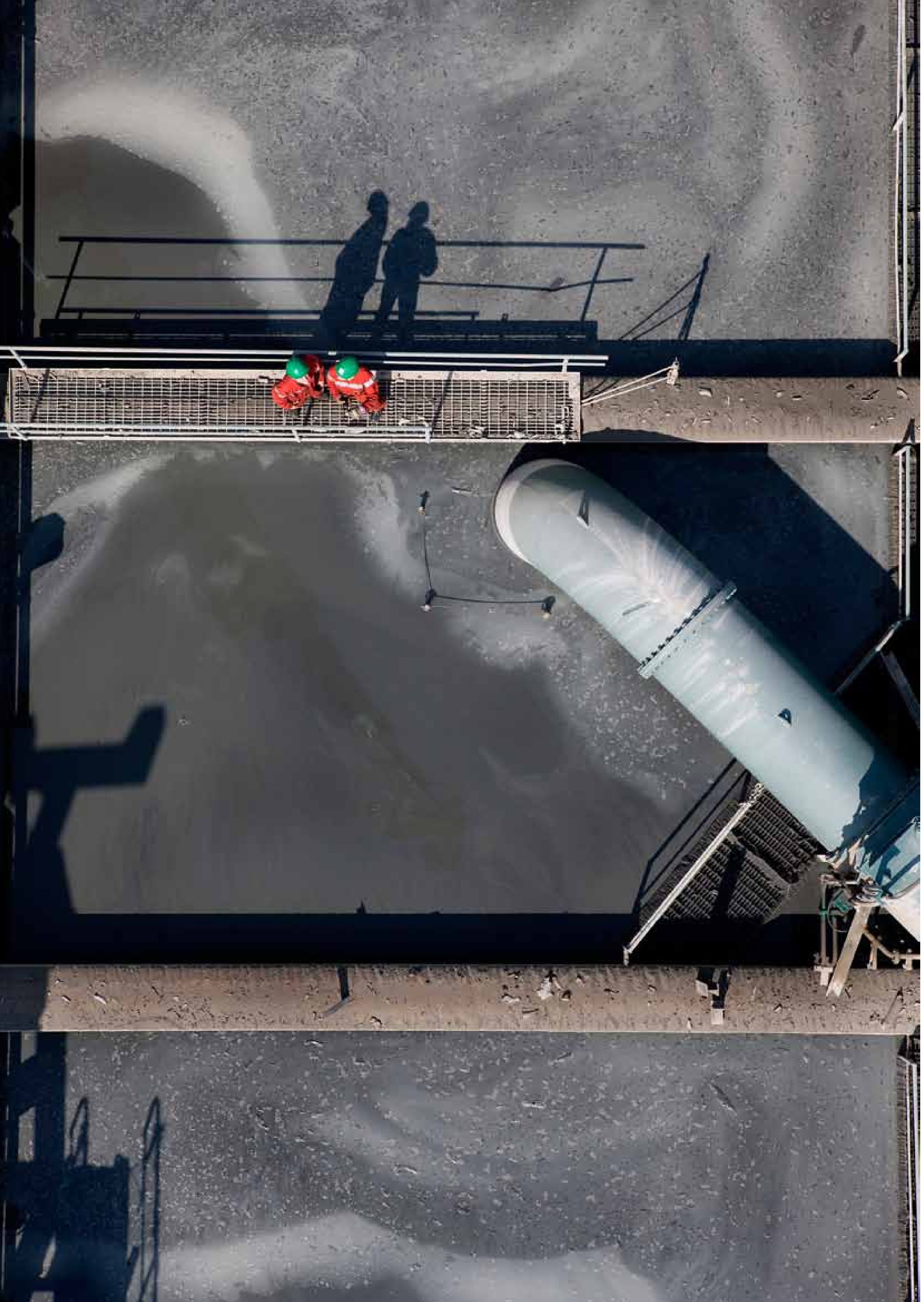
The world recession had a direct impact on the industrial division's business. The Conares project in Dubai was terminated due to payment problems. The Multiserve assignment in Italy, although postponed for a while, moved ahead satisfactorily. The decline in business activity led to radical cuts being made to the division, which is now focused on supporting clients in their projects.

Patrick Van Craen

Development of a marina and a residential property complex – Bizerte (TN)

# 5

# Dredging and Environmental Division



# Dredging and Environmental Division

| (in millions EUR) | 2009 | 2008 |
|---|---|---|
| **Order book** (as of December 31) | 2,122 | 2,193 |
| **Revenue** | 1,403 | 1,509 |

## Management team


Alain Bernard

The activities of DEME are pursued by a management team consisting of:

**Alain Bernard**, Chief Executive Officer,

**Pierre Catteau**, Area Director Mediterranean,

**Philippe Hermans**, Area Director Americas-Oceania-Asia,

**Marc Maes**, Chief Financial Officer,

**Harry Mommens**, Human Resources Manager,

**Martin Ockier**, Area Director Benelux,

**Dirk Poppe**, Area Director Middle (Eastern Europe and Russia),

**Pierre Potvliege**, Area Director Middle East,

**Eric Tancré**, Area Director North Europe,

**Theo Van De Kerckhove**, Chief Operating Officer,

**Christian Van Meerbeeck**, Chief Legal Officer.

< First assignment for the jumbo jack-up platform 'Goliath' on the 'Alpha Ventus' offshore windfarm project in Germany.

## Dredging, hydraulic engineering, marine and offshore activities, salvage and soil remediation services of DEME in 2009

As a result of the problems arisen on the international financial markets and the actual crisis in the real estate business, the year 2009 had been announced in general as a 'difficult' year. For DEME it has turned out to be a year of consolidation of its position and turnover on the national and international markets. The group managed to weather well the economical downturn owing to its strategy of geographical spread of its activities in combination with a diversified offer of dredging, hydraulic engineering, offshore related and environmental services. Maritime traffic, oil-and-gas and tourism related projects have been the main drivers of DEME's markets. Ever growing environmental awareness and concern has stimulated the business of the environmental specialists, who appear to be successful for large and complex environmental remediation projects in Europe and far beyond its borders. With specialized marine and offshore construction companies such as GeoSea and Tideway and the valuable experience gained on the C-Power project on the Thornton Bank off Belgium, DEME grasps an interesting share of the soaring renewable energy markets.

DEME succeeded in 2009 to maintain both turnover and order portfolio figures more or less at the same level as 2008. Moreover, an interesting number of new assignments were added to the order portfolio on all continents. The annual turnover reaches 1,403 million Euros and the order book 2,122 million Euros. The geographical diversification of the order book and the contribution of all DEME specializations in equal proportions as last year are promising features for DEME's activities in 2010.

DEME maintained a very high level of activity in the European home market and in Africa, and showed growing markets in South America and Oceania. The Middle East market has been slightly shrinking for obvious reasons, although oil & gas related activities are still an interesting driver in this particular area. A number of important contracts were obtained in amongst others Russia, United Arab Emirates, the Philippines, Ghana, Angola, Papua New Guinea, Australia, Venezuela, Latvia and Brazil. These contracts are well spread over the core business and the 'dredging-plus' activities

DEC-Ecoterres, the environmental division of the group, confirmed their market leader position and succeeded to keep their turnover at last year's record level. Long-term assignments in the Benelux and large-size environmental contracts in the United Kingdom are a guarantee for continuity. The year 2009 marked also DEC's first important assignment in Latin America. The award to them of a large site decontamination contract in the port of Santos in Brazil is a spin-off of their references and experience gathered on the European continent.

Tideway Offshore and Marine Contractors, the oil and gas related subsidiary of DEME, managed to consolidate their position in 2009, both in the area of trenching and landfall construction and in the typical fallpipe stone dumping business. Apart from Europe new assignments were located in Mexico, Canada, Russia, India and Angola. They are involved in the BP Skarv Development, the largest rock dumping contract ever in northern Norwegian waters. They are present amongst others on the Nord Stream project, a gas export line from Russia to Germany. They achieved a world record rockdumping depth of 980 m. on the Balearic pipeline project in Spain. Further growth in the fallpipe business is anticipated for the years to come.

DBM (DEME Building Materials) further pursued its strategy of investing in marine aggregates based on a proper geographical spread of gravel concessions and on standing long-term supply contracts in the United Kingdom, France and the Baltic area. Current investments will result in a new gravel trailer joining the DBM-fleet in 2011. The 'Victor Horta', as it will be named, will have the same 5,000 m³ hopper capacity as their gravel trailer 'Charlemagne'.

Further rapid expansion marked the year 2009 for GeoSea, with high utilisation of their jack-up platforms in their different fields of activities. These activities require jack-up platforms for soil investigations, turbine installation, directional drilling and even for crew accommodation. The multipurpose character of these jack-ups is also confirmed by pile-driving assignments in Australia and Africa and drilling/blasting in Panama. Ever growing attention in Europe for the issues of renewable energy constitutes a major driver for offshore wind farm construction. Owing

< Construction and dredging of the new eastern outer harbour dam and access channel to Ostend (BE)

to GeoSea's experience in this specialized field and their perfectly equipped tools, they have been awarded several important assignments in Germany and the UK.

DEME's current investment programme, covering the period 2008 – 2011, is in full swing. In the last quarter of 2009 the 5,600 m³ capacity trailer 'Artevelde' was delivered, as well as the Water Injection Dredger Dhamra and the 6,250 kW cutter suction dredger 'Ganga'. The latter two dredges will be operated by the Indian subsidiary company ISD. Two new self-propelled 3,000 m³ capacity split barges, 'Sloeber' and 'Pagadder' have been delivered as well. Vessels still under construction are: the heavy-duty Backackter 'Samson' (bucket up to 40 m³), the 13,000 kW seagoing cutter suction dredger 'Al Jarraf' for the Qatari company MEDCO, the fallpipe vessel 'Flintstone', another 13,000 kW seagoing cutter suction dredger, the above mentioned 5,000 m³ gravel trailer 'Victor Horta' and a 'New Generation + 30,000 m³' megatrailer that will be commissioned in the summer of 2011.

2009 saw the launch of a new D.R.I.V.E. (DEME's Resolve on Innovation and Value Engineering) programme, based on the Lean Six Sigma principles to stimulate cost efficiency and productivity throughout the entire DEME group. The results of the first year are quite promising.

In order to become a total service-provider, DEME reengineered its organisation by creating both a CCC (Central Competence Centre) and a FCC (Financial Coordination Centre including Project Finance). Thanks to these central services, DEME is able now to offer to clients turnkey solutions for complex projects such as DBFOM (Design Build Finance Operate and Maintain).

## Dredging and marine works

### Benelux activities

The activity in the Benelux area remained well in pace with previous years. On the river Scheldt and in the access channels to the Antwerp locks the group entered the second year of the new seven-year maintenance dredging contract, while maintenance works continued in the busy shipping lanes off the Belgian coast and in the ports of Ostend and Blankenberge. Maintenance dredging on the Brussels Canal and on the Canal Ghent-Terneuzen involved as well the treatment of this highly polluted sludge by DEC. The deepening works on the river Scheldt to bring the river to a depth of 15.5 m LAT, were started on Belgian territory. On Dutch territory, the deepening works could not yet be started due to environmental/political reasons. Go-ahead of this part is expected in February 2010.

Capital dredging and hydraulic works were executed in Antwerp, Kruibeke, Ghent, Ostend and in the Scheur Channel off Zeebrugge. The first phase of the Thornton Bank C-Power far shore wind farm construction was completed. The 5 MW turbines perform to the entire satisfaction of the client. End 2009 Dredging International (DI) was awarded extensive dredging works to be performed in front of several quay walls built in the Left Bank area of the port of Antwerp.

In the context of the new Liefkenshoek railway connection to be constructed under the river Scheldt, DI was awarded a contract for very precise dredging in the tunnel stretch at the Kanaaldok B2 in Antwerp by Locobouw. Furthermore the construction of a new Sigma dike and restoration of important wetlands downstream of Antwerp between Fort Filip and Noordkasteel and the construction of large-size flooding area called the 'Hedwigepolder' were executed.

On the Dutch market the group acted through the Dutch subsidiary de Vries & van de Wiel. At the same time a new company de Vries & van de Wiel Kust en Oeverwerken has been established in the Netherlands to increase the share of the Dutch coastal protection market. The works for the construction of the second Coentunnel in Amsterdam were started. This DBFM-contract (Design, Build, Finance en Maintain) is executed in consortium with amongst others CFE and VINCI. In this context, extensive earth moving works in relation to the access ramps and road works were performed through de Vries & van de Wiel. Beach nourishment and coastal protection works at Walcheren (Zeeland) were also executed.

### Europe

Together with the Benelux area DEME considers the European market as an actual home market. In 2009 a number of interesting new assignments have strengthened the group's position in Germany: maintenance dredging on the Elbe,

< Construction of erosion controls for an overflow dike - Kruibeke (BE)

in Wilhelmshaven and on the river Rhine in Cologne, dredging works for the construction of Predöhlkai Phase 3 at Cuxhaven and beach nourishment works at Grauer Ort and Wedel along the Elbe river and on the Island Wangerooge.

Subsidiaries have been active in the Mediterranean area with new assignments in Italy and Spain: preparations for the beach nourishment works in Abruzzo (actual dredging to start in first quarter 2010), dredging the entrance to the ports of Civitavecchia and Anzio and dredging interventions in Naples, hydraulic civil construction works in Ortona, Molfetta, Gioia Tauro, Cagliari, Villa San Giovanni and Naples, trenching for quay wall construction in Huelva, entrance channel deepening works in Valencia and dredging for quay wall extension in Barcelona, Spain.

In France DEME consolidates its position as a leading dredging contractor for major port extensions such as the major extension of FOS2XL port was continued in Fos-sur-Mer while keeping a finger in the pie of maintenance dredging through maintenance dredging works in Bayonne and Gravelines. For Bayonne extensions to the maintenance dredging contracts were obtained covering the year 2010 and 2011, beach nourishment works were carried out in Pyla (Dune de Pyla), near Arcachon. The presence in the United Kingdom is growing consistently with new assignments in the core business as well as for the oil & gas services specialists Tideway and the hydraulic engineering specialists of GeoSea: maintenance dredging for Medway Ports for which, moreover, a new contract has been won in 2009 covering another 3 + 2 years, dredging works for the Felixstowe South Reconfiguration Project, reclamation for the Isle of Man Ronaldsway Airport extension. The major London Gateway Port project along the river Thames awarded to DEME in 2008 has been prepared and negotiated with the client DP World.

Finally, a lot of focus has been put in marketing and tendering activities in Scandinavia and Eastern Europe with the subsequent award of new contracts to DEME companies in Sweden, Estonia, Latvia, Russia and Georgia such as maintenance and deepening works in the entrance channel and inner port of Ust-Luga Port – Russia, maintenance dredging in the entrance channel and inner port of Poti, Georgia, maintenance and deepening of the entrance channel of the Black Sea Terminal in Kulevi, Georgia.

New contracts for execution in this area as from 2010 included: installation of a gas pipeline, in joint venture with Saipem, at Livorno – Italy, deepening of the access and docks of the port of Liepaja – Latvia and maintenance dredging in the port of Falkenbergs - Sweden.

## Africa

Activity on the African continent has been kept on a high level in South, West and North Africa throughout 2009. Since 2007, DI has been carrying out the necessary maintenance dredging activities in all South-African ports such as reshaping of the navigation channel to Durban and maintenance dredging in the ports of Richards Bay, Durban, Port Elizabeth, East London and Ngqura. An extension of this contract to 2011 has been obtained this year. A maintenance dredging contract of the Maputo port took DEME to Mozambique as well. New assignments in Nigeria such as maintenance dredging of the Bonny River Channel, wreck removal and maintenance and improvement of navigational aids, deepening and subsequent maintenance dredging on a 153 km stretch on the River Niger, dredging and reclamation for Opobo Town extension and in Angola with mangrove dredging and landfall construction for gas pipelines at Soyo, dredging, cofferdam and jetty installation services for Angola LNG at Soyo, construction dredging works in Luanda Bay and dredging for a marine supply base at Porto Amboim and a re-entry into the market of the Ivory Coast with the maintenance dredging in the port of San Pedro consolidate the position in this area. The fourth stage of the famous environmental and social Korle Lagoon restoration job in Ghana is ongoing. Northern Africa, as indeed also the entire Mediterranean area, is followed up by the Italian subsidiary Sidra. Together with Tideway they completed a shore approach construction for the ENI Mamoura project in Tunisia. They are also active in the ports of Misurata and Sirte in Libya, where new contracts have been signed.

Awarded for execution as from 2010 in this area are: trenching for water intake and discharge pipelines installation at Al Kalij – Sirte in Libya, reclamation works for the first phase of the Eko Atlantic City, an artificial island in front of the coast of Victoria Island, Lagos in Nigeria and maintenance dredging in the port of Abidjan, Ivory Coast.


< Widening and deeping of the Pacific side entrance to the Panama Canal

## Latin America

South America remains a challenging market, but DEME managed to preserve its activities level at a solid level. The group remain strongly present in Venezuela with the award once again of new maintenance dredging assignments on the Orinoco river and on the Marabaibo Lake navigation channels. In Brazil we completed maintenance works in several ports. The important Panama Canal Pacific Entrance works were kept in full swing and are proceeding ahead of schedule.

## Middle East and Indian subcontinent

DEME develops activities in the Gulf through the company MEDCO, a partnership of DEME with the Qatari company UDC and the Qatari Government. The same partnering philosophy is applied for the Indian subsidiary company International Seaport Dredging (ISD), which is a partnership with the Indian company Larsen & Toubro.

The expansion of MEDCO continued in 2009 with new contracts awarded mainly in the Emirate of Abu Dhabi: deepening of the navigation channels in Ras Ghanadha and Al Sadr in Abu Dhabi, land reclamation works for the development of Yas Island in Abu Dhabi, dredging at the Khalifa Port and Industrial Zone Project for the Abu Dhabi Ports Company and completion of the Al Marjan islands 2, 3 and 4 in Ras Al Khaimah. After having completed a first important contract for Takreer in Ruwais, a new site preparation contract was awarded by the same client to MEDCO in Ruwais. The Khalifa Port development works and the channel dredging and reclamation works at Ras Ghanada and Al Sadr will be completed early 2010. Dredging for the golf course waterfront at Yas Island still continues in 2010. In November 2009 the Al Raha Beach works have been officially delivered to the client Aldar Properties. Due to the worldwide financial crisis, the re-development of the old Port Rashid in Dubai has been terminated by the client Nakheel upon completion of phase 1.

In Ras Al Khaimah, the rock bund construction for the Al Marjan Islands development has been completed. The development of Al Dana Island has been suspended temporarily due to the occurrence of the worldwide financial crisis.

The basic design for the construction of the Friendship Bridge – the Qatar - Bahrein Causeway – has been completed. The actual construction works may start in 2010. MEDCO is one of the partners of the consortium bidding for the project.

In India, ISD was involved in a growing number of capital and maintenance dredging projects, strengthening DEME's position on the Indian subcontinent: construction new harbour including new industrial sites in Dhamra, completion of dredging corridors and shore approach construction for gas pipes from the Dhirubai Field, near Kakinada, maintenance dredging in Kakinada in India and Port Qasim in Pakistan, completion of the navigation channel deepening of the new port of Karaikal in India and trenching for landfall construction for Visakh Refinary SPM Project also in India.

## Asia and Australia

In 2009, markets in Asia continued going at reduced pace. In Singapore, the Jurong Island Development works involved irregular interventions. The jumbo trailer 'Nile River' performed both on the Pluto Gas Field development on the North West Shelf in Western Australia and on the Mai Liao channel deepening works in Taiwan. Challenging remedial works in the Pasig River were started in Metro Manila in the Philippines.

In Papua New Guinea, the repair dredging works on the Fly River for the Oktedi Mining Co were continued at full pace with two cutter suction dredgers.

Australia still shows promising perspectives. Activities for the development of a coal export terminal on Kooragang Island, Newcastle were continued while the offshore specialists Tideway performed a large trenching and backfilling work for the Pluto Gas Field development on the North West Shelf in Western Australia. A new assignment was obtained for deepening of the Hunter River to provide an access to a new coal terminal, whereas DEME have been confirmed by BHP as 'preferred contractor' to execute the major Quantum Project, calling for a major expansion of the Port Hedland outer harbour facility. The stage I engineering is currently ongoing.

# Offshore activities

## Oil and gas

The oil and gas specialists Tideway Marine and Offshore Contractors, managed to maintain a high level of activity both

< Completion of dredging corridors and shore approach construction for gas pipes from the Dhirubai Field, near Kakinada (India)

in the stone dumping segment and in the landfall construction segment. Both of Tideway's fall pipe vessels, the 'Rollingstone' and the 'Seahorse', have been executing rock placement services for pipeline/cable protection and stabilization for several major offshore pipelay contractors and oil-and-gas companies in the North Sea, Tunisia, the Mediterranean area, Mexico and Canada.

Rock dumping related to the long-term contract for stone dumping activities on the Skarv and Idun Field Project for BP in the North Sea was started. Preparations have started on the considerable pre-lay rock dumping works for the Nord Stream project, a gas export pipeline project between Russia and Germany.

In 2009, a substantial number of landfall projects were executed by Tideway, or were still in progress. They include: the shore approaches and landfalls in both Spain and Algeria for the Medgaz pipeline project (landfall construction and stone dumping) were completed, completion of the construction of three landfalls and rock dumping along the pipelines for the Enagas Balearic Pipeline project between Denia, Ibiza and Mallorca in Spain, the dredging and backfilling for the Encana Deep Panuke Project in Canada was completed, completion of backfilling for pipelines connecting the Dhirubai field in the Bay of Bengal to an onshore terminal in Kakinada, India, completion of the backfill of the shore approach trenches for a gas pipeline in Mina Al Ahmadi in Kuweit, shore approach trench dredging for the Acergy Angola LNG project, trench dredging for the Visakh Refinery SPM Project in India.

Other services included the provision of presweeping and pipeline crossing protection services for the BritNed HVDC Interconnector project and presweep operations prior to pipe and cable lay in Dutch and UK Southern North Sea waters.

### Heavy lift operations at sea

Scaldis Salvage and Marine Contractors, in which DEME has a 55% stake, cooperated in several large salvage/wreck clearance works and heavy lift operations all around Europe. Scaldis has had a very busy year 2009 with an interesting number of new assignments. These assignments include services for civil engineering works, oil & gas companies, the sector of renewable energy and actual salvage and wreck removal works such as salvage of fish trawler 'Idefix' at Brest in France and the salvage of the stern section of the 'New Flame' at Gibraltar or heavy lift operations such as the lifting and placing of High Voltage Offshore Station for the Rödsand B wind turbine project off Denmark.

### Vertical and horizontal offshore and near shore drilling techniques

GeoSea is the specialised DEME company focusing on rock socketing and installations for the construction of jetty foundations and mooring systems, the installation of offshore structures, offshore wind farms, and geotechnical investigations at large depths. GeoSea continued its rapid expansion in 2009 with high employment degrees for their jack-up platforms. A new GeoSea jumbo jack-up platform, the 'Goliath', was launched and has performed magnificently on its first assignment on the Alpha Ventus offshore windfarm project in Germany.

Deepwater soil investigation campaigns were carried out amongst others for future offshore wind farms in Belgium, UK and Germany. Piling and drilling works were carried out in Cameroon for the installation of dolphin piles at the Sonara refinery, while drilling services were performed for BHP Billiton on their RGP5 project in Port Hedland, Australia. Large-scale drilling and blasting works were performed on the widening and deepening of the Pacific Entrance and South Approach Channel to the Panama Canal.

GeoSea is a reliable and recognized services provider in the field of green renewable energy development. 2009 has marked decisive interventions of GeoSea on the Thornton Bank far shore wind farm project, where their jack-up platforms have shown their multipurpose qualities during the installation of six impressive 5 MW turbines in very difficult conditions. New contracts have been obtained for similar interventions on the Walney Offshore Wind Farm in the Irish Sea (UK), on the Ormonde Energy offshore wind farm in the East Irish Sea and on the world's largest offshore wind farm London Array. Drilling services will be performed equally on the Belwind Bligh Bank Offshore wind park.

## Environmental activities: decontamination of soils and storage of polluted sediments

The decontamination of the London Olympics 2012 site in Stratford is well on schedule.

< Beach nourishment and coastal protection works at Walcheren (NL)

Further extensions to this contract will keep them on site until late spring 2010. The Avenue former coking works project near Chesterfield finally commenced in late summer 2009. Both projects make DEC the sole reference for large-scale complex decontamination works in the UK.

In Belgium, DI and DEC have started the design, construction and exploitation of a silt treatment and storage system in the port of Antwerp, the AMORAS project. The actual installations will be ready for testing in October 2010. Also in Belgium, DEC's soil and sediment recycling centres of Kallo, Heusden-Zolder, Zwijndrecht, Ruisbroek, Zeebrugge and Desteldonk performed well. In Sweden, soil decontamination projects were completed in Bengtsfors and Silvergruvan. Three new projects combining soil remediation, sediment treatment and landfill techniques were awarded to DEC, confirming their market share in Scandinavia and the Baltic states. In Italy, the San Giovani project in Naples involving the washing of contaminated dredged sediment was completed. In Spain, soil investigation works were executed by Soldec for Serpa in Asturias. In the Netherlands, DEC-Ecoterres executed a number of soil and sediments decontamination projects via its daughter company de Vries & van de Wiel.

Ecoterres owns and operates several soil and sediment recycling centres in Tubize and Charleroi and will start operations in new soil treatment centres in Liège and Tubize (Cetraval). In Belgium, the following projects were executed in 2009: sanitation of the Carcoke site in Zeebruges, mechanical dewatering plant for Nyrstar in Balen (long-term contract), the recovery of three acid tar ponds in Ertvelde for the account of Total, final capping of a Kronos Europe landfill in the port of Ghent and of the IOK landfill in Beerse, construction of erosion controls for an 8 km overflow dike in Kruibeke, a number of in-situ soil remediation works for amongst others petrochemical, metallurgic and pharmaceutical companies in the Flanders area, brownfield rehabilitation activities in the Ghent area, amongst others Fasiver, clean-up of the 8 m deep cooling ponds at the nuclear power plant of Doel, remediation of a domestic waste landfill in Malvoisin, remediation of the industrial site 'Cockerill II' in Liège, in-situ treatment works in the Walloon Region and Brussels, construction of the basins and treatment unit for the sediment treatment centre of 'Sedisol' in Farciennes and remediation of the contaminated construction site prior to construction works, in association with Solvay SA.

In France, Extract-Ecoterres generated a 10% increase of its turnover and remains a leader in environmental dredging, treatment of polluted sediment and cleaning of industrial or uban water treatment installations. In 2009, they treated contaminated sediments from the canals of Evry and from the port of Paris. They were active in cleaning water treatment installations in Archères (Seine Aval) and in Chatillon (Genève, Switzerland). They also remediated five polluted industrial sites on French territory.

## Building materials

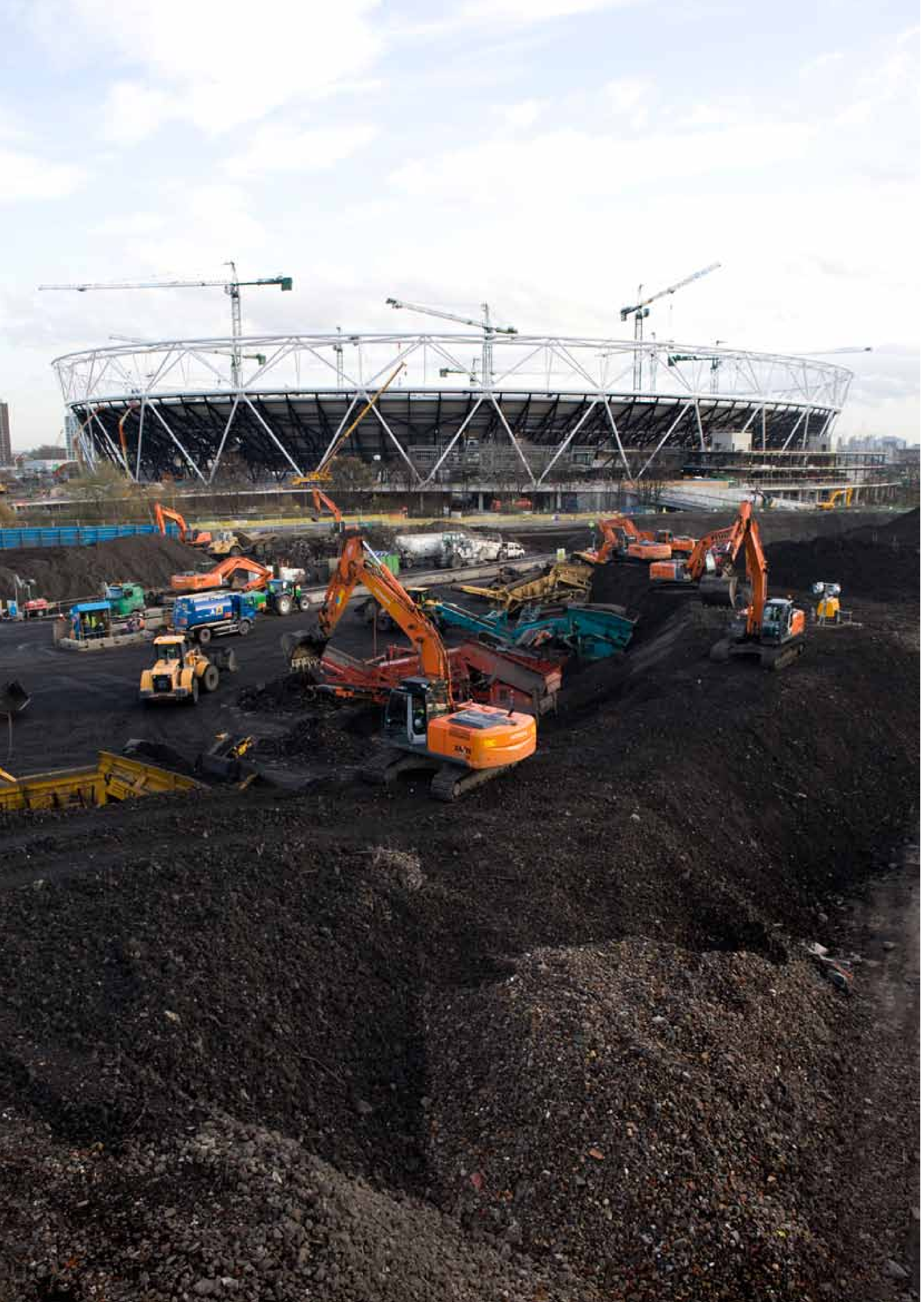
DEME Building materials specialises in the extraction, the processing and sales of marine aggregates for the construction industry, originating from its marine sand and gravel concessions. In 2009, the aggregate industry suffered from a temporary downturn of the construction market as an effect of the worldwide financial crisis. DBM made the necessary efforts to seek further geographical spread of their concessions and to look for proper partnerships in the European market. A second gravel trailer, of identical size as the 'Charlemagne' is currently under construction for DBM so as to offer further growth potential for the gravel specialists.

DBM has long term framework agreements with Brett in Cliffe on the Thames in the UK and with Lafarge for supply of gravel to Gdansk in Poland. Another long-term agreement, with Eurovia, covers the supply of gravel from their concessions to their processing plants in Dieppe and Le Havre. Aggregates were delivered to the harbours of Le Havre and Dieppe in France, Flushing and Amsterdam in the Netherlands. The deliveries to the UK market were continued and look promising for the future.

## Concessions

In 2009, DEME continued its efforts to do up-stream working and to be involved in the development of new projects in an early stage, through the development of concession agreements and PPP agreements (Public Private Partnerships).

Within the specialisation of offshore wind farms, DEME develops initiatives in several European countries through their concession specialist Power@sea. The early participation of Power@sea in the development of such projects clears the way for other companies of the group



< Decontamination of the London Olympics 2012 site in Stratford (UK)

to execute large construction contracts. The first important participation of Power@sea is the C-power project on the Thornton Bank, where the company will also be responsible for maintenance after completion of the project.

C-Power's Thornton Bank far shore wind farm project construction works were completed in May 2009. The 6 x 5 MW wind turbines are fully operational. By the year end they had produced sufficient energy to supply the annual consumption of more than 50,000 costumers.

In this first phase, a total capacity of 30 MW was installed. With the experience gained from this phase, C-Power and the DEME group companies are well positioned to tackle efficiently the coming phases of the 300 MW project.

Power@sea is further involved in the development of new offshore wind projects in the UK, France, the Netherlands and Poland.

# Financial report

# Table of contents

# Corporate governance declaration

## 1. Composition of the Board of Directors

On December 31 2009, CFE's Board of Directors consisted of eight members, whose mandates began on the dates listed below and will expire immediately after the annual general assemblies of the years listed below:

| | Start of term | Expiry of term |
|---|---|---|
| Philippe Delaunois | 05.05.1994 | 2010 |
| Renaud Bentégeat * | 18.09.2003 | 2013 |
| Philippe Delusinne | 07.05.2009 | 2013 |
| Richard Francioli | 13.09.2006 | 2013 |
| Bernard Huvelin | 23.06.2005 | 2010 |
| Christian Labeyrie | 06.03.2002 | 2013 |
| bvba Ciska Servais, represented by Mrs Ciska Servais | 03.05.2007 | 2011 |
| Jan Steyaert | 07.05.2009 | 2013 |

* Managing Director responsible for day-to-day operations

The term of office of the Directors is four years for appointed Directors or those whose mandates were renewed after January 1, 2005, and six years for mandates that were ongoing on January 1, 2005.

### 1.1 Mandates and duties of Board Members

**Directors**

The table below summarizes the mandates and duties of the eight board members as of December 31, 2009.

**Philippe Delaunois**

**President of the Board of Directors**
**Independent Director**

CFE
Avenue Herrmann-Debroux, 40-42
B-1160 Brussels

Member of the Remuneration and Nomination Committee

Born in 1941, Philippe Delaunois graduated as a civil engineer-steel from the Mons Polytechnic University and as a commercial engineer from the Mons State University. He is also a graduate of the Harvard Business School.
He spent most of his career in the steel industry, and was Managing Director and General Manager of Cockerill-Sambre.
An Officer of the Order of Léopold and Chevalier of the Légion d'honneur, he was chosen Manager of the Year in 1989, was President of the Union wallonne des entreprises (Walloon Business Association) from 1990 to 1993 and has been honorary consul of Austria for Hainaut and Namur since 1990.

**Directorships:**

**a- listed companies:**
Director of Mobistar SA
Director of Evraz SA

**b- non listed companies:**
President of the Board of Directors of Vers L'Avenir
Director of ING Belgium SA
Vice-President of CORELIO SA
Director of Intégrale, caisse commune d'assurances
Director of Ahlers International SA (Luxembourg)
Director of GDF Suez Energie Services SA (France)

**c- associations:**
Director of Europalia ASBL
Director of the ASBL Ordre de Léopold
Director of the Music Chapel Queen Elisabeth

**Renaud Bentégeat**

CFE
Avenue Herrmann-Debroux,
40-42
B-1160 Brussels

**Managing Director**

Born in 1953, Renaud Bentégeat holds a bachelor's degree in public law, a Master (DEA) degree in public law, a Master (DEA) in political analysis and a diploma from the Political Studies Institute of Bordeaux. He began his career in 1978 with the company Campenon Bernard. He was then successively named head of legal services, director of communications, administrative director and Secretary General responsible for legal services, communications, administration and human resources for the Compagnie générale de bâtiment et de construction (CBC). From 1998 to 2000, he was the Regional Director of building construction for the Ile-de-France region for Campenon Bernard SGE, before being promoted to Deputy General Manager of VINCI Construction, where he was responsible for the subsidiaries of the VINCI Construction in Central Europe, and Managing Director of Bâtiments et Ponts Construction and Bâtipont Immobilier in Belgium. Since 2003, he has been the Managing Director of CFE. Renaud Bentégeat is also member of the orientation and coordination committee of VINCI SA.

**Directorships:**

**a- listed companies:**
Managing Director of CFE SA

**b- non listed companies:**
Director of various companies within the CFE group
President of the Compagnie générale de bâtiment et de construction (CBC)
President of Ufimmo

**c- associations:**
President of the Chambre française de commerce et d'industrie de Belgique (French Chamber of commerce and Industry of Belgium)
Vice-President of the Association des Entrepreneurs Belges de Grands Travaux (ADEB-VBA) (Association of Belgian Construction Contractors)
Foreign Trade Advisor for France

**Philippe Delusinne**

RTL Belgium
Avenue Jacques Georgin 2
B-1030 Brussels

Member of the audit committee

**Independent Director**

Philippe Delusinne was born in 1957 and is the holder of a diploma in Marketing & Distribution, granted by ISEC in Brussels, and has been granted a Short MBA from the Sterling Institute of Harvard University. He started his career at Ted Bates as an account executive. He has subsequently held the positions of Account Manager at Publicis, Client Services Director at Impact FCB, Deputy General Manager at McCann Erickson and Chief Executive Officer of Young & Rubicam. Since March of 2002 he has been the Chief Executive Officer of RTL Belgium.

**Directorships:**

**b- non listed companies:**
Managing Director of RTL Belgium SA
Managing Director of Radio H
Managing Director of CLT-UFA Belgian Broadcasting
President of IP Plurimedia SA
President of New Contact SA
President of Belga Films SA
President of Tournesol Conseils SA
Director of INADI SA
Director of CLT-UFA
Director of BEWEB SA
Director of Home Shopping Service Belgium
Director of the Council for ethical journalism
Independent Director of Carrefour Belgium SA
Member of the of the supervisory board of Métropole Télévision (M6), Paris

**c- associations:**
Vice-President of the Belgian Management & Marketing Association
Member of the High Council for the Audiovisual Sector
Director of the opera house De Munt in Brussels
President of the Association of Commercial Television in Europe (A.C.T.)

**Richard Francioli**

VINCI Construction
5, cours Ferdinand-de-Lesseps
F-92851 Rueil-Malmaison Cedex

Member of the Remuneration and Nomination Committee

**Director**

Richard Francioli was born in Dole in 1959.
After graduating from the Ecole supérieure de commerce d'Angers, he started in the VINCI group in 1983 and started his carreer with a traineeship in VSNE at the site of the hospital of Ain Shams au Caire. Subsequently, he held the following positions within the group as Regional Manager for the North for Sogea Construction, Provincial Manager for Sogea Construction and President of VINCI Construction Filiales Internationales.
He was appointed President of VINCI Construction in March 2006 and, as from January 1, 2010 he is responsible for the entire contracting activities of VINCI.

**Directorships:**

**a- listed companies:**
Member of the Executive Committee of VINCI
Member of the Management and Co ordination Committee of VINCI
Deputy General Manager of VINCI
Representative of VINCI Construction Participations on the Board of Directors of Entrepose-Contracting (France)

**b- non listed companies:**
President of VINCI Construction
Member of the supervisory board of VINCI Deutschland GmbH (Germany)
Director of VINCI Plc (England)
Representative of VINCI Construction on the Board of Directors of Doris Engineering (France)
Representative of VINCI Construction on the Board of Directors of Cofiroute (France)
Director of Solétanche Freyssinet SA (France)

**Bernard Huvelin** — **Director**

VINCI
1, cours Ferdinand-de-Lesseps,
F-92851 Rueil Malmaison Cedex

Born in 1937, Bernard Huvelin graduated from HEC. In 1962 he joined SGE (which later became VINCI). He became Secretary General in 1974, Deputy General Manager from 1982 to 1988, member of the Management Board from 1988 to 1990, Deputy General Manager from 1991 to 1997, Managing Director from 1997 to 1999, Member of the Board and President from 1999 to 2005.
Bernard Huvelin is an officer of the Légion d'honneur and a knight of the Ordre National du Mérite.

**Directorships:**

**b- non listed companies:**
Director of VINCI Park
Director of VINCI Concessions
Director of Soficot
Director of the Stade de France consortium

**c- associations:**
Vice-president of the European Construction Industry Federation
Advisor of the European Economic and Social Committee

**Christian Labeyrie** — **Director**

VINCI
1, cours Ferdinand-de-Lesseps,
F-92851 Rueil Malmaison Cedex

Member of the audit committee

Born in 1956, Christian Labeyrie is Deputy General Manager, Financial Director and Member of the Executive Committee of the VINCI group. Before joining VINCI in 1990, he held various poisitions in the Rhône-Poulenc and Schlumberger groups. He started his career in banking. Christian Labeyrie a graduated from HEC, Escuela Superior de Administración de Empresas (Barcelona) and Mc Gill University (Canada), and holds a DECS diploma (advanced accounting degree). He is a knight of the Ordre National du Mérite.

**Directorships:**

**a- listed companies:**
Member of the Executive Committee of the VINCI group

**b- non listed companies:**
Director of Eurovia
Director of VINCI Park
Director of VINCI Deutschland
Director of ASF
Director of Escota
Director of Arcour
Director of the Stade de France consortium
Director of VFI
Director of the company LCL Actions Euro, part of the Crédit agricole asset management group
Board member of the Banque de France - Hauts-de-Seine branch

**BVBA Ciska Servais, represented by Mrs Ciska Servais** — **Independent Director**

Boerenlegerstraat 204
B-2650 Edegem

President of the Remuneration and Nomination Committee

Ciska Servais is a partner at the legal firm Astrea. She is active in the field of administrative law, specifically environmental and town planning law, as well as real estate law and construction law. She has extensive experience as regards to advice, judicial procedures and negotiations; she gives courses and is a regular speaker at seminars. She graduated with a master in law from the University of Antwerp (1989), as well as an additional Master (LL.M) in international legal cooperation at the Free University Brussels (V.U.B.) (1990). She also graduated with a special masters in Ecology from the University of Antwerp (1991).
She started her traineeship in 1990 at the legal firm Van Passel & Greeve. She became a partner at Van Passel & Vennoten in 1994 and, subsequently at Lawfort in 2004. In 2006, she co-founded the legal firm Astrea.
Ciska Servais mainly publishes on the subject of environmental law, amongst others with regard to the decontamination decree, environmental liability and the regulations regarding the movement of soil. She is a member of the Antwerp Bar.

**Directorships:**

**b- non listed companies:**
Nautinvest Vlaanderen NV
Astrea bv cvba

**Jan Steyaert**

Mobistar
Reyerslaan 70
B-1030 Brussel

President of the audit committee

**Independent Director**

Born in 1945, Jan Steyaert has been active for the greater part of his career in the telecom sector. He started his career as a company auditor. In 1970 he joined Telindus, a company listed on the stock market, where he successively held the positions of the CFO, CEO and Chairman of the Board of Management of the Telindus Group and its affiliated companies. He held this position up to and including 2006. He has been a member of the Board of Management since the establishment of Mobistar in 1995, and has been its Chairman since 2003.
He is an Officer in the Order of Leopold II and has been appointed a Knight in the Order of the Crown.

**Directorships:**

**a- listed companies:**
President of Mobistar NV

**b- non listed companies:**
Director of Credoc NV
Director of Portolani NV
Director of Automation NV

**c- associations:**
Director of Anima Eterna vzw
Director of VVW vzw

**A renewal of the mandate of the following member of the Board of Directors is proposed to the annual general assembly**

The Director mandate of Mr Bernard Huvelin will terminate at the end of the annual general assembly of 6th May 2010. At the annual general assembly on May 6, 2010, it will be proposed to renew the mandate of Mr Bernard Huvelin for a period of four years, terminating after the conclusion of the annual general assembly of 2014.



**A nomination of the mandate of the following members of the Board of Directors is proposed to the annual general assembly**

The Director mandate of Mr Philippe Delaunois will terminate at the end of the annual general assembly of May 6, 2010. At the annual general assembly on May 6, 2010, it will be proposed to nominate the SA C.G.O., represented by Mr. Philippe Delaunois, as Director for a period of four years, terminating after the conclusion of the annual general assembly of 2014. In application of the independence criteria defined in Article 526 ter of the Belgian Company Code and the Corporate Governance Code, the SA C.G.O., represented by Mr. Philippe Delaunois, has not the quality of Independent Director (exercise by his representative of three consecutive mandates).

At the annual general assembly on May 6, 2010, it will be proposed to nominate the SA Consuco, represented by Mr. Alfred Bouckaert, as Director for a period of four years, terminating after the conclusion of the annual general assembly of 2014. The SA Consuco, represented by Mr. Alfred Bouckaert, responds at the independence criteria defined in Article 526 ter of the Belgian Company Code and the Corporate Governance Code.

At the annual general assembly on May 6, 2010, it will be proposed to nominate Mr. Jean Rossi as Director for a period of four years, terminating after the conclusion of the annual general assembly of 2014. In application of the independence criteria defined in Article 526 ter of the Belgian Company Code and the Corporate Governance Code, Mr. Jean Rossi, has not the quality of Independent Director.

**SA Consuco, represented by Mr. Alfred Bouckaert**

Avenue de Foestraets, 33A
B-1180 Brussels

**Independent Director**

Born in 1946, Alfred Bouckaert has a degree in economic science from KUL, the Catholic University of Louvain.
He started his career in 1968 as a stockbroker at JM Finn & Co in London. In 1972, he joined Chase Manhattan Bank where he held various commercial and credit posts before becoming Commercial Banking Manager for Belgium. He was appointed General Manager for Chase in Copenhagen, Denmark, in 1984; two years later, he became General Manager and Country Manager for Chase in Belgium. In 1989, Chase Manhattan Bank sold its Belgian business to Crédit Lyonnais and Alfred Bouckaert was made responsible for merging the two banks' operating activities in Belgium. In 1994, Crédit Lyonnais asked Alfred Bouckaert to head the bank's European operations. In 1999, he took over the management of AXA Royale Belge and was also appointed Country Manager for the Benelux. He became General Manager for Northern Europe (Belgium, Netherlands, Luxembourg, Germany and Switzerland) in 2005 and was appointed to AXA's Management Board in October 2006 with responsibility for Northern, Central and Eastern Europe business. He has been President of the Board of Directors of AXA Belgium SA since April 2007.

**Directorships (at December 31, 2009):**

**a- listed companies:**
Member of the AXA Management Board
Director of Leasinvest Real Estate

**b- in niet-beursgenoteerde ondernemingen :**
Managing Director of AXA Holdings Belgium
President of the board of directors of AXA Belgium SA
President of the board of directors, Director or member of the supervisory board of several affiliated companies of AXA in Belgium, Luxembourg, Germany, Switzerland, Greece and Russia

**Jean Rossi**

VINCI Construction
5, cours Ferdinand-de-Lesseps
F-92851 Rueil-Malmaison Cedex

**Director**

Born on 6 November 1949, Jean Rossi graduated in engineering from the Ecole Spéciale des Travaux Publics (ESTP) in Paris.
He started his career as a works engineer at Pradeau et Morin. He moved to become Operations Director and then Managing Director of SNEG. After that, he held several positions at SOGEA, a VINCI Group subsidiary, including Director of Building and Civil Engineering, Regional Director, Director in charge of Northern France, Director in charge of France excluding the Paris region, and Chief Operating Officer, before becoming the company's Chairman in 2001. Jean Rossi has been Chairman of VINCI Construction France since 2007. In 2008, he became a member of VINCI's Executive Committee.

**Uitgeoefende mandaten**

**a- listed companies:**
Member of the Executive Committee of VINCI
Member of the Management and Co-ordination Committee of VINCI

**b- non listed companies:**
Chairman of VINCI Construction
Chairman of EGF-BTP
Chairman of GTM Génie Civil et Services
Chairman of Société Générale de Travaux
Non-partner manager of ADIM
Representative of VINCI Construction on the Board of Directors of Dumez Monaco
Representative of VINCI Construction on the Board of Directors of SGTM

### 1.2 Evaluation of the independence of the Directors

Of the eight members of the Board of Directors on 31 December 2009, four may not be considered as independent under the terms of Article 526c of the Belgian Company Code and Corporate Governance Code:
- Renaud Bentégeat who is the Managing Director of the company
- Christian Labeyrie, Bernard Huvelin and Richard Francioli who represent the controlling shareholder, VINCI Construction.

According to a decision made at the general assemblies on March 16, 2004, May 3, 2007 and May 7, 2009, the independent directors are: Philippe Delaunois, Philippe Delusinne, bvba Ciska Servais, represented by Mrs Ciska Servais, and Jan Steyaert.

It should be noted that all CFE's independent directors were able to carry out their mission completly independent in 2009.

### 1.3 Legal situation of the Directors

None of the directors of CFE (i) has been found guilty of fraud or any other infraction or public sanction by the regulatory authorities, (ii) has been associated with a bankruptcy, receivership or liquidation or (iii) has been prevented by a Court from acting as a member of an administration, management or supervisory board of a public company or from participating in the management or business decisions of a public company.

### 1.4 Conflict of interest

To the best of CFE's knowledge, the Directors do not have any private interest, including family interests that could place them in a conflict of interest with the company.

Some Directors are active in other companies whose activities are, at times, in competition with CFE. Four of the CFE's Directors were named at the proposal of the VINCI group, the controlling shareholder in CFE.

CFE makes sure that the procedures provided for in article 523 of the Corporate Code concerning conflicts of interest within the Board of Directors and in article 524 of the Corporate Code concerning "intra-group" transactions are respected.

## 2. Operation of the Board of Directors and its committees

### 2.1 The Board of Directors

**Role and jurisdiction of the Board of Directors**

*Role of the Board of Directors*

The mission of the Board of Directors is carried out in the interest of the company.

The Board of Directors determines the orientations and values, the strategy and the key policies of the company, it examines and approves the related significant operations, it ensures that they are well executed and defines any measures needed for carrying out its policies. It decides on the level of risk it agrees to take.

The Board of Directors focuses on the long-term success of the company by providing entrepreneurial leadership and by conducting risk evaluation and management.

The Board of Directors ensures that the financial and human resources needed by the company to reach its objectives are available, and it puts in place the structures and means needed for achieving the company's objectives. The Board of Directors pays a special attention to a social responsibility, a good partition between men and women and the diversity in general within the group.

The Board of Directors approves the budget and examines and closes the accounts.

The Board of Directors
- verifies the existence and operation of an internal control system, including adequate risk identification and management,
- takes all measures needed to ensure the integrity of the financial statements,
- supervises the auditor's activities,
- examines the performance of the Managing Director and of senior management, and
- makes sure that the specialised committees of the Board of Directors function well and efficiently.

*Jurisdiction of the Board of Directors*

With the exception of powers expressly reserved to the general shareholders assembly and within the limits of the company's objectives, the Board of Directors has the power to carry out all actions that are needed or useful to meet the company's objectives.

The Board of Directors reports on the exercise of its responsibilities and management to the general assembly of shareholders. It prepares the proposed resolutions to be considered by the general assembly.

**Operation of the Board of Directors**

The Board of Directors is organized so as to ensure that decisions are taken in the interest of the company and that its work is executed efficiently.

*Meetings of the Board of Directors*

The Board of Directors meets regularly and with sufficient frequency to perform its obligations efficiently. It also meets whenever required in the interest of the company. The Board increased the number and duration of its meetings, which included visits to ongoing projects.

In 2009, the Board of Directors deliberated on all major issues concerning the group. It met seven times.

The Board of Directors has:
- approved the financial statements for the year 2008 and the half year financial statements of 2009;
- examined the budget and its updates;
- examined the financial condition of the group and the evolution of debt;
- examined the measures taken to come through the economic crisis
- deliberated about the most important acquisition projects and the strategy of the Group in its various areas of activity;
- decided about the takeover of the company Elektro Van De Maele NV, as well as in the participation in the capital of Bizerte Cap 3000;
- made resolutions on the basis of proposals by the Appointments and Remunerations Committee, about the remuneration modalities for the Managing Director and the bonuses for senior management;
- made resolutions about the emoluments of the Audit Committee and the Appointments and Remunerations Committee.

In the table below indicates the individual attendance rate of the Directors during the 2009 financial year with regard to the active participation of the Directors at the board meetings.

| Directors | Attendance/Total number of meetings |
|---|---|
| Philippe Delaunois | 7/7 |
| Renaud Bentégeat | 7/7 |
| Philippe Delusinne | 4/5 |
| Richard Francioli | 7/7 |
| Bernard Huvelin | 5/7 |
| Christian Labeyrie | 7/7 |
| BVBA Ciska Servais, represented by Mrs Ciska Servais | 7/7 |
| Jan Steyaert | 5/5 |
| Dirk Boogmans (term of office expired in May 2009) | 2/2 |
| Baron Philippson (term of office expired in May 2009) | 2/2 |

*The decision making process whitin the Board of Directors*

Except in cases of force majeure resulting from wars, uprisings or other public disturbances, the Board of Directors can only legitimately deliberate if at least half of the Directors are present or otherwise represented.
Board members who are unable to attend a meeting may be represented by another board member.
In accordance with legal and regulatory provisions, each member can only have one proxy vote.
Letters, telegrams, telexes, faxes or e-mail messages conveying the proxy vote are attached to the minutes of the board meeting at which they were used.

If so decided by the President of the Board, meetings may be attended by all or some of the Directors via audio or video conference. These Directors are then deemed to be present for the purpose of calculating quorum and majority. The company secretary takes the measures needed to organize any such audio or video conference.

Resolutions are passed by majority vote of the members who are present or represented.
In the event that board members need to abstain from taking part in deliberations, as a result of legal considerations, the said resolutions will be passed by majority vote of the other members who are present or represented. If votes are evenly distributed, the President of the Board Directors will cast the deciding vote.

After each meeting, the deliberations are recorded in minutes signed by the President of the Board of Directors and by a majority of the board members who took part in the deliberations.

The minutes summarise the discussions, specify the decisions taken and, if applicable, any reservations made by the board members. They are recorded in a special register kept at the company's head office.

The main characteristics of the evaluation process of the Board of Directors are prescribed in the internal terms published in the Corporate Governance Charter of the company.

### 2.2 The Remuneration and Nomination Committee

As of December 31, 2009, this committee comprised:

- BVBA Ciska Servais, represented by Mrs Ciska Servais, President
- Philippe Delaunois
- Richard Francioli

This committee met three times in 2009.

Over the course of the financial year, this committee notably examined:
- the remuneration of the Managing Director and his merit,
- the fixed and variable remuneration of the senior management,
- the nomination of Michel Guillaume as Director of sustainable development,
- the nomination of Yves Weyts as Managing Director of Aannemingen Van Wellen NV.

The table below indicates the individual attendance rate of the members at the Remuneration and Nomination Committee during the 2009 financial year.

| Members | Attendance/Total number of meetings |
|---|---|
| BVBA Ciska Servais, represented by Mrs Ciska Servais, President | 2/2 |
| Philippe Delaunois | 3/3 |
| Richard Francioli | 3/3 |
| Baron Philippson (term of office expired in May 2009) | 1/1 |

Members of the remuneration and nomination committee are paid up to 1,000 Euro per session. The President of this committee is paid 2,000 Euro per session.

The main characteristics of the evaluation process of the remuneration and nomination committee are prescribed in the internal terms published in the Corporate Governance Charter of the company.

### 2.3 The audit committee

As of December 31, 2009, the members of this committee are:

- Jan Steyaert, President
- Philippe Delusinne
- Christian Labeyrie

CFE's Board of Directors focused in particular on ensuring that the audit committee members have finance, accounting and risk management skills.

Mr Jan Steyaert chaired the audit committee. He meets the independence criteria defined in Article 526c of the Belgian Company Code. Mr Steyaert has a degree in economics and finance. He has held various posts, including working for an auditing firm and for Telindus, a listed company, where he was initially CFO, then CEO and then Chairman of the Board of Directors. The foregoing bears out Mr Steyaert's competence in terms of accounting and auditing.

The auditor participates in the work of the audit committee when requested to do so by the committee.

This committee met four times during the financial year.

This committee has:
- examined the financial statements for the year 2008 and the half-yearly financial statements of 2009;
- examined the draft 2010 budget before it was presented to the Board;
- evaluated the tasks of the auditor and, together with him, redefined the content of these tasks, taking into account the known evolutions during the financial year.

The audit committee focused particularly on the group's internal control. CFE's Managing Director and senior management updated the group's internal control procedures. A new internal control manual is being developed and this has been scrutinised carefully by the committee.

CFE is also planning to modernise its accounting and management systems, replacing them by an integrated management software package. CFE's analysis and the project's content and field of application were presented to the audit committee by the financial department with a view to a decision being made in 2010.

The group's insurance policy was also examined by the committee.

The table below indicates the individual attendance rate of the members at the Audit Committee during the 2009 financial year.

| Members | Attendance/Total number of meetings |
|---|---|
| Jan Steyaert | 3/3 |
| Philippe Delusinne | 2/3 |
| Christian Labeyrie | 4/4 |
| Dirk Boogmans (term of office expired in May 2009) | 1/1 |
| BVBA Ciska Servais, represented by Mrs Ciska Servais (end of the representation in the audit committee in May 2009) | 1/1 |

Members of the audit committee are paid 1,000 Euro per session. The President of this committee is paid 2,000 Euro per session.

The main characteristics of the evaluation process of the audit committee are prescribed in the internal terms published in the Corporate Governance Charter of the company.

## 3. Compensation of the board and committee members

### 3.1 Compensation of the Board of Directors

The extraordinary general assembly of CFE SA on May 3, 2007, approved remuneration of the board members by a lump sum fee, charged to the profit and loss account. This amount was set at 260,000 Euro for the entire board.

The Board of Directors decides, according to rules that it enacts, how this sum will be divided among the members. One part, or 160,000 Euro, was shared equally between the board members, pro-rated according to time in office, i.e., 20,000 Euro per Director. The other part or 100,000 Euro, is divided according to the attendance rate at the meetings of the Board of Directors.

The Directors are also reimbursed for expenses incurred during the execution of their duties, according to conditions set by the Board of Directors.

The amount of fees paid directly or indirectly to the board members for carrying out their duties within the group:

| *(euro's)* | **Fees CFE SA** | **Fees subsidiaries** | **Other expenses** |
|---|---|---|---|
| Philippe Delaunois | 33,207.5 | 23.000 | 27.000 |
| Renaud Bentégeat | 33,207.5 | | |
| Dirk Boogmans | 10,732.5 | | |
| Philippe Delusinne | 20,588.3 | | |
| Richard Francioli | 33,207.5 | | |
| Bernard Huvelin | 29,434.0 | | |
| Christian Labeyrie | 33,207.5 | | |
| Baron Philippson | 10,732.5 | | |
| BVBA Ciska Servais, represented by Mrs Ciska Servais | 33,207.5 | | |
| Jan Steyaert | 22,475.0 | | |
| **Total** | **260,000.0** | **23,000** | **27,000** |

### 3.2 Compensation of audit committee members

| | |
|---|---|
| Dirk Boogmans | 2,000 |
| Philippe Delusinne | 2,000 |
| Christian Labeyrie | 4,000 |
| BVBA Ciska Servais, represented by Mrs Ciska Servais | 1,000 |
| Jan Steyaert | 6,000 |
| **Total** | **15,000** |

### 3.3 Compensation of appointments and compensation committee members

| | |
|---|---|
| Baron Philippson | 2,000 |
| Philippe Delaunois | 3,000 |
| Richard Francioli | 3,000 |
| BVBA Ciska Servais, represented by Mrs Ciska Servais | 4,000 |
| **Total** | **12,000** |



## 4. CFE management

CFE's corporate structures are suited, on the one hand, to the prerogatives that must be met by the creation of a holding company, and, on the other, to the requirements related to its organisation by division.

Each division, representing a portfolio of activities, consists of several subsidiaries and eventually branches that constitute a profit centre and, in general, represent a specific business or geographic area of activity. Each subsidiary is managed by a Board of Directors and a Director, each branch is lead by a Director. The management structure of the subsidiaries and branches therefore consists of a specific delegation of power to a group of persons, called Directors, thereby allowing the use of active managers and ensuring good operational organisation of each division.

As these corporate structures ensure a balance of power and the smooth running of CFE, the company has decided not to adopt a management board in the sense of the law, but has nonetheless anticipated future needs by including this possibility in its articles of association.

The persons responsible for the effective performance of activities are therefore, first of all, the Managing Director, and then the Directors.

For the 2009 financial year the Directors are:

Frédéric Claes SA, represented by Frédéric Claes
Artist Valley SA, represented by Jacques Lefèvre
Bernard Cols
Patrick de Caters
André de Koning
Lode Franken
Michel Guillaume
Gabriel Marijsse
Youssef Merdassi
Jacques Ninanne
Patrick Van Craen
Christian Van Hamme
Parick Verswijvel
Yves Weyts

## 5. Remuneration report

### 5.1 Remuneration policy

The fixed portion of remuneration is based on CFE's salary grid, which reflects the level of responsibility of each of the group's executive managers.

The variable portion of remuneration for executive line managers, i.e. profit centre managers (subsidiaries and branch offices), is related directly to the financial performance of their sector (quantitative factor) and two qualitative factors, namely accident prevention performance and compliance with the CFE group's corporate values.

For executive functional managers, the variable portion of remuneration takes several factors into consideration, namely the group's financial performance, the operation of their department and the achievement of specific targets set for them at the beginning of the year.

Each manager's performance is assessed solely on the financial year just ended.

The fixed and variable portions of the Managing Director's remuneration are set by the Remuneration and Nomination Committee.

The fixed and variable portions of executive managers' remuneration are proposed by the Managing Director to the Remuneration and Nomination Committee at the beginning of the new financial year, after closing the accounts for the previous year. The committee decides on the new fixed and variable portions granted.

There were no material changes to the fixed and variable portions of remuneration in 2009.

### 5.2 Level of remuneration

**Remuneration of the Managing Director**

In addition to his board member fee, € 33,207.50, the Managing Director received gross annual remuneration of €176,871 in respect of his executive functions within the CFE group, together with a variable portion, which amounted to €250,000 for 2009, payable in 2010. The Managing Director also benefitted from the use of company housing and a company car, representing €43,748 for 2009.

CFE granted the Managing Director no share options or other rights to acquiring ownership in the company.

**Remuneration of the directors**

The directors listed under paragraph 4 of this report received:

| | |
|---|---|
| Fixed remuneration and fees | €2,318,172 |
| Variable remuneration | €989,788 |
| Various insurance schemes (pension plans, hospitalisation, accidents) | €573,616 |
| Company vehicle expenses | €217,600 |
| **Total** | **€4,099,176** |

CFE granted the executive managers no share options or other rights to acquiring ownership in the company.

## 6. Evaluation of measures taken by the company in response to the directive concerning insider trading and market manipulation

CFE's policy on this matter is specified in its corporate governance charter.

A compliance officer (Jacques Ninanne) has been named and an information program has been put in place in 2006, aimed at senior management and persons who, through their job, have access to privileged information.

The company systematically informs this group of the closed periods and issues regular reminders of the general directives.



## 7. Transactions and other contractual relationships between the company, including related companies, and the Directors and Senior Management

The policy on this matter is specified in the corporate governance charter.

There is no service contract binding the board members with CFE or with any of its subsidiaries.

## 8. Assistance agreement

CFE concluded a service contract with its reference shareholder, VINCI Construction, on October 24, 2001. The fees owed by CFE for the financial year 2009 amounts to 1,190,000 Euro.

This agreement allows CFE to access VINCI's databases and to benefit from the latter's support in areas as varied as human resources, sustainable development, risk analysis and methods.

## 9. Corporate controls

The auditor is Deloitte, Company Auditors, represented by Mr Rik Neckebroeck.

The annual general assembly of May 3, 2007 renewed for a period of three years, ending on the annual General assembly of May 2010, the appointment of the auditor, Deloitte, Company Auditors, represented by Mr Rik Neckebroeck. The remuneration for this mandate for CFE SA is set at 138,412 Euro.

During the financial year, the audit committee agreed that the auditor, Deloitte, Company Auditors, writes a detailed report of the operations in 2009 for an amount of 40,000 Euro.

Other costs for different missions invoiced by Deloitte, Company Auditors, amounted to 19,615 Euro.

In addition, during the financial year 2009, the costs invoiced by Deloitte, tax advisors, concerning fiscal consulting amounted to 9,400 Euro.

Deloitte audited the accounts of most of the companies within the CFE group. Their controls covered, respectively, 91,7% of the consolidated balance and 85% of consolidated sales and services in 2009.

For the other main groups and subsidiaries, the auditor generally obtained the certification reports of the auditors of these units and/or interviews with them, and also performed certain additional checks.

**Remuneration of the auditors of the group, including CFE SA (financial year 2009):**

| | Deloitte | | Others | |
|---|---|---|---|---|
| *(in thousand Euro)* | **Amount** | **%** | **Amount** | **%** |
| **Audit** | | | | |
| Auditing, certification, examination of individual and consolidated accounts | 623 | 81,4% | 462 | 44,9% |
| Other auxiliary missions and other audit missions | 47 | 6,1% | 94 | 9,1% |
| **Audit subtotal** | **670** | **87,5%** | **556** | **54%** |
| **Other services** | | | | |
| Legal, fiscal, corporate | 72 | 9,4% | 329 | 32% |
| Other | 24 | 3,1% | 144 | 14% |
| **Other subtotal** | **96** | **12,5%** | **473** | **46%** |
| **Total auditors fees** | **766** | **100%** | **1,029** | **100%** |

At the annual general assembly on the May 6, 2010, it will be proposed to renew the appointment of the auditor, Deloitte SC s.f.d. SCRL, Company Auditors, for a period of three years, ending after the conclusion of the annual general assembly of May 2013.

## 10. Corporate governance

The company adopts the Belgian Company Code 2009 as reference Code.



# Management report

## A. Report on the accounts of the financial year

## 1. Consolidated accounts

**General summary**

The group's consolidated revenue declined 7.3% to €1,603 million from €1,728 million in 2008.

The current operational result was €93.1 million, down 17.2% from €112.4 million in 2008. The net result attributable to the group was down 11.7% to €61.7 million (€69.9 million in 2008).

CFE's order book at January 1, 2010 stood at €2,024 million, against €2,327 million at January 1, 2009.

**Order book, revenue and results of the business divisions**

*Construction division*

The construction division's order book at January 1, 2010 was €845 million, down 24% from €1,110 million at January 1, 2009. The decline affected the private client building business order book whereas the public market business resisted. Geographically, the order book showed a particularly significant decline in Luxembourg and Central Europe.

The order book for civil engineering remained at a good level for Flanders and the Netherlands, and there was even an increase in the Netherlands' hydraulic engineering segment. The decline in the civil engineering order book is a natural phenomenon attributable to the execution of major contracts won the previous year (Diabolo, Coentunnel and Liefkenshoek rail tunnel). The roads business order book was particularly hard hit by the economic crisis and the downturn in activity in the Port of Antwerp area.

In 2009, CFE laid the foundations for its future growth in the international arena, winning the contract to build a residential complex in Tunisia. At the beginning of 2010, the group should benefit from the development efforts made in 2009 which should lead to a significant order in Chad.

The construction division's sales fell 7% to €743 million, compared with €800 million in 2009.

The division recorded recurring operational result of €11.5 million, against €10.1 million in 2008. BPC, MBG, CFE Brabant, GEKA, CLE and CFE Middle East generated satisfactory results. BAGECI continued to have difficulties. The companies of the Van Wellen group were faced to a lack of business and the execution of loss-making projects. Restructuring measures have been taken. In view of this situation, CFE decided to write off the remaining goodwill of this company carried in the consolidated financial statements (€2.7 million).

The division's net profit after this goodwill impairment amounted to €3.5 million, compared with €5.6 million in 2008.

*Real Estate development and management services division*

Overall, the real estate development and management services division's business resisted well despite the economic climate.

In Belgium, business activity was mainly in the residential sector, where the sale of ongoing projects remained satisfactory: 232 apartments were sold in 2009. A major office building project is being constructed with a view to its sale being finalised in 2010. New residential projects were also in progress during 2009: La Réserve (Knokke), Barbarahof (phase 2 at Leuven), Uccle Calevoet (Uccle), Cap Affaires (serviced apartments at Arlon).

In Luxembourg, the Climmolux project, which has already been sold, is scheduled for completion at the beginning of 2010. CLi, the local real estate development subsidiary, continued to develop a senior citizens service flat project in Bettembourg pending receipt of the relevant permits.

The division recorded a net profit of €5.2 million in 2009, compared with €6.9 million in 2008.

*Dredging & environment division*

(The amounts that are documented in this paragraph with regard to DEME equal 100%, whereas CFE owns a share of 50% of the company.)

DEME's order book stood at €2,122 million at the end of the year, compared with €2,193 million at January 1, 2009. The beginning of the year was marked by the cancellation of the Port Rashid contract and its removal from the order book (impact of €286 million). Thereafter, DEME won numerous significant contracts in its various business lines. Examples included contracts in Russia, the United Arab Emirates, the Philippines, Ghana, Papua New Guinea, Australia, Latvia and Brazil, all of which were spread between the company's core business and "dredging plus" activities. The year also saw DEC-Ecoterres, the environmental division, strengthen its position and win a first major assignment in Latin America: the remediation of a site in the port of Santos, Brazil.

DEME strengthened its position in its various activities in 2009 even though revenue was slightly down (€1,403 million compared with €1,509 million in 2008).

Operating result remained at a high level. Despite the impact of the cancellation of the Port Rashid contract and the immobilisation of four vessels for major repairs, thanks to an excellent performance in the second half of the year, operating result was €146.8 million compared with €174.7 million in 2008. The EBITDA* margin approaches to 21% which represents representing a small improvement on the previous year.

DEME's net profit amounted to €103 million in 2009 compared with €114.8 million in 2008.

DEME pushed ahead with its investment programme for 2008-2011. Artevelde, a 5,500 cu. metre hopper dredger, was delivered during the last quarter of 2009, as well as a water injection dredger (Dhamra) and a 6,250 kW cutter suction dredger (Ganga) for the Indian market. A fall pipe vessel (Flintstone), two 13,000 kW sea-going cutter section dredgers, a 5,600 cu. metre gravel dredger (Victor Horta) and the new generation mega-dredger with a capacity of over 30,000 cu. metres were under construction for commissioning in 2011.

(*) operating result + depreciation and impairment



*Multitechnics division*

In total, the division's order book remained at a similar level to that at January 1, 2009. Although the order book in the service sector sees a slight downturn, the industrial, railway electrification and signalisation activities on the other hand maintain well.

Revenue rose slightly to €140.7 million, compared with €135.2 million in 2008. The increase in revenue was due to the record time in which Nizet installed 13,000 photovoltaic panels at the end of the year, as well as the consolidation of Elektro Van De Maele for six months.

The operating result of VMA, Elektro Van De Maele and companies operating in the railway electrification and signalling segments remained on target. Druart, which operates in the HVAC segment, experienced punctual difficulties which have led a partial depreciation of the goodwill.

The multitechnics division recurring operational result was €6.0 million, against €9.0 million in 2008.

At the beginning of 2010, CFE exercised its option to acquire Druart's remaining shares and increased its stake to 100%.

The division's net profit amounted to €1.4 million (compared with €6.2 million in 2008).

*PPP - Concessions division*

Work on the design and construction of the Liefkenshoek rail tunnel in Antwerp and Coentunnel in Amsterdam continued apace. The Turnhout car park developed in partnership with VINCI Park was delivered and has been operational since the end of 2009.
CFE continued to study new public-private partnership projects, in particular for schools in the German-speaking Community of Belgium in partnership with VINCI subsidiary SKE, and for the A15 motorway project in Rotterdam, for which the company is a member of the "Poort van Europa" consortium comprising Royal BAM and VINCI Concessions.

At the end of 2009, CFE acquired a 25% stake in a concession for the development of a 700-berth marina in Bizerte, Tunisia.

Rent-A-Port continued the development of three port and logistics projects in West Africa and carried out feasibility studies on the flows of materials between Oman and India. The latter included several logistics and port management studies and contracts under partnership arrangements.

Since CFE does not recognise any profit on programmes during their investment phase, the division recorded an operating loss corresponding mainly to the cost of studies under way.

The PPP-Concessions division's net profit amounted to -€0.8 million, compared with €1.8 million in 2008.

## Significant economic data by division

| Order book | As of January 1 2010 | As of January 1 2009 | Variation % |
|---|---|---|---|
| *(in million Euro)* | | | |
| Construction | 845.0 | 1,109.7 | -23.9 |
| Real Estate Development and management services | 9.4 | 8.5 | Ns |
| Sub-total | 854.4 | 1,118.2 | -23.6 |
| Dredging and environment | 1,061.0 | 1,096.3 | -3.2 |
| Multitechnics | 108.7 | 112.1 | -3.0 |
| **Total consolidated** | **2,024.2** | **2,326.6** | **-13.0** |

| Revenue | 2009 | 2008 | Variation % |
|---|---|---|---|
| *(in million Euro)* | | | |
| Construction | 742.5 | 800.0 | -7.2 |
| Real Estate Development and management services | 27.1 | 37.4 | Ns |
| Inventory effect | 1.5 | -2.2 | Ns |
| Sub-total | 771.1 | 835.2 | -7.7 |
| Dredging and environment | 701.3 | 754.4 | -7.0 |
| Multitechnics | 140.7 | 135.2 | 4.1 |
| PPP - Concessions | 3.6 | 7.5 | -52.4 |
| Holding (inter segment eliminations) | -14.1 | -3.9 | Ns |
| **Total consolidated** | **1,602.6** | **1,728.4** | **-7.3** |

| Revenue by geographical zone | 2009 | 2008 | Variation % |
|---|---|---|---|
| *(in million Euro)* | | | |
| Belgium | 750.2 | 818.1 | -8.3 |
| The Netherlands | 150.3 | 106.8 | 40.7 |
| Luxemburg | 93.7 | 110.1 | -14.9 |
| Sub-total Benelux | 994.2 | 1,035.0 | -3.9 |
| Europe excl, Benelux | 185.3 | 207.1 | -10.5 |
| **Total Europe** | **1,179.5** | **1,242.1** | **-5.0** |
| America (Mid + South) | 71.7 | 58.1 | 23.4 |
| Africa | 124.6 | 102.3 | 21.8 |
| Asia | 78.2 | 87.1 | -10.2 |
| Middle East | 100.0 | 208.4 | -52.0 |
| Australasia | 48.8 | 30.4 | 60.5 |
| **Total consolidated** | **1,602.6** | **1,728.4** | **-7.3** |



| Contribution to the operating result | 2009 | % CA | 2008 | % CA | % variation |
|---|---|---|---|---|---|
| *(in thousand Euro)* | | | | | |
| Construction | 11,545 | 1.6 | 10,062 | 1.3 | 14.7 |
| Impairment of goodwill construction | -2,733 | | | | Ns |
| Real Estate Development and management services | 7,370 | | 9,951 | | -25.9 |
| Inventory effect | -242 | | -55 | | Ns |
| Sub-total | 15,940 | 2.1 | 19,958 | 2.4 | -20.1 |
| Dredging and environment | 72,820 | 10.4 | 86,522 | 11.5 | -15.8 |
| Multitechnics | 5,968 | 4.2 | 9,029 | 6.7 | -33.9 |
| Impairment of goodwill multitechnic | -1,800 | | | | Ns |
| PPP - Concessions | -1,885 | | 928 | | Ns |
| Holding | -1,448 | | -3,053 | | Ns |
| Inter division eliminations and consolidation adjustments | -1,000 | | -968 | | Ns |
| **Total consolidated** | **88,595** | **5.5** | **112,416** | **6.5** | **-21.1** |

| Contribution to the net result – part of the group | 2009 | % CA | 2008 | % CA | % variation |
|---|---|---|---|---|---|
| *(in thousand Euro)* | | | | | |
| Construction | 6,262 | 0.8 | 5,647 | 0.7 | 10.9 |
| Impairment of goodwill construction | -2,733 | | | | Ns |
| Real Estate Development and management services | 5,222 | | 6,872 | | -24.0 |
| Inventory effect | -196 | | -30 | | Ns |
| Sub-total | 8,555 | 1.1 | 12,489 | 1.5 | -31.5 |
| Dredging and environment | 53,800 | 7.7 | 56,582 | 7.5 | -4.9 |
| Multitechnics | 3,163 | 2.2 | 6,200 | 4.6 | -49.0 |
| Impairment of goodwill multitechnic | -1,800 | | | | Ns |
| PPP - Concessions | -824 | | 1,769 | | Ns |
| Holding | -167 | | -3,956 | | Ns |
| Inter division eliminations and consolidation adjustments | -1,000 | | -3,165 | | Ns |
| **Total consolidated** | **61,728** | **3.9** | **69,919** | **4.0** | **-11.7** |

## Notes to the consolidated financial statements, cash flow and CAPEX tables

CFE maintained good control over its cash position and the net financial debt at the end of December was €152.3 million, against €133.5 million at the end of 2008. The net financial debt is made up of long-term debt of €228.1 million offset by net short-term cash of €75.8 million.

Cash flow coming from investment activities for the year amounted to €174.9 million, compared with €168.7 million in 2008. These activities were related to DEME's investment programme on the one hand, and the acquisition price of Elektro Van De Maele on the other hand.

The need for working capital improved with €36.3 million. The increase of the need in working capital linked to the financing of the Diabolo project works and real estate investments has been more than compensated by an improvement of the need in the divisions dredging and environment and construction.

The group's financial structure was further strengthened, with equity up €55.6 million to €423.8 million and a gearing of 24.8%, compared to 21.9 % in 2008.

CFE has confirmed long-term credit facilities totalling almost €130 million, of which €91 million were unused at December, 31 2009. DEME's acquisition of dredgers and other marine works equipment are financed under separate arrangements linked to these assets.

| *(in thousand EUR)* | **2009** | **2008** |
|---|---|---|
| Cash flow from operating activities | 172,184 | 154,865 |
| Cash flow from investing activities | -174,928 | -168,724 |
| Cash flow from financing activities | -27,024 | 73,510 |
| Net increase /(decrease) of cash | -29,768 | 59,650 |
| Equity - part of the group on opening | 357,701 | 317,250 |
| Equity - part of the group on closing | 413,343 | 357,701 |
| Net result of the year | 61,728 | 69,919 |
| **ROE** | **17,3%** | **22,0%** |

## 2. Statutory statements

Driven by the execution of major civil engineering works, CFE SA's revenue increased 4.7%.

The company's operating result remains negativ (€-12.8 million) due to recognition of debt forgiveness, provisions on cash in bank accounts and the reduction of equity holdings in Central Europe, which were affected by the financial crisis.

Financial income rose sharply following the increase in dividends paid by various subsidiaries. CFE recognised an exceptional expense of almost €4 million in respect of the capital loss on the sale of the Aannemingen Van Wellen shareholding following the reorganisation of that company and the difficulties it experienced.

Net profit after tax increased almost 10% to €16.8 million, compared with €15.3 million in 2008.

**Profit and loss account CFE SA (Belgian standards)**

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| **Turnover and other income** | **394,464** | **368,863** |
| Turnover | 341,131 | 325,908 |
| Operational result | -12,795 | -6,175 |
| Financial result | 33,664 | 21,641 |
| Current result | 20,869 | 15,466 |
| Exceptional revenues | | - |
| Exceptional costs | -3,969 | -75 |
| Profit before taxes | 16,900 | 15,391 |
| Taxes | -62 | -116 |
| **Profit of the year** | **16,838** | **15,275** |



## 3. Capital remuneration

The Board of Directors of CFE SA proposes to the Ordinary General Assembly of May 6, 2010 to allocate a gross dividend of 1.2 Euro (same as in 2009) per share being a net dividend of 0.9 Euro (same as in 2009), corresponding to a distribution of 15,710,712 Euro. After distribution, the profit carried forward amounts to 25,731,111 Euro.

## B. Internal control and risk management

Internal control and risk management are one of the priorities of CFE's Board of Directors, which aims to encourage practices that will increase effectiveness and ensure better risk management.

The CFE Group decided to apply the definition of internal control given by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), which is the definition most commonly used internationally:

"Enterprise risk management is a process effected by an entity's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise, and designed to provide reasonable assurance regarding the achievement of entity objectives in the following categories:

– effectiveness and efficiency of operations;
– reliability of financial reporting;
– compliance with applicable laws and regulations."

Like any other control system however, internal control procedures, no matter how well designed and applied, cannot guarantee the absolute elimination of such risks.

## 1. Scope of application of internal control

Internal control applies to CFE and the subsidiaries included in its scope of consolidation. For DEME and Rent-A-Port, in which CFE has equity holdings of 50% and 45% respectively, internal control is the responsibility of their Boards of Directors. However, CFE seeks to encourage the application of its best practices through its representatives on those Boards.

## 2. CFE's internal control and organisation

CFE's corporate structures are appropriate to a Group comprising a holding company and several activity-based divisions.

Each division has a business portfolio and several subsidiaries as well as, possibly, some branch offices. Together, these form a profit centre and generally represent a business activity in a specific geographical area. Each subsidiary is run by a Board of Directors and a director; each branch office is run by a director. The management structure for subsidiaries and branch offices thus consists of delegating authority to a group of people (directors), which gives the divisions active senior management and ensures their good operational organisation.

The directors are responsible for applying the Group's internal control directives within their structures.

The organisational structure of the CFE Group necessitates delegating authority and responsibility to operational and functional employees at every level of the organisation. It also necessitates a strong commitment on their part to:

- strict compliance with the rules common to the whole Group in terms of entering commitments, taking risks, accepting new business and the submission of financial, accounting and management information;
- transparency and loyalty of managers to their line management superiors and functional departments;
- compliance with all the laws and regulations applicable in countries where the Group operates, no matter the subject;
- communicating the Group's rules and guidelines to all employees;
- safety of people (employees, service providers, subcontractors, etc.).

## 3. CFE's internal control process

CFE's internal control process is underpinned by:

- a general directive issued by the Managing Director to the directors (members of the Management Committee, known as the Committee of 15), which is transmitted to subsidiary and branch office managers reporting to the division's management or directly to the Group's senior management;

- a general framework of procedures common to the whole Group and covering mainly:
  - the production of financial information (accounting procedures, budget procedure, etc.);
  - control of major risks when accepting new business and in external growth operations (risk committee procedures);

- responsibility for internal control in day-to-day work is assumed by subsidiaries and branch offices, each of which has its own internal control organisation.

### 3.1. General directive

The general directive issued by CFE's Managing Director to Management Committee members defines the operations requiring prior approval by CFE's senior management or functional departments.

This directive is transmitted by each director to subsidiary and branch office managers.

The directive covers the following areas:

- risks taken in contracts;
- the acquisition or sale of real estate assets;
- the acquisition or sale of other tangible assets;
- the acquisition or sale of companies;
- human resources;
- banking relations and financial commitments;
- administrative and legal management;
- financial information;
- external and internal communications;
- sustainable development;
- ethical behaviour.



### 3.2. General framework of procedures common to the whole Group

#### 3.2.1 Financial control

The internal control of financial and accounting information within the CFE Group is based on the following:

- accounting rules and principles;
- the Group's financial information system;
- the budget procedure, which includes four annual meetings (budget and forecast adjustments);
- monthly sales reports (sales, new orders taken, order book)
- cash management rules and principles;
- a monthly newsletter.

#### 3.2.2 The Risk Committee

CFE's Risk Committee reviews:

- projects with a value that exceeds authorised thresholds;
- the acquisition and sale of real estate assets;
- projects requiring the implementation of new technology or one in which the company is not yet expert;
- projects requiring unusual financial resources;
- projects containing specific employment commitments;
- the acquisition and sale of companies.

## 4. Actions initiated

During 2009, CFE's Managing Director and directors updated the general directive and started re-writing the manual of internal control procedures based on the new document. Each of the main sections of the manual is discussed by the committee comprising the Group's directors. The Audit Committee, which assists the Board of Directors in its efforts to improve the quality of internal control, has reviewed and commented on the manual.

A strong awareness campaign was carried out at the end of the year targeting the Group's 150 senior managers and a working group was formed to identify any gaps in the existing procedures and propose areas for improvement.

CFE is also holding discussions regarding the replacement of some of its management systems with a view to achieving better integration.

# C. Risk factors

## 1. Risks common to the segments in which the CFE group is active

### 1.1. Operational risks

#### 1.1.1 The act of construction

The main characteristic of the sector lies in the commitment made at the submission of a proposal, to build a structure (building, structure, quaywall...) that is by its nature unique, for a price whose terms are predetermined and within an agreed time schedule.

The risk factors therefore concern:

- establishment of the price of the structure to be build and, in case of divergence between the anticipated price and the actual price, the possibility (or not) of obtaining coverage for additional costs and price increases,
- design, if this is the contractor's responsibility,
- the actual construction and, in particular, the risks concerning the subsoil and the stability of the structure,
- control of the elements included in the cost price,
- project time schedule and deadlines,
- performance obligations (quality, schedule) and the related direct and indirect consequences,
- warranty obligations (decennial, maintenance),
- compliance with safety and other corporate law obligations that are moreover extended to service providers.

To manage these risks, CFE has qualified and experienced staff, the services of an internal design and engineering department and access to external design and stability offices, as well as to control agencies.

Price quotes follow strict procedures for proposal review and are submitted, if appropriate, to a risk committee. Projects are subjected to budgetary controls and a quarterly progress review.

### 1.1.2 Real Estate

At a high level, real estate activity is directly or indirectly subject to certain macroeconomic factors (interest rates, the intention to invert, savings etc) and policies (supra-national development institutions, development plans, etc.) that influence the behaviour of the players in the market, on both the demand and supply side.

This activity is also characterized by long transaction cycles, which implies the need to anticipate decisions and to underwrite commitments over long terms.
In addition to general sector risks, each project has its own risks:

- selection of land investment,
- definition of the project and its feasibility,
- obtaining the various permits and authorisations,
- controlling the construction costs, fees and financing,
- commercialisation.

CFE and its real-estate development subsidiaries have specialised in real-estate management teams. They work together with well-known architects and design offices and they do their own project management while the construction division is being charged of project execution.

CFE created investments committees which review projects before they are submitted to the Board of Directors. Lastly, to reduce its exposure to risk, CFE decided to diversify its project portfolio (housing, retirement homes and shopping centres) and limit the development of office building projects as that segment has been affected strongly by the economic crisis.

CFE has also established a general investment committee, which guarantees that a project is situated within the general financial policy of the Group, and that it respects the financial balance, while a good execution thereof is also in conformity with the commitments that have been entered into.
This means that every selected dossier, with an amount of more than EUR 5 million, is submitted to CFE's Board of Directors for approval.
Especially because of external factors, the typical risks that are associated with real estate operations can never be completely avoided.

### 1.1.3 Dredging

Dredging activities are performed by DEME (in which the group has a 50% stake) and its subsidiaries. DEME is one of the leading players in the world dredging market. Its market includes both maintenance dredging and capital dredging. The latter is particularly related to growth in world trade and to decisions by states to invest in major infrastructure projects.

The DEME Group is also active in the environmental arena through its subsidiary, Ecoterres, in which it has a 75% controlling share. This company specialises in the treatment of sludge and contaminated soil.
DEME, through DBM (DEME Building Materials) is also present in the gravel supply market.
In addition to the fact that it is primarily a maritime activity, dredging is also characterized by its 'capital intensive' side, which is proven by the heavy level of investment in the sector. In this regard, DEME is faced with complex investment decisions. In addition to the risks that are specific to maritime work and to project execution (see 1.1), dredging also has its own risks:

- technical design of the investment (type of dredger, capacity, power, etc) and mastery of new technologies,
- time between the decision to invest and the commissioning of the vessel, and anticipation of the future market,
- control over construction by the shipyard once the decision to invest has been made (costs, performance, compliance, etc.),
- management of the fleet and planning of activities,
- financing.

DEME, too, has established a special investment committee. All substantial investments are presented to the Board of Directors for approval.

Finally, as DEME works mainly overseas, it is subject to political risks.
DEME has qualified staff who are able to design dredgers, and to design and execute large-scale projects. Given the very nature of the activity, and of all the external factors to be taken into account, the risk inherent in the activity cannot be completely eliminated.

## 1.2. The economic climate

The construction sector is, by its very nature, perceived as being subject to strong cyclic fluctuations. However, this observation must be qualified by segment or sub-segment of activity, as the key factors can be different in each. In this way:

- Civil engineering activities are strongly linked to government investments in large infrastructure projects. CFE has limited its exposure to such risks substantially, by entering into joint ventures for various important civil engineering projects in that are spread over several years, including:
  - The works on the railroad line, which connects the motorway E19 with the railway station at the Belgian national airport of Zaventem;
  - The expansion of the capacity of the Coentunnel in Amsterdam, the Netherlands;
  - A railroad tunnel for the development of the first phase of the reconstruction of the railroad station and of the existing railway in Delft, the Netherlands;
  - The contract for the 'Liefkenshoek' railroad tunnel, which is situated north-west of the Antwerp harbour.
- The construction works for the public sector include national and regional investment programmes.
- Construction activities, or the activities in real estate development, follow the classical economic cycle with regard to office buildings, whereas activities regarding residential construction react more directly to the economic climate, confidence and interest-rate levels.
- Dredging works, on the other hand, are more sensitive to the international economic climate, the evolution of world trade and the investment policies of the governments, especially with regard to larger infrastructure works and sustainable development. The component "leisure time" was strongly affected by the economic crisis.

### 1.3. Management and workforce

The construction sector is still suffering from a lack of staff and skilled workers. The successful completion of projects, whether in the engineering and project preparation phases or in the execution of the project, depends both on the skills and the availability of these employees on the job market.

## 2. Market risks (interest rates, exchange rates, insolvency)

### 2.1. Interest rates

The CFE group is faced with major investments extending over long periods of time. In this context and in terms of the availability of long-term credit and financing for projects or major investments (dredgers), CFE (directly) or its subsidiaries (DEME) practice, where necessary, a policy of interest rate hedging. Interest rate risks, however, cannot be completely eliminated.

The CFE group is not directly exposed to the impact of the financial crisis. Nevertheless, the persistence of the financial crisis have a negative impact on the financing for major PPP type projects or property management projects.

### 2.2. Exchange rates

CFE and its subsidiaries do not hedge exchange rates for construction, real estate and multitechnics activities, as these markets are located primarily in the Euro zone. Given the international nature of its activities and the fact that it concludes contracts in foreign currencies, DEME engages in exchange rate hedging or forward sales of foreign currency. Exchange rate risks, however, cannot be completely eliminated.

### 2.3. Credit

Given the nature of its customers, who are primarily public-sector or equivalent, or well-known investors, the CFE group does not use credit insurance.

In overseas operations, in cases where the country is eligible and where the risk can be covered by credit insurance, DEME regularly obtains coverage with organisation specialising in this area (Office National du Ducroire). To that end, DEME has reduced its exposure for the works carried out in Dubai in previous year by covering its risks with an Office National du Ducroire insurance policy.

In order to limit the current solvency risk, CFE checks on the solvency of its clients before it submits its offers. Furthermore, CFE follows up on customer accounts receivable very closely, possibly adapting its credit policy with regard to them. Nevertheless, a credit risk can never be excluded completely.

### 2.4. Liquidity

Reduced liquidity and difficulties to obtain credit under economically acceptable conditions remain a concern. CFE was able to protect its position during the year by applying strict cash management practices. The group also held information sessions for its top 150 managers on the subject of liquidity and cash management in everyday business. Cash management procedures have been updated, and subsidiary and branch office directors contribute to cash forecasts, ensuring targets are met.



CFE covered all its Diabolo financing needs (€40 million) with a confirmed long-term credit. Furthermore, at the beginning of 2008, the company finalised a long-term club deal for €100 million to cover its own investment programmes and its working capital needs.

## 3. Raw material price risks

CFE is potentially exposed to increases in the prices of certain raw materials used in its construction projects. Nevertheless, the CFE group believes that such increases are not likely to have a significant negative effect on its results. In fact, a significant portion of the CFE group's construction projects include price-revision formulas which allow the prices of projects under construction to vary according to changes in raw material prices. Furthermore, the CFE group's construction activities are carried out through a large number of contracts, a major portion of which are of short or medium length which, in the absence of a price-revision formula, limits the impact of increases in raw material prices. In the framework of large-scale projects, CFE negotiates long-term contracts, for example for steel. Finally, the group, more specifically for DEME, hedges against the price of supplies (fuel oil).

## 4. Dependence on customers/suppliers

Given the nature of its activities and how it is organized, which relates to the local character of its markets, the CFE group believes that it is not globally dependent on a small number of clients, suppliers or subcontractors. Furthermore, the operational organisation of the group is characterised by substantial decentralization, which generally translates into a greater autonomy of decision-making by local managers within the confines of the powers granted to them regarding purchases.

## 5. Environmental risks

In view of the type of work it is required to perform, particularly in renovation projects, the CFE group may find itself in situations where it has to handle unhealthy or dangerous materials. The CFE group takes all precautions for the workers safety and hygiene and is particularly careful in this respect. Even so, this risk cannot be completely eliminated. Due to the nature of its work, DEC-Ecoterres is confronted with environmental risks. Even if all precautions and controls are made at the company level, the risk cannot be completely avoided.

## 6. Legal risks

Given the diversity of its activities and geographic locations, the CFE group is subject to a complex regulatory environment related to the location of the project and the type of activity involved. In particular, it is subject to rules concerning administrative contracts, public and private works contracts and civil liability, especially builder's liability, both in Belgium and abroad. The construction sector is also faced with liberal interpretation of notions concerning builder liability in the area of decennial liability, liability for minor hidden defects and the emergence of liability for indirect consequential damage.
The CFE group has been involved in a number of disputes that could be considered normal for the construction industry. In most cases, the CFE group attempts to reach an out-of-court settlement with the other party, which substantially reduces the number of court cases.

## 7. Risks specific to the CFE group

### 7.1. Special Purpose Companies

In order to carry out some of its real estate transactions or in public private partnerships, the CFE group participates and will continue to participate in special purpose companies which provide collateral to back their credit. The risk lies, in the event of failure of this type of company and if the result of the transaction is not sufficient to reimburse, in whole or in part, the amount of shareholder equity, or equivalent, made available to back the setting up of the credit facilities.

On December 31, 2009 this collateral amounts to €10.8 million. Internally a 30% limit was determined on the consolidated equity. The current obligations concerning the collateral equity (Railway tunnel Liefkenshoek, Coentunnel) amounts to €24.9 million.

### 7.2. Stake in DEME

A significant stake of 50% is held in DEME. The group is jointly controlled by Ackermans & van Haaren group and by CFE, which each have a 50% stake.

Ackermans & van Haaren and CFE renewed in 2007 the cooperation agreement which consolidates the collaboration between the shareholders, the objective being to manage the DEME group as equal partners.

This group enjoys autonomous management. The partners are equally represented on the Board of Directors and on the executive and audit committees.

This group is financially autonomous and CFE has never made an advance or any financial commitment to this subsidiary.

The profitability of CFE's share in DEME depends partially on the continued good collaboration between the shareholders.

The holding risk related to this ownership is inherent in the joint control structure under which it is held, as indicated above.

## D. Insurance policy

The CFE group systematically insures all construction sites with an 'contractor all risk' policy that covers its operating and post-construction civil liability for sufficient amounts. The risk of terrorism is, however, excluded from the 'CAR' coverage.
Given the upsurge in this type of incidents, CFE and its real estate subsidiaries may be obliged occasionally to seek coverage against this risk for its real estate projects, provided that the insurance market is willing to offer this type of cover at economically acceptable rates.

## E. Special reports

No special report has been established during the course of the financial year.

## F. Initial Public Offering

According to article 34 of the Belgian law dated November 14, 2007 concerning the obligations of emittant of financial instruments that are accepted to a negotiation on a regulated market, CFE SA announces that:

i) the Board of Directors is entitled to increase the authorized capital to a maximum amount of 2,625,028.57 Euro (article 4 of the statutes), considered that this competence is restricted in case of an initial public offering with the application of article 607 of the Corporate Code,
ii) the Board of Directors is entitled to acquire 10% of the CFE company stocks (article 14 of the statutes).

During a extraordinary annual general assembly that will take place in 2010, CFE will propose to extend the authorization under (i) for a new term of five years and an amount of € 2,500,000.

## G. Acquisitions

In July 2009, CFE SA acquired 64.95% of the shares of the company Elektro Van De Maele NV in Meulebeke, at a price of 3.7 million Euro. By way of this takeover, CFE SA wants to expand its activity in electrical services installations.

CFE has taken a participation of 25% in the company Bizerte Cap 3000 with represents an investment of €5 million. With this operation, CFE continues the development of the concession activity.

## H. Post balance-sheet events

There was no significant change in the financial and commercial situation of the group since December 31, 2009.

## I. Research and Development

The financial year 2009 was marked by the studies of the Oosterweel link infrastructure project, the A15 motorway in the Netherlands and the schools project in the German-speaking Community of Belgium.
CFE continued his policy of taking directly his costs in charge.

## J. Outlook

Taking into account the decrease of the order book in the construction division and the good resistance in the dredging division, the turnover of the group should see a limited contraction in 2010. On this basis, the group aims at a stabilization of the result.

## K. Audit committee

The audit committee is chaired by Mr Jan Steyaert, who meets the independence criteria defined by Article 526 ter of Belgium's Company Code.

Mr. Jan Steyaert has a degree in economics and finance. He has held various professional posts, including working for an auditing firm and for Telindus, a listed company, where he was CFO before becoming CEO and then Chairman of the Board of Directors. The foregoing bears out Mr Steyaert's competence in terms of accounting and auditing.

## L. Convocation of the annual general assembly of May 6, 2010

The Board of Directors invites shareholders to attend the annual general assembly, which will be held at the company's head office 40-42 avenue Herrmann-Debroux, 1160 Brussels, at 3:00 pm on Thursday, May 6, 2010. The agenda is as follows:

1. Reports from the Board of Directors and the auditor on the financial year 2009

2. Approval of the annual accounts dated December 31, 2009
   **Proposed resolution:**
   The general assembly approves the annual accounts dated December 31, 2009, presented by the Board of Directors.

3. Approval of the consolidated annual accounts dated December 31, 2009
   **Proposed resolution:**
   The general assembly approves the consolidated annual accounts dated December 31, 2009 presented by the Board of Directors.

4. Distribution of profit
   **Proposed resolution:**
   The general assembly approves the proposal by the Board of Directors to distribute a gross dividend of 1.2 Euro per share, which corresponds to a net dividend of 0.9 Euro per share. After distribution, the balance carried forward amounts to 25,731,111 Euro.

5. Discharge to be given to the Directors
   **Proposed resolution:**
   The general assembly discharges the Board of Directors from their obligations for 2009.

6. Discharge to be given to the auditor
   **Proposed resolution:**
   The general assembly discharges the auditor from his obligations for 2009.

7. Statutory appointments

a) The director's mandate of Mr Bernard Huvelin terminates at the ordinary General Meeting of today.
   **Proposed resolution:**
   The General Meeting renews the director's mandate of Mr Bernard Huvelin for a period of four years, terminating after the ordinary General Meeting of 2014.

b) The director's mandate of Mr Philippe Delaunois terminates at the ordinary General Meeting of today.
   **Proposed resolution:**
   The General Meeting appoints SA C.G.O., represented by Mr. Philippe Delaunois, as director for a period of four years, terminating after the ordinary General Meeting of 2014. SA C.G.O., represented by Mr Philippe Delaunois, does not fulfil the independence criteria that are defined in Article 526 ter of the Company Code and in the Belgian corporate governance code.

c) **Proposed resolution:**
   The General Meeting appoints Mr. Jean Rossi as director for a period of four years, terminating after the ordinary General Meeting of 2014. Mr. Jean Rossi does not fulfil the independence criteria that are defined in Article 526 ter of the Company Code and in the Belgian corporate governance code.

d) **Proposed resolution:**
   The ordinary General Meeting appoints SA Consuco, represented by Mr. Alfred Bouckaert, as a director for a period of four years, terminating after the ordinary General Meeting of 2014. SA Consuco, represented by Mr. Alfred Bouckaert, fulfils the independence criteria that are defined in Article 526 ter of the Company Code and in the Belgian corporate governance code.

e) The auditor's mandate of Deloitte, Reviseurs d'Entreprises, SC s.f.d. SCRL, represented by Mr. Rik Neckebroeck, terminates at the ordinary General Meeting of today.
   At the annual general assembly, it will be asked to examine the proposition of the Board of Directors to renew the auditor's mandate of Deloitte, Reviseurs d'Entreprises, SC s.f.d. SCRL. The audit committee handed over a proposition and the conditions about the renewal of the auditor's mandate. This proposition will be submitted for approbation at the works council.
   **Proposed resolution:**
   Subject to the approbation of the works council, the Board of Directors renews the auditor's mandate of Deloitte, Reviseurs d'Entreprises, SC s.f.d. SCRL. for a term of three years, terminating after the conclusion of the annual general assembly of 2013.

8. Annual emoluments
   **Proposed resolution:**
   In accordance of article 17 of the company's Articles of Association, the general assembly determines the fixed amount of the annual salary of the Directors at €325,000, starting on January 1, 2010.

In order to take part in the ordinary general assembly, or to be represented there, the shareholders must comply with article 27 of the company's Articles of Association.

The holders of dematerialised shares must submit the certificate establishing the unavailability of their titles issued by the financial organisation at which their share account is held, at the latest by Thursday April 30, 2010; this certification must be presented to the registered office of the company or at the following financial institutions:

- BNP Paribas Fortis — located in Brussels, Montagne du Parc, 3 or
- Bank Degroof — located in Brussels, rue de l'Industrie, 44 or
- ING Belgium — located in Brussels, avenue Marnix, 24.

The holders of named shares must be registered in the register of named shareholders of the company, at the latest by April 30, 2010.

The holders of physical bearer shares must firstly request their shares to be changed into named shares or dematerialised shares and submit to the aforementioned formalities by April 30 at the latest. Holders of such shares may either submit these shares to the financial intermediary of their choice in order to have them registered in share accounts or present these shares at the registered office of the company in order to have these registered in the register of shareholders.

In accordance with article 9 of the articles of association, the exercise of all rights attached to physical bearer shares shall be suspended until their registration on share accounts or in the register of shareholders.



# Consolidated financial statements

## Definitions

**Investments in associated companies**
Entities in which the group CFE has a significant influence and that are accounted for under the Equity method of accounting

**Capital employed**
Intangible assets + goodwill + property, plant and equipment + working capital

**Working Capita**
Inventories + trade receivables & other operating receivables + other current assets + non current assets held for sale - provisions for current risks - trade payables & other operating liabilities - tax payables - other current liabilities

**EBIT**
Operating result

**EBITDA**
EBIT + depreciations and impairment + other non-cash items + share in the result of associated companies

## Consolidated statement of comprehensive income

| For the year ended 31 December *(in thousand Euro)* | Note | 2009 | 2008 |
|---|---|---|---|
| **Revenue** | 4 | **1,602,607** | **1,728,411** |
| Revenue from auxiliary activities | 6 | 38,979 | 50,614 |
| Purchases | 7 | (942,664) | (1,046,684) |
| Wages, salaries & social charges | 8 | (298,774) | (295,978) |
| Other operating charges | 14 | (224,882) | (250,601) |
| Depreciations | 13 | (82,138) | (73,346) |
| Impairment of goodwill | | (4,533) | - |
| **Operating result** | | **88,595** | **112,416** |
| Gross financial cost | 28 | (12,894) | (22,044) |
| Financial income from cash investments | 28 | 4,000 | 9,843 |
| Other financial charges | 8 | (15,695) | (17,753) |
| Other financial incomes | 8 | 12,816 | 12,935 |
| **Financial result** | | **(11,773)** | **(17,019)** |
| **Result before taxes for the period** | | **76,822** | **95,397** |
| Income tax expense | 10 | (17,462) | (23,882) |
| **Result of the year** | | **59,360** | **71,515** |
| Share in the result of associated companies | 16 | 2,623 | 1,297 |
| **Result (including minority interests) for the period** | | **61,983** | **72,812** |
| Minority interests | 9 | (255) | (2,893) |
| **Result of the group** | | **61,728** | **69,919** |
| **Result for the period (including minority interests)** | | **61,983** | **72,812** |
| Financial instruments : change in fair values | 28 | (2,480) | (19,796) |
| Currency translation differences | | 105 | (605) |
| Deferred taxes | 10 | 892 | 6,644 |
| Change in consolidation mode (net of deferred taxes) | | 11.108 | |
| **Other elements of the comprehensive income** | | **9,625** | **(13,757)** |
| **Comprehensive income** | | **71,608** | **59,055** |
| – Attributable to the group | | 71,353 | 56,162 |
| – Attributable to minority interests | | 255 | 2,893 |
| Net result per share (EUR) (diluted and basic) | 11 | 4.71 | 5.34 |
| Comprehensive income per share (EUR) (diluted and basic) | | 5.47 | 4.51 |

The change in consolidation mode result from the fact that the company Locorail SA is as of today accounted for under the equity method of accounting.
As the fair value of the hedging instruments is recognized in equity, the latter is negative as per December 31, 2009. Consequently, the group reduced the value of its participation to zero.



## Consolidated statement of financial position

| For the year ended 31 December *(in thousand Euro)* | Note | 2009 | 2008 |
|---|---|---|---|
| Intangible assets | 12 | 6,913 | 5,929 |
| Goodwill | 13 | 25,791 | 27,917 |
| Property, plant and equipment | 14 | 600,858 | 500,844 |
| Property investments | 15 | 13,306 | 5,655 |
| Investments in associated companies | 16 | 8,432 | 5,831 |
| Other non current financial assets | 17 | 14,824 | 14,881 |
| Non current derivative instruments | 27 | 26 | 8 |
| Other non current assets | 18 | 6,774 | 22,533 |
| Non current deferred tax assets | 10 | 3,598 | 9,143 |
| **Total non current assets** | | **680,522** | **592,741** |
| Inventories | 20 | 147,060 | 127,153 |
| Trade receivables and other operating receivables | 21 | 674,327 | 710,462 |
| Other current assets | 21 | 38,148 | 36,828 |
| Current derivative instruments | 27 | 154 | 15,855 |
| Current financial assets | | 55 | 18 |
| Cash and cash equivalents | 22 | 170,546 | 201,164 |
| **Total current assets** | | **1,030,290** | **1,091,480** |
| **Total assets** | | **1,710,812** | **1,684,221** |
| Issued capita | | 21,375 | 21,375 |
| Share premium | | 61,463 | 61,463 |
| Gain on revaluation | | 1,088 | 1,088 |
| Hedging reserves | | (2,460) | (11,980) |
| Retained earnings | | 336,805 | 290,788 |
| Translation differences | | (4,928) | (5,033) |
| Equity – Part of the Group CFE | | 413,343 | 357,701 |
| Minority interest | 9 | 10,428 | 10,516 |
| **Equity** | | **423,771** | **368,217** |
| Pensions and employee benefits | 24 | 18,601 | 18,005 |
| Provisions | 25 | 2,298 | 2,194 |
| Other non current liabilities | | 32,798 | 37,108 |
| Financial debts | 26 | 228,092 | 223,926 |
| Non current derivative instruments | 27 | 4,082 | 17,053 |
| Deferred tax liabilities | 10 | 2,529 | 5,341 |
| **Total non current liabilities** | | **288,400** | **303,627** |
| Provisions for termination losses | 24 | 18,890 | 18,572 |
| Provisions for termination losses | 24 | 18,890 | 18,572 |
| Provisions for other current risks | 24 | 34,916 | 31,581 |
| Trade payables & other operating liabilities | 21 | 548,172 | 542,630 |
| Tax liability due for payment | | 22,245 | 33,210 |
| Current financial debts | 26 | 94,753 | 110,774 |
| Current derivative instruments | 27 | 8,594 | 25,990 |
| Other current liabilities | 19 | 271,072 | 249,620 |
| **Total current liabilities** | | **998,642** | **1,012,377** |
| **Total equity and liabilities** | | **1,710,812** | **1,684,221** |

## Consolidated statement of cash flow

| **For the year ended 31 December** *(in thousand Euro)* | **Note** | **2009** | **2008** |
|---|---|---|---|
| **Operating activities** | | | |
| Net profit | | 61,728 | 69,919 |
| Depreciation of intangible assets, property, plant & equipment (PPE) and investment property | | 82,138 | 73,346 |
| Impairment losses | | 4,533 | 0 |
| Net increase/decrease of provisions | | 4,398 | 4,734 |
| Write-off on current and non current assets | | 1,288 | 4,292 |
| Foreign exchange difference not realized (gain)/loss | | (1,694) | (2,447) |
| Interest & investment income | | (4,000) | (9,843) |
| Interest expense | | 11,964 | 18,413 |
| Fair-value adjustment on derivatives | | (633) | 3,769 |
| Loss/(profit) on sale of property, plant & equipment | | (783) | (2,325) |
| Income tax expense | | 17,462 | 23,883 |
| Minority interests | | 255 | 2,893 |
| Share in the result of companies consolidated by the equity method | | (2,623) | (1,297) |
| **Operating profit before changes in working capital** | | **174,033** | **185,337** |
| Decrease/(increase) in trade receivables and other current and non current receivables | | 23,890 | (108,062) |
| Decrease/(increase) in inventories | | (24,401) | (49,862) |
| Increase/(decrease) generated in trade payables and other short term payables | | 36,809 | 161,771 |
| **Cash flow from operating activities** | | **210,331** | **189,184** |
| Interest paid | | (11,514) | (18,079) |
| Interest received | | 4,000 | 9,843 |
| Income tax paid/received | | (30,633) | (26,084) |
| **Net cash flow from operating activities** | | **172,184** | **154,865** |
| **Investment activities** | | | |
| Proceeds from the sale of fixed assets | | 5,070 | 7,603 |
| Acquisition of fixed assets | | (176,342) | (168,572) |
| Acquisition/Disposal of subsidiaries, net of cash acquired (note 3) | 5 | (3,849) | (7,692) |
| Capital increase in companies consolidated by the equity method | | 193 | (63) |
| **Cash flow from investing activities** | | **(174,928)** | **(168,724)** |
| **Financing activities** | | | |
| Proceeds from borrowings | | 43,238 | 95,531 |
| Debts reimbursements | | (54,551) | (6,310) |
| Dividends paid | | (15,711) | (15,711) |
| **Cash flow from financing activities** | | **(27,024)** | **73,510** |
| **Net Increase/(Decrease) of cash** | | **(29,768)** | **59,650** |
| Cash and cash equivalents at the beginning of the year | 22 | 201,164 | 141,470 |
| Translation differences | | (850) | 44 |
| Cash and cash equivalents at the end of the year | 22 | 170,546 | 201,164 |

Acquisitions and disposal of subsidiaries net of cash acquired do not include the entities which do not constitute a business combination (real estate development, management services and PPP-Concessions); consequently they are not considered as investing activities and are directly included in the cash flows from the operating activities.



## Statement of changes in equity

**For the year ended 31 December 2008**

| *(in thousand Euro)* | Issued capital | Share premium | Retained earnings | Hedging reserves - | Gain on revalua-tion | Transla-tion dif-ferences | Equity part of the group | Minority interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| **As per December 31, 2007** | **21,375** | **61,463** | **236,580** | **1,172** | **1,088** | **(4,428)** | **317,250** | **5,602** | **322,852** |
| **Global resut for the period** | | | **69,919** | **(13,152)** | | **(605)** | **56,162** | **2,893** | **59,055** |
| Dividends paid to sharehouders | | | (15,711) | | | | (15,711) | | (15,711) |
| Change in the consolidation scope | | | | | | | 1,294 | 1,294 | |
| Dividends of minorities | | | | | | | | 927 | 927 |
| **As per December 31, 2008** | **21,375** | **61,463** | **290,788** | **(11,980)** | **1,088** | **(5,033)** | **357,701** | **10,516** | **368,217** |

**For the year ended 31 December 2009**

| *(in thousand Euro)* | Issued capital | Share premium | Retained earnings | Hedging reserves - | Gain on revalua-tion | Transla-tion dif-ferences | Equity part of the group | Minority interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| **As per December 31, 2008** | **21,375** | **61,463** | **290,788** | **(11,980)** | **1,088** | **(5,033)** | **357,701** | **10,516** | **368,217** |
| **Global resut for the period** | | | **61,728** | **9,520** | | **105** | **71,353** | **255** | **71,608** |
| Dividends paid to sharehouderss | | | (15,711) | | | | (15,711) | | (15,711) |
| Change in the consolidation scope | | | | | | | (343) | (343) | |
| **As per December 31, 2009** | **21,375** | **61,463** | **336,805** | **(2,460)** | **1,088** | **(4,928)** | **413,343** | **10,428** | **423,771** |

## Capital and reserves

The capital on 31 December 2009 is composed of 13,092,260 ordinary shares. These shares are without any nominal value. The shareholders of ordinary shares have the right to receive dividends and the right of one vote per share at the General Shareholders' Assembly.

On 24 February 2010, the board of directors proposed a dividend of 15,711 thousand Euro, corresponding to 1.2 Euro gross per share. The final dividend proposed is submitted to the shareholder's approval at the General Assembly of Shareholders, The appropriation of the result has not been accounted for in the financial statements as per December 31, 2009.

The final dividend for the year ended December 31, 2008 was 1.2 Euro gross per share.

Translation differences include all the differences from the conversion of the financial statements of foreign companies.

The reserves include, on the one hand, the hedging reserves that contain the effective part of the cumulative net change in the fair-value of all cash flow hedges, for which the hedged transactions still not occurred.

On the other hand, the consolidated reserves also include the revaluation surplus recognized in 2005 on property, plant & equipment.



## Notes to the consolidated financial statements for the year ended December 31, 2009

**Consolidated Financial Statements and Notes**

The board of directors authorized the publication of the consolidated financial statements of the group CFE on February 24, 2010.

The board of director's management report should be read together with the consolidated financial statements of the group CFE.

## Main transactions in 2009 and 2008 with effect on the consolidation scope of the group CFE

## Transactions in 2009

### 1. Construction segment

Nothing.

### 2. Real estate development and management services segment

At the end of the 1st semester 2009, the group CFE diluted its participation in the company Immoange SA with 50%. This company is currently held at 50% and accounted for under the proportionate method of consolidation.

### 3. Dredging and environment segment

Nothing.

### 4. Multitechnical segment

On February 6, 2009, the companies Druart SA and Nizet SA, subsidiaries of CFE acquired the whole capital, either 1,100 shares, of the company Prodfroid SA, specialized in the installation of air conditioning, industrial and commercial refrigeration.

CFE SA acquired on July 2009 for a price of 3,666 thousand Euro, 64.95% of the shares of the company Elektro Van De Maele NV, situated in Meulebeke.
Through this acquisition, CFE SA will develop its tertiary activity in electricity.

### 5. PPP – Concessions segment

CFE SA took a participation of 25% for a price of 5,057 thousand Euro within the company Bizerte Cap 3000. Through this participation, CFE continue to develop of its PPP-Concessions activity.



## Transactions in 2008

### 1. Construction segment

Nothing.

### 2. Real estate development and management services segment

During the first semester, the group CFE acquired the control of the company Immoanges SA with the purpose to develop a major urban project close to the exit of the Brussels South station. A first instalment of 11,900 thousand Euro has been paid.

On February 15, 2008, the group CFE acquired 25% of the shares of company Green Ocean Kft through its subsidiary in Hungary, with the purpose to develop a real estate project called 'The Project", which consists of a residential building of about fifty apartments.

On June 16, 2008, through its subsidiary BPI, the group CFE acquired 50 percent of the 1,000 shares of the company Bataves 1521 SA ("Bataves") for an amount of 1,011 thousand Euro paid on June 16, 2008, with the purpose to realize a real estate project on 26 Ares.

On July 16, 2008, the group CFE, through its subsidiary in Poland, acquired 47% shares of the company Immomax Sp Zoo having the property over a piece of land in Gdansk with the purpose to develop a residential real estate project.

On September 4, 2008, the Compagnie Luxembourgeoise Immobilière SA (CLi) concluded an agreement with Fidentia Real Estate Invesment on the disposal of all shares of Climmolux SA, owner of a land situated in Strassen (Luxemburg). Climmolux builds through CLE SA (subsidiary of CFE SA) an high quality environmental (HQE) real estate unit with a surface of 10,683 squares meters and that will be delivered begin 2010.
This share deal together with the joined real estate and construction contract reinforce the position of the group CFE in Luxembourg as a real estate developer contractor.

In the course of first half year of 2008, the group CFE's participation in the entity Sogesmaint-CBRE decreased from 67.7% to 66.014%.

### 3. Dredging and environment segment

Nothing.

### 4. Multitechnical segment

On February 5, 2008, the group CFE acquired 1,203 shares of the company Etablissements Druart SA ("Druart") represented by 3,208 shares of which 2,406 shares were held by the Druart family and 802 shares already held by CFE through a capital increase realised on July, 9 2007. The acquisition price amounts to 4,275 thousand Euro and has been paid the February 5, 2008. Druart is a company specialized in heating, ventilation, air conditioning and cooling. It operates mainly in Wallonia and in Brussels.

On February 22, 2008, the group CFE acquired the company Louis Stevens en Co NV ("Stevens") represented by 12,037 shares held by Halimo NV and 3 shares held by the management. This transaction has been realized by acquiring all shares held by Halimo NV and the 3 shares held by the management. The acquisition price of both companies Stevens and Halimo NV amounts to 6 millions Euro paid on February 12, 2008. This company situated in Limburg is specialized in electrotechnical installations, rail signalisation, cabling and airport signalling equipment as well as in the installation of telecommunication networks. Its acquisition within the "multitechnical segment" reinforces the rail signalisation activity of the group CFE.
On September 1, 2008, Halimo NV has been absorbed by Stevens.

### 5. PPP - Concessions segment

On April 22, 2008, the Coentunnel Company BV obtains the order of the Coentunnel. This contract with duration of 30 years has a total value of about 500 millions Euro. The Coentunnel Company BV bears the financing of the works herself and receives revenue out of the future availability payments, based on the actual availability of the road system for users. While the Coentunnel Company BV ensures the maintenance of the existing tunnel, and this for a 30 years period, the company will prepare and realize the construction of a second tunnel as well as the access roads and facilities. When the new tunnel will be in service, the old Coentunnel will be renovated. Consequently the Coentunnel will consist of two tunnels with a total of 8 traffic lanes. The participation of the group CFE in the Coentunnel Company BV is 20.5% (18% through CFE SA and 2.5% through DEME).

On November 5, 2008, Locorail NV ("Locorail"), a consortium in which the group CFE participates, obtains a contract for the railway tunnel "Liekenshoek" situated in the North-West of the Port of Antwerp. This DBFM contract (Design, Build, Finance, and Maintain) with a total cost of 841 millions Euro has duration of 42 years, including the construction period. The stake of CFE in Locorail NV amounts to 25%.

Through these operations, CFE reinforces considerably its order book in Civil engineering and realizes also one of its main objectives defined during its capital increase in 2006, namely to obtain a significant position in the market of large public private partnership infrastructure projects, which generate recurring flows.



## 1. General principles

### Texts or current IFRS projects potentially subject to an early application in 2009

The retained accounting principles are the same that the principle used for the yearly consolidated financial statement at December 31, 2008, except for:

– IFRS 1 (revised in 2008) First-time Adoption of IFRS (applicable for accounting years beginning on or after 1 January 2009)

– IFRS 8 Operating Segments (applicable for accounting years beginning on or after 1 January 2009)

– IAS 1 Presentation of Financial Statements (applicable for annual periods beginning on or after 1 January 2009). This Standard replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005.

– Improvements to IFRS (2007-2008) (normally applicable for accounting years beginning on or after 1 January 2009)

– Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements (normally prospective application for annual periods beginning on or after 1 January 2009)

– Amendment to IFRS 2 Share based payments (applicable for annual periods beginning on or after 1 January 2009).

– Amendment to IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments (applicable for accounting years beginning on or after 1 January 2009)

– Amendment to IAS 23 Borrowing Costs (revised in 2007) (applicable for accounting years beginning on or after 1 January 2009)

– Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable financial instruments and obligations arising on liquidation (annual periods beginning on or after 1 January 2009).

– IFRIC 13 Customer Loyalty Programmes (applicable for accounting years beginning on or after 1 July 2008)

– IFRIC 16 Hedges of a net investment in a foreign operation (applicable for accounting years beginning on or after 1 October 2008)

– IFRIC 18 Transfers of Assets from Customers (applicable for Transfers received on or after 1 July 2009)

– Amendment to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement (applicable for accounting years ending on or after 30 June 2009)

The application of these standards and interpretation did not had any significant effect on the consolidated financial statements of the group, except the application of IAS 1 – Presentation of Financial Statements (presentation of a comprehensive income) and IAS 23 revised – Borrowing costs (change of accounting method). The group applied the revised standard in a prospective way. The application of this standard is only applicable to assets that are eligible for capitalization as of January 1, 2009. The positive impact of the application of the standard IAS 23 revised on the result before taxes for group CFE, excluding DEME, is very limited. The impact of the application of this standard on the result before taxes amounts to 1,797 thousand Euro for the group CFE.

The Company decided to not anticipate the application standards and interpretations here below that are not mandatory on January, 1, 2009.

- IFRS 3 Business Combinations (revised in 2008) (applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).
- IFRS 9 Financial Instruments (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2008-2009) (normally applicable for accounting years beginning on or after 1 January 2010)
- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – Additional exemptions (applicable for annual periods beginning on or after 1 January 2010)
- Amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards – IFRS 7 exemptions (applicable for annual periods beginning on or after 1 July 2010)
- Amendment to IFRS 2 Share-based Payment (applicable for annual periods beginning on or after 1 January 2010)
- Amendment to IAS 24 Related Party Disclosures (applicable for annual periods beginning on or after 1 January 2011). This Standard supersedes IAS 24 Related Party Disclosures as issued in 2003.
- Amendment to IAS 27 Consolidated and Separate Financial Statements (applicable for annual periods beginning on or after 1 July 2009). This Standard amends IAS 27 Consolidated and Separate Financial Statements (revised 2003).
- Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (applicable for annual periods beginning on or after 1 February 2010)
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (applicable for annual periods beginning on or after 1 July 2009).
- IFRIC 15 Agreements for the construction of real estate (applicable for accounting years beginning on or after 1 January 2010)
- IFRIC 17 Distributions of Non-cash Assets to Owners (applicable for accounting years beginning on or after 1 July 2009)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual periods beginning on or after 1 July 2010)
- Amendment to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement (applicable for annual periods beginning on or after 1 January 2011)

The potential impacts of these standards and interpretations on the consolidated accounts of the group are being determined.



## 2. Significant accounting principles

The “Compagnie d’entreprises CFE SA” (referred to “the Company” or “CFE”) is a company based in Belgium. The consolidated financial statements of the company for the year ending December 31, 2009 include the company and its subsidiaries, the shares in jointly controlled entities (“the group CFE”) and the company’s interest in associated companies.

### (A) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union.

### (B) Basis of presentation

The financial statements are stated in thousand of Euro, rounded to the nearest thousand. They are prepared on basis of the historical cost except for derivative financial instruments, investments held for trading and investments available-for-sale that are stated at fair value.

Instruments or equity derivatives are stated at cost when such equity instruments do not have a quoted market price in an active market and for which other methods of reasonably estimating fair value are clearly inappropriate and/or inapplicable.

Recognized assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged.

Accounting policies have been applied consistently.

They are presented before the effect of the profits appropriation of the parent company proposed to the General Assembly of Shareholders.

The Financial Statements prepared in accordance with IFRS requires estimates to be used and assumptions to be made affecting the amounts presented in these Financial Statements, in particular as regards the following items:

- the period over which assets are depreciated;
- the measurement of the provisions and pensions;
- the percentage of completion method used in construction contracts to measure the result;
- the values used in the impairment tests;
- the valuation of financial instruments at fair value;
- the measurement of share based payments (expenses IFRS 2);

These estimations assume the operations in going concern and are made based on the information available at the time. These estimations can be revised if the circumstances on which they are based alter or if new information becomes available. The actual results can be different from these estimates.

## (C) Principles of consolidation

The global method of consolidation is used for subsidiaries. Subsidiaries are the companies consolidated by the mother company which is presumed when the mother company holds, directly or indirectly, more than one half of the voting rights or otherwise has control, directly or indirectly, so as to obtain benefits from the companies' activities. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control starts until the date that control ceases.

Jointly controlled entities are consolidated using the proportionate method of consolidation.

Associated companies are undertaking in which the group CFE has significant influence over the financial and operating policies, but which it does not control. This is generally evidenced by ownership of between 20% and 50% of the voting rights.

They are accounted for by the equity method of accounting from the date that significant influence starts until the date that significant influence ceases. When the group share of losses exceeds the carrying amount of the associated companies, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that has incurred obligations in respect of the associated companies.

All transactions, balances and unrealised gains and losses on transactions between group companies have been eliminated.

## (D) Foreign currencies

**(1) Foreign currency transactions**

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date rate. Gains and losses resulting from the creation of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction.

**(2) Financial statements of foreign operations**

The company's foreign operations are considered as foreign entities. Accordingly, assets and liabilities are translated to Euro at foreign exchange rates prevailing at the balance sheet date. Income statements of foreign entities, excluding foreign entities in hyperinflationary economies, are translated to Euro at an average exchange rate for the year (approximating the foreign exchange rates prevailing at the dates of the transactions).

The components of shareholders' equity are translated at historical rates.

Exchange differences arising from the translation of shareholders' equity to Euro at year-end exchange rates are taken in another heading named "Translation differences". These exchange differences are recognized in the income statement in the exercise during which the entity is ceased or liquidated.



**(3) Exchange rate**

| Currencies | Closing rate 2009 | Average rate 2009 | Closing rate 2008 | Average 2008 |
|---|---|---|---|---|
| Polska Zloty | 4,103 | 4,345 | 4,154 | 3,521 |
| Hongary Forint | 270,28 | 281,406 | 265,925 | 250,558 |
| Slovakia Corunna | – | – | 30,126 | 31,123 |
| US Dollar | 1,441 | 1,432 | 1,393 | 1,472 |
| Singapore Dollar | 2,020 | 2,024 | 2,006 | 2,071 |
| Rial of Qatar | 5,249 | 5,085 | 5,074 | 5,359 |
| Romania Leu | 4,236 | 4,243 | 4,025 | 3,702 |
| Tunesian Dinar | 1,900 | 1,882 | 1,813 | 1,835 |

1 Euro = X Currency

## (E) Intangible assets

**(1) Research and development**

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the income statement as an expense as incurred.

Expenditures on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes are capitalized if the product or process is technically and commercially feasible and the company has sufficient resources to complete development.

The expenditure capitalized includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditures are recognized in the income statement as an expense as incurred.

Capitalized development expenditures are stated at cost less accumulated amortization (see below) and impairment losses.

**(2) Other intangible assets**

Other intangible assets, acquired by the company, are stated at cost less accumulated amortization (see below) and impairment. Expenditure on internally generated goodwill and brands is recognized in the income statement as an expense as incurred.

**(3) Subsequent expenditure**

Subsequent expenditures on capitalized intangible assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates, above the performance level defined at the origin. All other expenditures are expensed as incurred.

**(4) Amortization**

Intangible assets are amortized using the straight-line method over their estimated useful lives at the following rates:

| | | |
|---|---|---|
| Minimum | 5% | Operating concessions |
| | 33.33% | Software's licenses |

## (F) Goodwill

**(1) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary, jointly controlled entity or associate at the date of acquisition.

Goodwill is not amortized but will be subject to an impairment test on an annual basis. Goodwill is expressed in the currency of the subsidiary to which it relates. Goodwill is stated at cost less accumulated amortization and impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

**(2) Negative goodwill**

Negative goodwill represents the excess of the fair value of the company's share of the net identifiable assets acquired over the cost of acquisition.

Negative goodwill is recognized immediately in the income statement.

## (G) Property, plant and equipment

**(1) Measurement & recognition**

All property, plant and equipment are recorded in assets only when it is probable that future economic benefit will impact the entity and if the cost can be evaluated in a reliable way. These criteria are applicable at the time of initial accounting and for later expenditure.

All property, plant and equipment are recorded at historical cost less accumulated depreciation and impairment losses.

Historical cost includes the original purchase price, borrowing costs incurred during the construction period, and other direct acquisition costs (e.g. non refundable tax, transport). The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

**(2) Subsequent expenditures**

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. Repairs and maintenance, which do not increase the future economic benefits of the asset to which they relate, are expensed as incurred.

**(3) Depreciations**

Depreciations are calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets.

| | |
|---|---|
| Trucks: | 3 years |
| Vehicles: | 3 to 5 years |
| Other material: | 5 years |
| Computer installation: | 3 years |
| Office machines: | 5 years |
| Office equipment: | 10 years |
| Constructions: | 25-33 years |



| | |
|---|---|
| Dredges with disintegrator & suction dredges: | 18 years with residual value of 5 % |
| Floating dredges & navigator boats: | 25 years with residual value of 5 % |
| Landing stages, boats, ferries & boosters: | 18 years without residual value |
| Cranes: | 12 years with residual value of 5 % |
| Mechanical diggers: | 7 years without residual value |
| Pipes: | 3 years without residual value |
| Chain et site installations: | 5 years |
| Diverse site materials: | 5 years |

Land is not depreciated as it is deemed to have an infinite life.

The loan costs directly linked to the acquisition, the construction or the production of an asset that needs a long time of preparation is not included in the cost of the asset.

**(4) Accounting method of the fleet**

The acquisition value is divided in two parts: a component vessel (92% of the acquisition value) amortized according to the straight-line method and with a depreciation rate defined by kind of boat and a component maintenance (8% of the acquisition value) amortized in 4 years using the straight-line method.

At the acquisition of a boat, spare parts are capitalized in proportion of the purchases with a maximum of 8% on the total purchase price of the boat (100%) and are amortized according to the straight-line method on the remaining useful life as from the date the asset is available for use.

Some repairs are capitalized and amortized using the straight-line method on 4 years as from the starting up again of the boat.

## (H) Property investments

A property investment is an asset held in order to get rentals or to valorise the invested capital or both.

A property investment is different from a property occupied by its owner or buyer since it generates cash revenue independently of the other assets held by the company.

Property investments are evaluated at the balance sheet at their acquisition cost, including borrowing costs incurred during the construction period, less amortizations and depreciations.

Depreciations are calculated as from the date the asset is available for use, according to the straight-line method and according to a rate corresponding to the estimated economic useful life of these assets.

Land is not depreciated as it is deemed to have an infinite life.

## (I) Leasing

Leases contracts where the company assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalized at the lower of the fair value and the estimated present value of the minimum lease payments at inception of the lease, or at the market value if it is lower, less accumulated depreciation and impairment losses.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in financial debts. The interest element is charged to the income statement as a finance charge over the lease period.

Property, plant and equipment acquired under finance leasing contracts are depreciated over the useful life of the asset.

Leases of assets under which the lesser substantially retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment to be done to the lesser by way of penalty is recognized as an expense in the period in which termination takes place.

## (J) Investments

Each category of investment is accounted for its acquisition value.

**(1) Investments in equity securities**

Investments in equity securities (available for sale) are undertakings in which the group CFE does not have significant influence or control. This is generally evidenced by ownership of less than 20% of the voting rights. Such investments are designated as available for sale financial assets and are recognized at their fair value unless the fair value cannot be reliably determined in which case they are carried at cost less impairment losses.

Impairment charges are recognized in the income statement. Changes in fair value are recognized through equity. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to income.

**(2) Investments in debt securities**

Investments in debt securities are classified as being held to maturity financial assets and are stated at their amortized cost, determined on basis of the “effective interest rate method”. Gain or loss is recognized in the income statement. Impairment charges are recognized in the income statement.

**(3) Other investments**

Other investments held by the company are classified as being available-for-sale and are stated at fair value, with any resulting gain or loss recognized through equity. Impairment charges are recognized in the income statement.

## (K) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the weighted average method.

The cost of finished products and work in progress comprises raw materials, other production materials, direct labour, other direct costs, borrowing costs incurred when the good requires a long period of construction, and an allocation of fixed and variable overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs.

## (L) Trade receivables

Trade receivables are carried at cost less impairment losses. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

## (M) Construction contracts

When the outcome of a construction contract can be reliably estimated, revenue and cost of the contract, including borrowing costs incurred when the contract exceed the accounting period, are recognized respectively in revenue and charges depending of the level of completion of the activity of the contract at year-end (% of completion method). An expected loss on the construction contract is immediately recognized in charges.

According to the percentage of completion method, revenue of the contracts is recognized in the income statement of the periods of the works done. Costs of the contract are recognized in charges under the income statement of the periods during which work related is achieved.

Costs incurred related to future activities on the contract are capitalized if it is probable that it will be recovered.

The group CFE has taken the option to not present separately the information related to construction contracts in the balance sheet but only in the notes.

## (N) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits having a due date of less than 3 months.

## (O) Impairment

The carrying amounts of the company’s non current assets, other than financial assets in accordance with IAS 39, deferred tax assets and non current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. For intangible assets that are not yet available for use, and for goodwill amortized over a period exceeding twenty years from initial recognition, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

**(1) Calculation of recoverable amount**

The recoverable amount of the company's investments in debt securities and receivables originated by the company is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset.
The recoverable amount of other assets is the greatest of their net selling price and value in use. The value in use is the discounted value of estimated future cash flows.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**(2) Reversal of impairment**

An impairment loss in respect of investments or receivables originated by the company is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature, which is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## (P) Share capital

Own shares purchase

When shares capital (recognized as equity) is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are directly included in equity, without any impact on the income statement.

## (Q) Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as provision corresponds to the best estimate of the necessary expenditure to stop the current obligation at the balance sheet date. This estimation is obtained by using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions for restructuring are recognized when the company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the company are not provided for.

The current provisions correspond to the provisions directly related to the operating activities of each site, whatever their estimated due date.

The provisions for after-sales services cover the obligations of the entities of the group CFE within the framework of the legal guarantees concerning the delivered building sites. There are estimated in a statistical way according to the expenditure noted during the previous years or in an individual way on the basis of the specifically identified issues. The provisions for after-sale services are recognized as from the beginning of works.

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The provisions for claims related to the activity concern mainly client claims, sub-contractors, co-contractors and suppliers claims. The other provisions for current risks are mainly composed of provisions for penalties and other risks attached to the operating cycles.

The non-current provisions correspond to the provisions not directly linked to the operating cycle and for which the due date is generally greater than one year. It includes in particular provisions for restructuring, when these have been announced before the closing date of the exercise.

## (R) Employee benefits

**(1) Post employment benefit**

Post employment benefits include pension plans and life insurances.

The company operates a number of defined benefits and defined contribution plans throughout the world. The assets of which are generally held in separate trustee-administered funds and financed through contributions from subsidiaries and from employees. These contributions are determined on basis of independent actuarial recommendations.

The pension benefits obligations at the group CFE are either covered or non-covered by funds.

*a) Defined contribution plans*

Contributions to defined contribution plans are recognized as an expense in the income statement when incurred.

*b) Defined benefit plans*

For defined benefit plans, the pension accounting costs are assessed separately for each plan using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.

Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans at least every three years. The amounts charged to the income statement consist of current service cost, interest cost, the expected return on any plan assets, actuarial gains or losses and past service costs.

The pension obligations recognized in the balance sheet are measured as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability, adjusted for the unrecognized actuarial gains and losses and less any past service costs not yet recognized and the fair value of any plan assets.

The recognition of actuarial gains and losses is determined separately for each defined benefit plan. Actuarial gains and losses comprise the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

All actuarial gains and losses exceeding a corridor of 10% of the higher of the fair value of plan assets and the present value of the defined benefit obligations are recognized in the income statement over the average remaining service lives of employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

Past service costs are recognized as an expense over the average period until the benefits become vested, unless they are already vested following the introduction of or changes to a defined benefit plan, in which case the past service costs are recognized as an expense immediately.

Where the calculation results in a benefit to the company, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The expected charges of these benefits are written-off during the active career of the employee by applying similar accounting methods as the one's used for defined benefits plan. Independents qualified actuaries realize the calculation of these obligations.

**(2) Bonus**

Bonuses received by company employees and management are based on financial key indicators.
The estimated amount of the bonus is recognized as an expense in the year.

## (S) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at cost, less attributable transaction costs. Any difference between this net value and the redemption value is recognized in the income statement over the period of borrowings on an effective interest rate basis.

## (T) Trade and other payables

Trade and other payables are stated at cost.

## (U) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. It is calculated using tax rates enacted at the balance sheet date.



Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Currently or substantially enacted tax rates are used to determine deferred income tax.

Under this method the company is required to make a provision for deferred income tax on the difference between the fair values of the net assets acquired and their tax base as a result of a business combination.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## (V) Revenue

**(1) Revenue from construction contract**

Revenue of the contract should include the initial amount of revenue defined in the contract and the modifications in the work specified by the contract, claims & performance bonuses when it is probable that these will generate products and when it can be reliably measured.

Revenue of the contract is calculated at the fair value of the counterpart received or to be received.

A modification can lead to an increase or a decrease of contract revenue. A modification is an instruction given by the client in order to change the scope of the work to be realized according to the contract.
A modification is included in the contract revenue when it is probable that the client will approve the modification as well as the amount of revenue resulting from this modification and that the amount can be reliably measured.

Performance bonuses form part of the contract revenue when the completion of contract is so that it is probable that the specified performance will be reached or overtaken and that the amount of the performance bonus can be reliably measured.

Contract revenue is recognized according to the level of completion of the activity of the contract at the closing date (according to the percentage of completion).

An expected loss on the construction contract is immediately recognized.

**(2) Goods sold and services rendered**

In relation to the sale of goods and property items, revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding recovery of the consideration due, associated costs or the possible return of goods.

**(3) Rental income & fee**

Rental income is recognized on a straight-line basis over the term of the lease.

**(4) Financial income**

Financial income comprises interest receivable on funds invested, dividend income, royalty income, foreign exchange gains and gains on hedging instruments that are recognized in the income statement.

Interest, royalties and dividends arising from the use by others of the company's resources are recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the revenue can be measured reliably.

Interest income is recognized as it accrues (taking into account the effective yield on the asset) unless collectibility is in doubt. Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreement. Dividend income is recognized in the income statement on the date that the dividend is declared.

**(5) Government grants**

A government grant is recognized in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants that compensate the company for expenses incurred are recognized as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the company for the cost of an asset are recognized in the income statement as revenue on a systematic basis over the useful life of the asset. These grants are deducted from the related asset value.

## (W) Expenses

**(1) Financial expenses**

Financial expenses comprise interest payable on borrowings, foreign exchange losses, and losses on hedging instruments that are recognized in the income statement.

All interest and other costs incurred in connection with borrowings, except those which were eligible to be activated, are expensed as incurred as part of financial expenses. The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

**(2) Research and development, advertising and promotional costs and systems development cost**

Research, advertising and promotional costs are expensed in the year in which these costs are incurred. Development costs and systems development costs are expensed in the year in which these costs are incurred if they do not meet the criteria for capitalization.

## (X) Derivative financial instruments

The company uses derivative financial instruments primarily to reduce the exposure to adverse fluctuations in interest rates, foreign exchange rates, commodity prices and other market risks. The company's policy prohibits the use of derivatives for speculation.

The company does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognized initially at historical cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Recognition of any resulting unrealized gain or loss depends on the nature of the item being hedged.

The fair value of swaps interest rates is the estimated amount that the company will receive or paid when exercising the swaps at the closing date, taking into account the current interest rates and the solvability of the counterpart of the swap.
The fair value of a "forward exchange contract" is the quoted value at the closing date, and then the current value of the "forward" price quoted.

**(1) Cash flow hedges**

Where a derivative financial instrument hedges the variability in cash flows of a recognized liability, a firm commitment or a forecasted transaction, the effective part of any resulting gain or loss on the derivative financial instrument is recognized directly in equity.

When the firm commitment or the forecasted transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability.

Otherwise the cumulative gain or loss is removed from equity and recognized in the income statement at the same time as the hedged transaction.

The ineffective part of any gain or loss is recognized in the income statement. Gains or losses from the temporary value of the financial derivative instruments are recognized in the income statement.

When a hedging instrument or hedge relationship is terminated but the hedged transaction still is expected to occur, the cumulative unrealized gain or loss (at that point) remains in equity and is recognized in accordance with the above policy when the transaction occurs.

If the hedged transaction is no longer probable, the cumulative unrealized gain or loss recognized in equity is recognized in the income statement immediately.

**(2) Hedging of recognized assets and liabilities**

Where a derivative financial instrument hedges the variability in fair value of a recognized receivable or payable, any resulting gain or loss on the hedging instrument is recognized in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in the income statement.

The fair values of covered items, related to the risk covered, are the carrying amounts at the closing date converted in Euro at the applicable exchange rate of the closing period.

**(3) Hedging of net investment within a foreign entity**

Where a foreign currency liability hedges a net investment within a foreign entity, foreign exchange differences arising on translation of the liability to Euro are recognized directly in "Translation reserves" in shareholders' equity.

Where a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or the loss on the hedging instrument that is determined to be an effective hedge is recognized directly in "Translation reserves" in shareholders' equity, and the ineffective portion is reported in the income statement.

### (Y) Segment reporting

A segment is a distinguishable component of the company, which generates revenues and costs and of which the operating results are regularly reviewed by the management in order to take decisions or determine the performance of a segment. The company is composed of 5 segments: construction, real estate development and management services, multitechnics, dredging & environment and PPP - Concessions.

## 3. Consolidation methods

### Consolidation scope

Companies in which the group CFE holds directly or indirectly more than one half of the voting rights allowing the control are consolidated according to the global method of consolidation. Companies on which the group CFE exerts a jointly control with other shareholders are consolidated according to the proportionate method of consolidation. This relates in particular to DEME, Rent a Port and some entities of the Real Estate and Associated Services segment. Companies on which the group CFE exerts a significant influence are consolidated according to the equity method. This relates in particular to Locorail and Coentunnel Company.

**Evolution of the consolidation scope**

| Number of entities | 2009 | 2008 |
|---|---|---|
| Global method of consolidation | 50 | 45 |
| Proportionate method of consolidation | 124 | 110 |
| Equity method | 10 | 9 |
| **Total** | **184** | **164** |

### Intra-group operations

Reciprocal transactions and operations of assets, liabilities, profit and loss between integrated companies are eliminated in the consolidated accounts. This operation is realized:

- Totally if the operation is realized between two subsidiaries
- In proportion of the proportionate consolidated company's integration rate if the operation is realized between a globally integrated company and a proportionate integrated company
- In proportion of the associate's integration rate in the case of an internal result realized between a global integrated company and a company consolidated according to the equity method.

### Conversion of financial statements for foreign companies and establishments

In main cases, the functional currency of companies and establishments correspond to the currency of the related country.

Financial statements of foreign companies whereas the functional currency is different from the consolidated accounts reporting currency of the group are translated at the closing rate for the balance sheet elements, and at the average rate of the period for the results elements. Exchange differences are recorded in "translation differences" in the consolidated reserves. Goodwill related to foreign companies are considered to be included in the acquired assets and liabilities and are therefore translated at the closing rate.



### Foreign currencies transactions

Foreign currencies transactions are converted into Euro using the conversion rate at the date of the operation. At closing period, the financial assets and monetary liabilities denominated in foreign currencies are converted into Euro at the exchange closing rate of the period. The exchange losses and profits coming from these operations are recognized in the heading "exchange result" and are presented in other financial products and other financial expenses in the income statement.

The exchange gains and losses on loans denominated in foreign currencies or on exchange derivatives products used at ends of participations in the foreign subsidiary companies covering are recognised in the heading "translation differences" in the equity.

## 4. Segment reporting

### Operating segments

The segment reporting is presented in respect of the operational segments. The results and asset and liability items of the segment include items that can be attributed to a sector, either directly, or allocated on a reasonable basis.
The group CFE is composed of five operating segments: construction, real estate development and management services, multitechnics, dredging & environment and PPP-concessions:

– **Construction**
Within the construction sector, the construction segment is active in civil engineering (execution of infrastructure works: tunnels, bridges, walls, gas terminals…) and building (offices, industrial buildings, residences, renovation and properties rehabilitation).

– **Real estate development and management services**
The real estate development and management services segment develops real estate projects with a "promoter-constructor" approach, in association with the construction segment. In addition, through specific subsidiaries, the segment offers services associated to its basis skills: the "project management" and the building management and maintenance.

– **Multitechnics**
The multitechnics segment, through specific subsidiaries, is specialized in tertiary electricity (offices, hospitals, parking…), electrification and rail signalization as well as assembly of low and high-voltage lines. In 2007, this segment also became active in air-conditioning following the acquisition of a 25% stake in Druart SA (up to 62.5% in 2008), and to the automation of industrial processes by the acquisition of VMA NV.

– **Dredging and environment**
The dredging & environment segment through its subsidiary DEME held by 50% is active in dredging (capital dredging and maintenance dredging), in the treatment of polluted grounds and sludge and marine engineering.

– **PPP – Concessions**
The PPP-concessions segment was set up following the emergence of an increasing number of operations conducted under public/private partnerships (PPP).

The accounting principles used in the presentation of the segment reporting are the same as these used in the preparation of the Consolidated Financial Statements (refer to note 2).

## Elements of the consolidated statement of comprehensive income

| | Sales | | EBIT | | | | Financial result | | Taxes | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **% sales** | **2008** | **% sales** | **2009** | **2008** | **2009** | **% sales** | **2008** | **% sales** |
| Construction | 742,537 | 800,026 | 11,545 | 1.6% | 10,062 | 1.3% | (1,231) | 1,046 | (4,058) | 39.3% | (5,458) | 49.1% |
| Construction – non recurrent | 0 | | (2,733) | | 0 | | 0 | 0 | 0 | | | |
| Real estate development and management services | 27,057 | 37,408 | 7,370 | 27.2% | 9,951 | 26.6% | (2,800) | (2,740) | (136) | 2.5% | (976) | 12.4% |
| *Eliminations: construction – real estate* | 1,539 | (2,231) | (242) | | (55) | | 0 | 0 | 46 | | 25 | |
| Multitechnics | 140,744 | 135,154 | 5,968 | 4.2% | 9,029 | 6.7% | (178) | 140 | (2,506) | 44.2% | (2,944) | 32.2% |
| Multitechnics non recurrent | 0 | | (1,800) | | | | 0 | | 0 | | | |
| PPP-concessions | 3,554 | 7,459 | (1,885) | | 928 | 12.4% | 279 | 224 | (382) | | 357 | (25.2%) |
| Dredging and environment | 701,285 | 754,388 | 73,392 | 10.5% | 86,522 | 11.6% | (9,179) | (12,580) | (10,336) | 16.0% | (14,894) | 20.8% |
| *Eliminations: construction – dredging* | (2,629) | (1,485) | 0 | | | | 0 | | 0 | | | |
| Correction DEME | 0 | | (572) | | | | 0 | | 0 | | | |
| *Eliminations: construction – other* | (11,480) | (2,308) | (1,000) | | (967) | | 0 | (1,893) | (36) | | (305) | |
| Holding | 0 | 0 | (1,448) | | (3,054) | | 1,334 | (1,216) | (54) | | 314 | 7.3% |
| **Total consolidated** | **1,602,607** | **1,728,411** | **88,595** | **5.5%** | **112,416** | **6.5%** | **(11,773)** | **(17,019)** | **(17,462)** | **22.1%** | **(23,882)** | **25.5%** |
| **Total consolidated with comparable structure** | **1.597.695** | **1.702.408(*)** | | | | | | | | | | |

(*) : Sales as per 2008 considering the exchange rates as at December 31, 2009, and from which we adjusted the contribution of Locorail (following the use of the equity method).

| | Share in the results of associated companies volgens de vermogens-methode | | Result of the group | | | | Non cash elements | | EBITDA | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **% sales** | **2008** | **% sales** | **2009** | **2008** | **2009** | **% sales** | **2008** | **% sales** |
| Construction | 0 | 0 | 6,262 | 0.8% | 5,647 | 0.7% | 14,503 | 14,366 | 26,048 | 3.5% | 24,428 | 3.1% |
| Construction – non recurrent | 0 | 0 | (2,733) | | 0 | | 2,733 | | 0 | | 0 | |
| Real estate development and management services | 696 | 759 | 5,222 | 19.3% | 6,872 | 18.4% | (724) | 2,023 | 7,342 | 21.1% | 12,734 | 34.0% |
| *Eliminations: construction – real estate* | 0 | 0 | (196) | | (30) | | 0 | 0 | (242) | | (55) | 2.5% |
| Multitechnics | 0 | 0 | 3,163 | 2.2% | 6,200 | 4.6% | 1,720 | 4,544 | 7,688 | 5.5% | 13,573 | 10.0% |
| Multitechnics non recurrent | 0 | 0 | (1,800) | | 0 | | 1,800 | 0 | 0 | | 0 | |
| PPP-concessions | 878 | 135 | (824) | | 1,769 | 23.7% | 494 | 164 | (513) | | 1,226 | 16.4% |
| Dredging and environment | 1,049 | 403 | 54,409 | 7.8% | 56,582 | 7.5% | 72,344 | 60,614 | 146,786 | 20.9% | 147,539 | 19.6% |
| *Eliminations: construction – dredging* | 0 | 0 | 0 | | 0 | | 0 | 0 | 0 | | 0 | |
| Correction DEME | 0 | 0 | (608) | | 0 | | 0 | 0 | (573) | | 0 | |
| *Eliminations: construction – other* | 0 | 0 | (1,000) | | (3,165) | | 0 | 0 | (1,000) | | (968) | 100.0% |
| Holding | 0 | 0 | (167) | | (3,956) | | 110 | 797 | (1,338) | | (2,256) | |
| **Total consolidated** | **2,623** | **1,297** | **61,727** | **3.9%** | **69,919** | **4.0%** | **92,980** | **82,508** | **184,198** | **11.5%** | **196,221** | **11.4%** |

### Breakdown of the revenue generated by the construction segment

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Building | 471,794 | 583,341 |
| Civil engineering | 209,960 | 143,452 |
| Roads | 44,352 | 62,150 |
| Other | 16,431 | 11,083 |
| **Total** | **742,537** | **800,026** |

The group CFE recognizes in the construction activity the construction revenue realized in the real estate development and management services segment.
At the level of real estate development and management services, the group CFE recognizes the revenue less the portion of the construction activity.
The absence of simultaneity between the construction and the sale by the real estate development and management services segment is because the internal sales are stocked under work in progress and taken out from the stock at the moment of the sale. The difference between the inventory increase and decrease constitutes the main part of this entry.
Revenue from the sale of goods in 2009 amounts to 7,375 thousand Euro (2008: 7,483 thousand Euro).
It consists of sales from the subsidiary Voltis.

## Consolidated statement of comprehensive income

| At December 31st 2009 *(in thousand Euro)* | Construction | Real Estate & associated services | Multi-technical | Dredging and environment | Concessions – PPP | Holding and eliminations | Inter activities eliminations | Total consolidated |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Goodwill | 911 | 77 | 16,965 | 7,838 | 0 | 0 | 0 | **25,791** |
| Property, plant and equipment | 26,800 | 1,662 | 11,666 | 553,586 | 6,490 | 654 | | **600,858** |
| Long term loans to consolidated companies of the group | 31,729 | 0 | 0 | 0 | 0 | 50,694 | (82,423) | **0** |
| Other non-current financial assets | 676 | 6,995 | 47 | 3,285 | 1,446 | 3,415 | (1,040) | **14,824** |
| Other heading of non current assets | 2,541 | 5,876 | 3,412 | 8,439 | 12,107 | 155,428 | (148,754) | **39,049** |
| Inventories | 20,648 | 117,090 | 3,643 | 5,032 | 0 | 647 | 0 | **147,060** |
| Cash and cash equivalent | 68,333 | 6,882 | 2,025 | 67,312 | 1,668 | 24,326 | 0 | **170,546** |
| Internal cash position – cash pooling – assets | 74,089 | 669 | 14,625 | 0 | 0 | 116,482 | (205,865) | **0** |
| Other current financial assets – companies of the group | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Other heading of current assets | 361,847 | 40,382 | 63,250 | 257,675 | 3,273 | 28,026 | (41,769) | **712,684** |
| **Total assets** | **587,574** | **179,633** | **115,633** | **903,167** | **24,984** | **379,672** | **(479,851)** | **1,710,812** |
| **Liabilities** | | | | | | | | |
| Equity | 33,228 | 27,449 | 51,711 | 278,523 | 3,832 | 172,642 | (143,614) | **423,771** |
| Non current financial debt | 1,851 | 11,443 | 3,684 | 172,104 | 1,050 | 39,000 | (1,040) | 228,092 |
| Non current borrowing to consolidated companies of the group | 50,680 | 76 | 0 | 0 | 0 | 31,667 | (82,423) | **0** |
| Other heading of non current liabilities | 30,141 | 11,500 | 830 | 20,524 | 1,959 | 493 | (5,140) | **60,307** |
| Current financial debts | 5,656 | 11,671 | 1,832 | 74,382 | 911 | 86 | 0 | **94,538** |
| Internal cash position – cash pooling – liabilities | 21,895 | 75,957 | 8,368 | | 10,262 | 89,383 | (205,865) | **0** |
| Other heading of current liabilities | 444,123 | 41,537 | 49,208 | 357,634 | 6,970 | 46,401 | (41,769) | **904,104** |
| **Total equity and liabilities** | **587,574** | **179,633** | **115,633** | **903,167** | **24,984** | **379,672** | **(479,851)** | **1,710,812** |

## Consolidated statement of comprehensive income

| At December 31st 2008 *(in thousand Euro)* | Construction | Real Estate & associated services | Multi-technical | Dredging and environment | Concessions – PPP | Holding and eliminations | Inter activities eliminations | Total consolidated |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Goodwill | 3,645 | 130 | 16,889 | 7,253 | | | | **27,917** |
| Property, plant and equipment | 21,179 | 795 | 11,769 | 462,627 | 1,648 | 2,826 | | **500,844** |
| Long term loans to consolidated companies of the group | 20,974 | | | | | 45,299 | (66,273) | **0** |
| Other heading of non current assets | 15,391 | 9,532 | 1,066 | 10,264 | 15,988 | 149,946 | (138,207) | **63,980** |
| Inventories | 12,677 | 105,501 | 2,880 | 5,449 | | 646 | | **127,153** |
| Cash and cash equivalent | 78,093 | 8,287 | 3,621 | 73,083 | 1,617 | 36,463 | | **201,164** |
| Internal cash position – cash pooling – assets | 70,069 | 10,425 | 10,150 | | | 89,341 | (179,985) | **0** |
| Other current financial assets – companies of the group | | | | | | 1,600 | (1,600) | **0** |
| Other heading of current assets | 353,784 | 37,145 | 53,202 | 330,126 | 3,051 | 38,826 | (52,971) | **763,163** |
| **Total assets** | **575,812** | **171,815** | **99,577** | **888,802** | **22,304** | **364,947** | **(439,036)** | **1,684,221** |
| **Liabilities** | | | | | | | | |
| Equity | 29,876 | 30,762 | 49,094 | 244,484 | (6,130) | 160,133 | (140,002) | **368,217** |
| Non current financial debt | 2,327 | 9,809 | 3,958 | 157,482 | 6,591 | 43,759 | | **223,926** |
| Non current borrowing to consolidated companies of the group | 33,900 | 25,673 | | | | 6,701 | (66,274) | **0** |
| Other heading of non current liabilities | 30,060 | 2,058 | 896 | 18,367 | 17,297 | 11,492 | (469) | **79,701** |
| Current financial debts | 908 | 7,603 | 1,141 | 102,332 | 390 | | (1,600) | **110,774** |
| Internal cash position – cash pooling – liabilities | 31,972 | 55,353 | 2,016 | | | 90,643 | (179,984) | **0** |
| Other heading of current liabilities | 446,769 | 40,557 | 42,472 | 366,137 | 4,156 | 52,219 | (50,707) | **901,603** |
| **Total equity and liabilities** | **575,812** | **171,815** | **99,577** | **888,802** | **22,304** | **364,947** | **(439,036)** | **1,684,221** |

## Condensed consolidated statement of cash flow

| At December 31st 2009 *(in thousand Euro)* | Construction | Real Estate & associated services | Multi-technical | Dredging and environment | Concessions – PPP | Holding and eliminations | Total consolidated |
|---|---|---|---|---|---|---|---|
| Cash flow from (used in) operating activities before changes in working capital | 24,258 | 5,218 | 7,812 | 139,371 | (1,347) | (1,279) | **174,033** |
| Cash flow from (used in) operating activities | 10,415 | (6,332) | 9,331 | 173,386 | 9,239 | (23,855) | **172,184** |
| Cash flow from (used in) investing activities | (12,224) | (428) | (6,296) | (146,439) | (9,187) | (354) | **(174,928)** |
| Cash flow from (used in) financing activities | (7,951) | 5,355 | (4,631) | (31,868) | 0 | 12,071 | **(27,024)** |
| **Net increase/(Decrease) of cash** | **(9,761)** | **(1,403)** | **(1,596)** | **(4,921)** | **51** | **(12,138)** | **(29,768)** |

| At December 31st 2008 *(in thousand Euro)* | Construction | Real Estate & associated services | Multi-technical | Dredging and environment | Concessions – PPP | Holding and eliminations | Total consolidated |
|---|---|---|---|---|---|---|---|
| Cash flow from (used in) operating activities before changes in working capital | 19,883 | 10,341 | 13,739 | 133,429 | 7,035 | 910 | **185,337** |
| Cash flow from (used in) operating activities | 16,598 | (8,139) | 12,512 | 151,035 | (473) | (16,668) | **154,865** |
| Cash flow from (used in) investing activities | (6,367) | 512 | (11,700) | (144,551) | (3,708) | (2,910) | **(168,724)** |
| Cash flow from (used in) financing activities | (9,549) | 11,434 | (622) | 17,672 | 3,657 | 50,918 | **73,510** |
| **Net increase/(Decrease) of cash** | **679** | **3,807** | **190** | **24,156** | **(523)** | **31,341** | **59,650** |

Cash flows from financing activities include cash pooling loans and borrowing with other segments.
A positive amount means a use of liquidities in the cash pooling. This heading is also influenced by external financings in particular in the Real Estate and other services, Holding, and dredging segments.
The dredging segment is not concerned by the cash pooling.



## Other information

| At December 31st 2009 *(in thousand Euro)* | Construction | Real Estate & associated services | Multi-technical | Dredging and environment | Concessions – PPP | Holding and eliminations | Total consolidated |
|---|---|---|---|---|---|---|---|
| Amortizations | (7,159) | (60) | (2,960) | (71,059) | (283) | (617) | (82,138) |
| Investments | (13,384) | (980) | (2,483) | (163,623) | (9,187) | (425) | (190,082) |
| Impairment losses | (2,733) | | (1,800) | | | | (4,533) |

| At December 31st 2008 *(in thousand Euro)* | Construction | Real Estate & associated services | Multi-technical | Dredging and environment | Concessions – PPP | Holding and eliminations | Total consolidated |
|---|---|---|---|---|---|---|---|
| Amortizations | (6,678) | (184) | (2,496) | (63,217) | (160) | (611) | (73,346) |
| Investments | (7,777) | (305) | (4,089) | (138,028) | (5,658) | (909) | (156,766) |

## Geographical sectors

The operations of the group CFE (excluding DEME) are mainly based in the Benelux and in central Europe.

The property, plant & equipment of the group CFE excluding DEME are mainly based in Belgium and Luxembourg. However, the main activity of DEME is performed by the fleet which is recognized in different companies, and the legal localization does not reflect the economic reality of the activity executed by this fleet for the same companies. As a consequence, a detail of property, plant & equipment by company is not presented; it was not practical to give a presentation reflecting the geographical sectors in which the activity is performed.

**Revenue**

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Belgium | 750,167 | 818,100 |
| Europe | 429,340 | 424,022 |
| Middle East | 99,977 | 208,370 |
| Asia | 78,159 | 87,078 |
| Oceania | 48,808 | 30,394 |
| Africa | 124,592 | 102,308 |
| Americas | 71,564 | 58,139 |
| **Total consolidated** | **1,602,607** | **1,728,411** |

The sales repartition by country depends on the country where the activity is executed.

During 2009, the group hasn't generated any revenue at a significant client that exceeds more than 10% of the total sales.



## 5. Acquisitions and disposals of subsidiaries

### Acquisitions for the exercise 2009

**Fair value of assets and liabilities of subsidiaries acquired within the year**

| *(in thousand Euro)* | **Fair Value** |
|---|---|
| Property, plant & equipment and property investments | 693 |
| Inventories | 492 |
| Trade receivables and other operating receivables | 3,741 |
| Other current assets | (48) |
| Non current financial debts | (319) |
| Trade payable and other operating debts | (1,247) |
| Current financial debts | (18) |
| Income tax payable | (202) |
| Other current liabilities | (36) |
| Cash and cash equivalents | 153 |
| **Fair value of assets and liabilities** | **3,209** |
| **Acquisition price** | **4,002** |
| **Minority Interest** | **(1,082)** |
| **Non allocated Goodwill** | **1,875** |
| | |
| Purchase price paid | (4,002) |
| Acquired cash | 153 |
| **Cash Flow** | **(3,849)** |

The carrying amounts are not significantly different from their fair values.

On February 6, 2009, the companies Druart SA and Nizet SA, subsidiaries of CFE acquired the whole capital, either 1.100 shares, of the company Prodfroid SA, specialized in the installment of air conditioning, industrial and commercial refrigeration. The acquisition price which amounts to 336 thousand Euro has been defined on basis of the closing of accounts as of December 31, 2008 and has been paid on February 6, 2009.

The non-allocated goodwill (215 thousand Euro) is justified by the fact that the group CFE is extending the field of its multitechnical activities.

On September 11, 2009, the group CFE acquired 64.95% of the shares of the company Elektro Van De Maele, active within the segment of electric installations (public, tertiary, industrial), HVAC (electrical part), and agro-industrial (installation, optimization en automation of stalls). The acquisition has been realized for an amount of 3,666 thousand Euro, which allows CFE to reinforce its multitechnical segment through an implantation in West Flanders, in synergy with the company VMA. This company is consolidated according to the global method.

The non-allocated goodwill (1,660 thousand Euro) is justified by the fact that the group CFE is extending the field of its multitechnical activities.

With the assumption that this business combination would have taken place at January 1st 2009, the impact on sales would have been 3,949 thousand Euro and 340 thousand Euro on the net result.

The initial recognition of the acquisitions for the period has been temporarily defined. Consequently, allocated fair values to contingent assets/liabilities acquired could still be modified within a due date of 12 months as from the acquisition date.

The acquisitions realized by the group DEME are not detailed as they aren't a business combination at the level of the group CFE.

Furthermore, the group took a participation of 25% within Bizerte Cap 3000, a concession development project of a marina at Bizerte in Tunisia for an amount of 4,307 thousand euro after deduction of the acquired cash. This acquisition is directly recognized in the cash flow from operating activities.

### Acquisitions after closing date

On February 12, 2010, CFE acquired 37.5% of the company Etablissements Druart SA ("Druart") for an amount of 3,050 thousand Euro, carrying the participation of the group to 100%. Through this acquisition, CFE becomes a 100% owner of the company Prodfroid SA, 99.91% held by Druart. The companies Druart and Prodfroid are already consolidated using the global method and this acquisition would not have any effect on the net asset of the group.

### Disposals for the exercise 2009

Nothing.

## Comprehensive income

## 6. Revenue from auxiliary activities and other operating charges

Revenue from auxiliary activities amounts to 38,979 thousand Euro (2008: 50,614 thousand Euro). This includes gains on fixed assets for 908 thousand Euro (2008: 1,364 thousand Euro). It also includes revenue from hiring, reinvoicing of expenses and other miscellaneous reimbursements for 38,071 thousand Euro (2008: 49,250 thousand Euro). Revenue from auxiliary activities decreased by 23% compared with previous year.

Other operating charges are detailed as follow:

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Services and other goods | (217,768) | (241,408) |
| Depreciation of assets | | |
| – Inventories | 665 | (742) |
| – Trade receivables & other operating receivables | (2,291) | (3,550) |
| Net allocation to the provision | (4,398) | (4,734) |
| Other operating charges | (1,090) | (167) |
| **Total consolidated** | **(224,882)** | **(250,601)** |

## 7. Wages, salaries and social charges

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Wages and salaries | (222,884) | (218,137) |
| Mandatory contributions to the social security | (60,943) | (62,811) |
| Other salary costs | (11,603) | (11,773) |
| Contribution to defined contributions plans | (30) | (30) |
| Cost of services rendered related to defined benefits plans | (3,314) | (3,227) |
| **Total consolidated** | **(298,774)** | **(295,978)** |

The number of full time equivalents on 31 December, 2009 amount to 5,184 and amounted to 5,321 on January 1, 2009. The average number for the year 2009 amounts to 5,273 (2008: 5,483).

## 8. Other financial charges and income

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Fair value adjustment | (831) | (1,554) |
| Exchange gain (loss) realized / not realized | 86 | (2,218) |
| Dividends from non-consolidated companies | 40 | 177 |
| Other | (2,174) | (1,223) |
| **Total consolidated** | **(2,879)** | **(4,818)** |

The evolution of the exchange gains and losses and income is mainly explained by the floating of the dollar and the foreign currencies related to the dollar.

## 9. Minority interests

As per 31 December 2009, the part of minority interests in the result amounts to -255 thousand Euro (2008: -2,893 thousand Euro) and is mainly related to the group DEME (-518 thousand Euro).

## 10. Income tax expenses

**Recognized in the statement of comprehensive income**

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Current taxes | | |
| Tax expense of the year | 19,530 | 28,230 |
| Under/(over) provided in prior years | 179 | 19 |
| **Total current tax expense** | **19,709** | **28,249** |
| Deferred taxes | | |
| Origination and reversal of temporary differences | (134) | (5,201) |
| Use of losses from previous exercises | 406 | 452 |
| Deferred taxes calculated on the losses of the exercise | 395 | 382 |
| Deferred taxes calculated on the definitively taxed incomes | (2,914) | |
| **Total deferred tax (expense)/income** | **(2,247)** | **(4,367)** |
| **Total of tax expenses recognized in the statement of comprehensive income** | **17,462** | **23,882** |

**Reconciliation of the effective tax rate**

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| **Profit before taxes and share in profit from associated companies** | **76,822** | **95,397** |
| **Taxes on the profit calculated at the rate of 33,99 %** | **26,112** | **32,425** |
| Tax impact of non deductible expenses | 1,679 | 2,206 |
| Tax impact of non taxable revenues | (3,405) | (1,631) |
| Tax credit and impact on notional interests | (8,711) | (8,728) |
| Other taxable revenues | 1,614 | 1,039 |
| Effect of different tax rate of subsidiaries acting in other legal environments | (2,429) | (7,084) |
| Tax impact of the use of losses not recognized previously | (1,107) | (3,459) |
| Tax impact of current and deferred tax adjustments related to prior years | 400 | (164) |
| Tax impact of deferred tax assets on losses of the year not recognized | 6,223 | 9,278 |
| Deferred taxes calculated on the definitively taxed incomes | (2,914) | |
| **Tax charge and effective tax rate of the exercise** | **17,462** | **23,882** |
| | **22.7%** | **25.0%** |

The tax charges amount to 17,462 thousand Euro at 31 December 2009 (December 2008: 23,882).
The effective tax rate is 22.7% (December 2008: 25%).
The variation of the effective tax rate is due to the fact that CFE has adopted the same approach as its subsidiary DEME with regard to the recognition of definitively taxed revenues coming from European Union. This is the consequence of the Cobelfret decree and the circulaire of June 23, 2009. This led to the recognition of deferred tax assets by the subsidiary DEME (impact of 2,914 thousand Euro).

This tax rate is lower than the theoretical tax rate (33.99%) which is mainly due to the fact of lower tax rate for foreign subsidiaries and to the use of previously non recognized losses.

The evolution of the other taxable revenues is explained by the fact that the definitively taxed revenues were not recoverable on the profit of the year in some entities.

**Deferred tax assets and liabilities recognized**

| | Assets | | Liabilities | |
|---|---|---|---|---|
| *(in thousand Euro)* | **2009** | **2008** | **2009** | **2008** |
| (In) tangible assets | 0 | 0 | (27,838) | (25,596) |
| Employee benefits | 4,848 | 4,803 | (41) | (26) |
| Provisions | 246 | 191 | (6,597) | (6,255) |
| Fair value adjustments on derivatives | 1,785 | 6,363 | 0 | 0 |
| Other items | 35,266 | 41,107 | (28,759) | (28,835) |
| Tax losses/credits | 65,861 | 33,767 | (274) | 0 |
| **Gross deferred taxes assets/(liabilities)** | **108,006** | **86,231** | **(63,509)** | **(60,712)** |
| Write-off on deferred taxes assets | (43,427) | (21,717) | 0 | 0 |
| Tax compensation | (60,980) | (55,371) | 60,980 | 55,371 |
| **Net deferred taxes assets/(liabilities)** | **3,598** | **9,143** | **(2,529)** | **(5,341)** |

The reported fiscal losses for which no deferred taxes assets have been recognized amounts to 43,427 thousand Euro.

### Temporary differences or tax losses for which no deferred tax assets is recognized

Deferred taxes assets have not been recognized in the cases of it is not certain that a future taxable profit would be sufficient to allow the subsidiaries to recover their tax losses.

### Defered tax income (charge) directly recognised in equity

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Deferred tax on revaluation surplus on the effective part of fair value changes in cash flow hedge | 892 | 6,644 |
| **Total** | **892** | **6,644** |

## 11. Profit per share

The basic result per share is the same as the diluted result per share due to the absence of potential dilutive ordinary shares in circulation. It is calculated as follow:

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Net profit attributable to shareholders | 61,728 | 69,919 |
| Number of ordinary shares at the end of the period | 13,092,260 | 13,092,260 |
| Weighted average of the number of ordinary shares | 13,092,260 | 13,092,260 |
| **Basic (diluted) profit by share in Euro** | **4.71** | **5.34** |

## 12. Intangible assets other than goodwill

| **Exercise 2009** *(in thousand Euro)* | **Concessions, patents and licenses** | **Development costs** | **Total** |
|---|---|---|---|
| **Acquisition costs** | | | |
| Balance at the end of the previous period | (81) | (24) | (105) |
| Effect of foreign currency fluctuations | 302 | - | 302 |
| Acquisitions | 1,071 | 502 | 1,573 |
| Disposals | (19) | (76) | (95) |
| Transfers from one heading to another | | | |
| Change in consolidation scope | | | |
| **At the end of the period** | **9,833** | **1,192** | **11,025** |
| **Depreciations and impairment** | | | |
| Effect of foreign currency fluctuations | 12 | | 12 |
| Depreciations of the period | (738) | (9) | (747) |
| Amortizations | (46) | | (46) |
| Disposals | 20 | 71 | 91 |
| Transfers from one heading to another | | | |
| Change in consolidation scope | | | |
| **At the end of the period** | **(3,710)** | **(402)** | **(4,112)** |
| | | | |
| **Net carrying amount** | | | |
| **At January, 1st 2009** | **5,603** | **327** | **5,929** |
| **At December, 31 2009** | **6,122** | **790** | **6,913** |

The total of intangible assets acquired amounts to 1,573 thousand Euro and is mainly related to licenses and software expenses. Amortizations on intangible assets are recognized under heading “depreciations” in the statement of comprehensive income.

Amortizations on intangible assets amount to 747 thousand Euro.

All the intangible assets responding to the IAS 38 definitions – Intangible assets are recognized if and only if future economic benefits are probable.



| **Exercise 2009** *(in thousand Euro)* | **Concessions, patents and licenses** | **Development costs** | **Total** |
|---|---|---|---|
| **Acquisition costs** | | | |
| Balance at the end of the previous period | **6,787** | **452** | **7,239** |
| Effect of foreign currency fluctuations | 110 | - | 110 |
| Acquisitions | 1,510 | 305 | 1,815 |
| Disposals | (1,012) | - | (1,012) |
| Transfers from one heading to another | 789 | - | 789 |
| Change in consolidation scope | 376 | 33 | 409 |
| **At the end of the period** | **8,560** | **790** | **9,350** |
| | | | |
| **Depreciations and impairment** | | | |
| **Balance at the end of the previous period** | **(2,264)** | **(440)** | **(2,704)** |
| Effect of foreign currency fluctuations | 6 | - | 6 |
| Acquisitions through business combinations | (635) | (17) | (652) |
| Depreciations of the period | - | - | - |
| Disposals | 952 | - | 952 |
| Transfers from one heading to another | (797) | - | (797) |
| Change in consolidation scope | (220) | (7) | (227) |
| **At the end of the period** | **(2,958)** | **(464)** | **(3,422)** |
| | | | |
| **Net carrying amount** | | | |
| **At January, 1st 2008** | **4,523** | **12** | **4,535** |
| **At December, 31 2008** | **5,602** | **326** | **5,929** |

## 13. Goodwill

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| **Acquisition costs** | | |
| **Balance at the end of the previous period** | **29,076** | **23,239** |
| Acquisitions through business combinations | 2,407 | 5,774 |
| Other variations | - | 63 |
| **Balance at the end of the period** | **31,483** | **29,076** |
| **Balance at the end of the previous period** | **(1,159)** | **(1,159)** |
| Impairment of the period | (4,533) | - |
| **Balance at the end of the period** | **(5,692)** | **(1,159)** |
| **Net carrying amount** | | |
| **At December, 31** | **25,791** | **27,917** |

The non-allocated goodwill relates to the acquisitions through business combinations at CFE and DEME. It refers to the goodwill generated by the acquisition of Elektro Van De Maele (1,660 thousand Euro), Prodfroid (215 thousand Euro), and those related to the sub-consolidation of the group DEME (528 thousand Euro).

In accordance with IAS 36 – Impairment of assets, goodwill has been subject to impairment tests as per December 31 2009.

The value in use of the CGU (Cash-Generating Unit) is obtained on the basis of the discounted operating cash flows forecasts before taxes over a period of 5 years. The CGU’s are evaluated by activity. The group CFE considers DEME as one CGU.
The carrying amount of the goodwill acquired through business combinations is allocated to each Cash-Generating Unit on a coherent and reasonable manner.

The discount rate is computed as a weighted average of internal required return on equity, and of the currently incurred borrowing costs. The sensitivity rate is applied on the expected cash flows.

The following assumptions have been considered for the test of impairment:

| Activity | Goodwill net value | | Parameters of the model applied to the projections of cash flows | | | | Impairment losses accounted during the exercice |
|---|---|---|---|---|---|---|---|
| | 2009 | 2008 | Growth rate | Growth rate (terminal value) | Discount rate | Sensitivity rate | |
| Druart | 1,292 | 3,092 | - | 0% | 7.06% | 5% | 1,800 |
| Stevens | 2,682 | 2,682 | - | 0% | 7.06% | 5% | - |
| VMA | 11,115 | 11,115 | - | 2% | 7.06% | 5% | - |
| EVDM | 1,660 | | - | 0% | 7.06% | 5% | - |
| GroupVan Wellen | - | 2,733 | | 0% | 7.06% | 5% | 2,733 |
| Amart | 911 | 911 | - | 0% | 7.06% | 5% | - |
| Others 292 | 73 | - | 0% | 7.06% | 5% | - | |
| Sub-consolidation DEME | 7,839 | 7,311 | | | | | |

The **group Van Wellen** incurred significant losses in the year 2009, following a lack of activity and the execution of building sites in deficit. Restructuring measures, consisting of a renewal of the company's management and the separation of construction from property development activities have been taken. The translation of these decisions in the new business plan has led to an impairment loss of 2.733 thousands Euro, recognized in 2009.

The group Van Wellen is the Cash-Generating Unit (CGU) which is the smallest identifiable group of assets for which the continuous use generates cash entries which are independent from the cash entries generated by other assets or group of assets. This CGU is part of the construction segment.
Group CFE considers that the way how the direction of the group Van Wellen manages its activities, and the way how it takes its decisions as regards of continuation or transfer of the assets and the business lines is largely independent of the management of the other assets or groups of assets. The calculated impairment losses on the CGU have been allocated on the goodwill. The recoverable value of this CGU is based on the value in use following the modalities mentioned above.

**Druart** has faced particular difficulties in 2009. Specific and necessary measures to remedy the situation have been taken. The translation of these decisions in the new business plan has led to an impairment loss of value of 1,800 thousand Euro, recognized in 2009.

The group Druart is the CGU which is the smallest identifiable group of assets for which the continuous use generates cash entries which are independent from the cash entries generated by other assets or group of assets. This CGU is part of the multitechnical segment.
Group CFE considers that the way how the direction of the group Druart manages its activities, and the way in which it takes its decisions as regards of continuation or transfer of the assets and the lines of business is largely independent of the management of the other assets or groups of assets. The calculated impairment losses on the CGU have been allocated on the goodwill. The recoverable value of this CGU is based on the value in use following the modalities mentioned above.



## 14. Property, plant & equipment

**Exercise 2009**

| *(in thousand Euro)* | Land & buildings | Installations & equipments | Furniture & fittings | Other tangible assets | Under construction | Total |
|---|---|---|---|---|---|---|
| **Acquisition cost** | | | | | | |
| **Balance at the end of the previous period** | **36,072** | **876,584** | **43,162** | **-** | **74,108** | **1,029,926** |
| Effect of foreign currency fluctuations | (149) | (982) | (91) | | 353 | (869) |
| Acquisitions through business combinations | 81 | 352 | 750 | | | 1,183 |
| Acquisitions | 1,514 | 74,566 | 3,993 | | 108,443 | 188,516 |
| Transfers from one asset to another | (25) | 61,091 | (181) | | (61,028) | (143) |
| Disposals | (167) | (19,442) | (2,645) | | (629) | (22,883) |
| Change in the consolidation scope | | | | | | |
| **Balance at the end of the year** | **37,326** | **992,169** | **44,988** | **-** | **121,247** | **1,195,730** |
| **Depreciations & impairment** | | | | | | |
| **Balance at the end of the period** | **(18,986)** | **(477,252)** | **(32,844)** | | | **(529,082)** |
| Effect of foreign currency fluctuations | (71) | 388 | 101 | | | 418 |
| Acquisitions through business combinations | (15) | (258) | (473) | | | (746) |
| Depreciations | (1,442) | (75,486) | (4,460) | | | (81,388) |
| Transfers from one asset to another | 25 | (27) | 145 | | | 143 |
| Disposals | | 13,572 | 2,211 | | | 15,783 |
| Change in the consolidation scope | | | | | | |
| **Balance at the end of the period** | **(20,489)** | **(539,063)** | **(35,320)** | **-** | **-** | **(594,872)** |
| **Net carrying amount** | | | | | | |
| **At January, 1 2009** | **17,086** | **399,332** | **10,318** | **-** | **74,108** | **500,844** |
| **At December, 31 2009** | **16,837** | **453,106** | **9,668** | | **121,247** | **600,858** |

At December 31, 2009, the acquisitions of tangible assets amount to 188,516 thousand Euro, and are mainly related to DEME (162,797 thousand Euro) resulting from the execution of the multi-annual investment strategy whereas the amounts of the involved investments amounts to 148 millions Euro. Payments related to these fixed assets amounts to 176,342 thousand Euro for the year 2009.

The investments for the year 2009 increased by 33,565 thousand Euro compared to 2008. This is mainly related to DEME.

The investments of DEME in maintenance (specific component) amount to 20,448 thousand Euro.

The amount of properties, plants, and equipments constituting a guarantee for some borrowing comes to 146,447 thousand Euro (2008: 131,891 thousand Euro).

**Exercise 2009**

| *(in thousand Euro)* | Land & buildings | Installa-tions & equip-ments | Furniture & fittings | Other tangible assets | Under construc-tion | Total |
|---|---|---|---|---|---|---|
| **Acquisition cost** | | | | | | |
| **Balance at the end of the previous period** | **31,721** | **788,592** | **37,098** | **6,344** | **24,687** | **888,442** |
| Effect of foreign currency fluctuations | (533) | 1,546 | (166) | | 460 | 1,307 |
| Acquisitions through business combinations | 2,758 | 3,595 | 2,648 | | | 9,001 |
| Acquisitions | 1,742 | 81,005 | 5,686 | | 66,518 | 154,951 |
| Transfers from one asset to another | 266 | 25,705 | 182 | (6,344) | (17,557) | 2,252 |
| Disposals | (522) | (23,903) | (2,286) | | | (26,711) |
| Change in the consolidation scop | 640 | 44 | | | | 684 |
| **Balance at the end of the year** | **36,072** | **876,584** | **43,162** | **-** | **74,108** | **1,029,926** |
| **Depreciations & impairment** | | | | | | |
| **Balance at the end of the period** | **(18,037)** | **(425,843)** | **(28,887)** | **(1,590)** | **0** | **(474,357)** |
| Effect of foreign currency fluctuations | 70 | (1,069) | 138 | | | (861) |
| Acquisitions through business combinations | (57) | (2,169) | (2,077) | | | (4,303) |
| Depreciations | (1,331) | (67,130) | (4,226) | | | (72,687) |
| Transfers from one asset to another | 101 | (3,747) | 90 | 1,590 | | (1,966) |
| Disposals | 262 | 22,706 | 2,118 | | | 25,086 |
| Change in the consolidation scope | 6 | | | | | 6 |
| **Balance at the end of the period** | **(18,986)** | **(477,252)** | **(32,844)** | | | **(529,082)** |
| **Net carrying amount** | | | | | | |
| **At January, 1 2009** | **13,684** | **362,749** | **8,211** | **4,754** | **24,687** | **414,085** |
| **At December, 31 2009** | **17,086** | **399,332** | **10,318** | **-** | **74,108** | **500,844** |

## 15. Property investments

| *(in thousand Euro)* | Gross Value | Depreciations | Net Value |
|---|---|---|---|
| **Net carrying amount at January 1, 2009** | **12,368** | **(6,713)** | **5,655** |
| Effect of foreign currency fluctuations | (76) | (4) | (80) |
| Depreciations and impairment / reversal | | (3) | (3) |
| Acquisitions | 8,261 | - | 8,261 |
| Disposals | (527) | | (527) |
| Transfers between property investment, buildings in inventory and used by the owner | - | - | - |
| **Net carrying amount at December 31, 2009** | **20,026** | **(6,720)** | **13,306** |

As at December 31, 2009, the property investments presented on the statement of financial position for 13,306 thousand Euro (2008: 5,655 thousand Euro) and have an estimated fair value of 13,223 thousand Euro (2008: 5,572 thousand Euro).
Acquisitions amount to 8,261 thousand Euro and consist of assets related to the Bizerte's Marina concession (5,619 thousand Euro), and to the project "The Gallery" in Hungary (2,642 thousand Euro).
Investment properties are amortized by applying the same rules as for tangible assets.
Over the period, there are no items relative to property investments included in the profit and loss accounts.
CFE has an investment commitment for 7 million Euro.

| *(in thousand Euro)* | Gross Value | Depreciations | Net Value |
|---|---|---|---|
| **Net carrying amount at January 1, 2008** | **24,696** | **(10,382)** | **14,314** |
| Change in the consolidation scope | (8,605) | 1,987 | (6,618) |
| Depreciations and impairment / reversal | - | (7) | (7) |
| Acquisitions | - | - | - |
| Disposals | (1,215) | - | (1,215) |
| Transfers between property investment, buildings in inventory and used by the owner | (2,508) | 1,689 | (819) |
| **Net carrying amount at December 31, 2008** | **12,368** | **(6,713)** | **5,655** |

## 16. Investments in associated and joinly controled entities

**Associated entities**

Interests in associated entities are detailed as follow:

| *(in thousand Euro)* | 2009 | 2008 |
|---|---|---|
| **Balance at the end of the previous period** | **5,831** | **8,902** |
| Change of the accounting policies | 15 | (2,144) |
| Balance at the end of the previous period restated | 5,846 | 6,758 |
| Acquisitions and transfers | 1,088 | - |
| Share of the group in the result after taxes and minorities | 2,623 | 1,297 |
| Reduction in capital | (91) | (1,648) |
| Dividends | (1,034) | (576) |
| **Balance at the end of the period** | **8,432** | **5,831** |
| | | |
| **Goodwill included in associated companies** | **126** | **126** |

All the entities in which the group CFE has a significant influence are consolidated by the equity method of accounting. The group CFE does not held associated companies quoted on a public stock exchange.

The condensate financial statements of these entities are detailed as follow:

| *(in thousand Euro)* | 2009 | 2008 |
|---|---|---|
| Total assets | 433,761 | 123,866 |
| Total liabilities | 446,733 | 123,688 |
| **Net assets** | **(12,972)** | **178** |
| | | |
| **Share in the net asset of the group CFE** | **(5,319)** | **(1,271)** |
| **Incomes** | **225,356** | **87,327** |
| | | |
| **Net result of the year** | **3,128** | **3,960** |
| **Share in the net result of the year** | **2,623** | **1,297** |

The evolution of the net assets are predominantly clarified by the modified method of consolidation of Locorail. The increase of total assets is mainly explained by the evolution of the financial assets accounted for under the "financial asset model" in the special purpose companies Locorail & Coentunnel Company.

**Jointly controlled entities**

The group CFE reports its interests in jointly controlled entities (including temporary companies) by using a reporting format line by line for the proportionate method of consolidation.

The total amounts of the interests of the group CFE in the consolidated financial statements are detailed as follow:

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Total non current assets | 515,636 | 476,228 |
| Total current assets | 524,390 | 678,225 |
| Total non current liabilities | 470,959 | 474,150 |
| Total current liabilities | 569,067 | 680,304 |
| **Operating incomes** | **950,592** | **1.022,285** |
| **Operating charges** | **(866,423)** | **(928,227)** |

The most significant jointly controlled entities are detailed in the note 34. The equity of these entities is included in the heading "total non current liabilities" and amounts to 225.9 million Euro. In addition, the group CFE sets up temporary companies for the execution of some markets with associated companies. The most significant are THV Dialink, THV Locobouw and Coentunnel Construction VOF.

## 17. Other non current financial assets

Other non current financial assets include primarily the non-eliminated part of subordinated loan in projects and investments available for sale.

The other non current financial assets amount to 14,824 thousand Euro as per December 31, 2009 (2008: 14,881 thousand Euro).

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| **Balance at the end of the previous period** | **14,881** | **6,870** |
| Change in consolidation method | (4,510) | - |
| Acquisitions | 10,488 | 10,118 |
| Disposals and transfers | (6,409) | (1,405) |
| Write-off | 369 | (694) |
| Change in the consolidation scope | 7 | - |
| Effect of foreign currency fluctuations | (2) | (8) |
| **Balance at the end of the period** | **14,824** | **14,881** |

The non current financial assets are in slight decrease compared to December 2008 (-57 thousand Euro). This is the results of a decrease of 4,510 thousand Euro due to the change of consolidation method by Locorail, compensated by a net increase of non current financial assets, primarily in the real estates and Holding segments.

The group CFE does not held investments available for sale quoted on a public stock exchange.



## 18. Other non current assets

As per December 31, 2009 the other non current assets amount to 6,774 thousand Euro and include non current receivables detailed as follow:

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Non current receivables Forem | 2,323 | 2,826 |
| Non current receivables – Salzinnes maternity | - | 13,165 |
| Other non current receivables (including guarantees bank deposits) | 4,451 | 6,542 |
| **Total consolidated** | **6,774** | **22,533** |

## 19. Construction contracts

The amount of incurred costs increased by profits and decreased by recognized losses as well as by progress billing is determined by contract.

| *(in thousand Euro)* | **2009** | **2008** | **2007** |
|---|---|---|---|
| Cumulated costs entered in contracts | 1,355,717 | 1,877,660 | 1,334,096 |
| Contract charges incurred and profits realized until the period | 1,382,705 | 1,938,467 | 1,374,464 |
| Progress billings | 1,358,454 | 1,913,856 | 1,359,261 |
| Gross amount due by the clients | 50,222 | 70,547 | 53,761 |
| Gross amount due to the clients | (25,971) | (45,936) | (38,558) |
| Advances received – construction contracts | (65,826) | (43,114) | (55,322) |

The advances received on construction contracts are disclosed in the heading "other current liabilities". The increase is mainly explained by advance received on dredging and environmental contracts.

The "Gross amount due by the clients" and the "Gross amounts due to the clients" include the "still to be invoiced" part of the headings: "trades receivables and other operating receivables" and "trades payables and other operating payables" from the financial statements. Furthermore, these headings include "other current assets" and "other current liabilities" related to the work sites in progress.

The decrease of the heading "Gross amount due by the clients" is primarily related to the improvement of the working capital needs by DEME.

Currently, the group CFE is in negotiation with a customer to solve in a friendly and simultaneous way the claims relating to the overcosts and the possible application of penalties on an important working site in Luxemburg. Taking into account the uncertainty of this negotiation and consequently the uncertainty of any additional profit and losses that could result from this, no provision or additional revenue has been recognized on this site. The group CFE estimates, on the basis of current information, that the risk of an additional outflow is very low.

## 20. Inventories

As per December 31, 2009 the stocks amount to 147,060 thousand Euro (2008: 127,153 thousand Euro) and are detailed as follow:

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Raw materials and consumables | 13,319 | 16,774 |
| Depreciations on raw materials and consumables | (725) | (725) |
| Finished products and properties held for sale | 136,758 | 114,061 |
| Depreciations on finished products | (2,292) | (2,957) |
| **Stocks recognized at net realizable value** | **147,060** | **127,153** |

The evolution of the heading "raw materials and consumables" is explained, on the one hand, by the scope entry of the company Prodfroid, and on the other hand, by the evolution of the stock in the Netherlands.

As per December 31, 2009, no depreciation on "raw materials and consumables" has been recognized.

The evolution of the heading finished products (+ 22,697 thousand Euro) is particularly explained by the evolution of the stock following the execution of some real estate projects (Amca, La reserve Promotions, Uccle Calevoet, Barbarahof and South City Offices).

On December 31, 2009, 665 thousand Euro of depreciation on "stock finished products" has been reversed. It relates in particular to depreciations accounted for in the real estate development area following the risk reduction on several projects.

Inventories constituting a guarantee amount to 60,174 thousand Euro (2008: 98,187 thousand Euro). This amount is made up of mortgage mandates for 58,242 thousand Euro and mortgage inscriptions and guarantees for 1,932 thousand Euro. The mortgage mandates are granted by companies dedicated to that task, and refer to the entire subject.

## 21. Trade receivables and payables and other operating receivables and payables

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Trade receivables | 543,585 | 609,818 |
| Minus: provision doubtful debtors | (9,621) | (7,330) |
| Net trade receivables | 533,964 | 602,488 |
| Other current trade receivables | 140,363 | 107,974 |
| **Total consolidated** | **674,327** | **710,462** |
| **Other current assets** | **38,148** | **36,828** |
| Trade payables and other operating debts | 548,172 | 542,630 |
| Other current liabilities | 271,073 | 249,620 |
| **Consolidated total of trade payables and other operating debts** | **819,245** | **792,250** |
| **Net situation of trade receivables and payables** | **(106,770)** | **(44,960)** |

We refer to the note 27 for the credit risk analyze.

The improvement of the net situation of trade receivables and payables is primarily related to the dredging and environment segment and is explained by the advances received and the absence of "milestones" contracts. The construction segment also contributed in a positive way to the improvement of this heading.

## 22. Cash and cash equivalents

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Short term bank deposits | 91,853 | 122,038 |
| Cash at bank and in hand | 78,693 | 79,126 |
| **Cash and cash equivalent** | **170,546** | **201,164** |

The short-term bank deposits concern placements in financial institutions with duration of maximum 3 months. These investments are subject to a variable remuneration, which is mainly related to Euribor or Eonia.

## 23. Subsidies

In 2009, the group CFE received grants for an amount of 1,453 thousand Euro. It relates to the companies DHB (1,237 thousand Euro), and BPI (216 thousand Euro), the latter for the project Gouden Boom. Those grants are accounted under the heading "other current liabilities" for the part which is still not recognized in the profit and loss.

## 24. Employee benefits

The group CFE participates to benefit plans and pre-pension plans in many countries where the group operates its activities. These benefits are recognized in compliance with IAS 19 and considered as "post-employment" and "long-term benefit plans". At December 31, 2009 the net debt of the obligations of the group CFE for "post employment benefits" and for pension and pre-pension plans amounted to 14,201 thousand Euro (2008: 14,457 thousand Euro).

These amounts are disclosed in the heading "Pensions and non-current employee benefits". This heading includes also a provision for 3,553 thousand Euro (2008: 2,846 thousand Euro) at the level of the group DEME for share-based payments. These plans are considered as cash based. This heading also includes other employee benefits for 682 thousand Euro (2008: 704 thousand Euro).

**Debt related to the obligations of defined benefit plans and pre-pensions**

| *(in thousand Euro)* | **Defined plans 2009** | **Pre-pensions 2009** | **Defined plans 2008** | **Pre-pensions 2008** |
|---|---|---|---|---|
| Present value of funded benefit plans | (63,078) | | (56,558) | |
| Fair value of plan assets | 52,017 | | 47,554 | |
| **Present value of net obligations funded** | **(11,061)** | | **(9,004)** | |
| Present value of not funded benefit plan | (2,365) | (847) | (1,597) | (1,191) |
| **Present value of net obligations** | **(13,426)** | | **(10,601)** | |
| Unrecognized actuarial gain/losses | (93) | | (2,665) | |
| **Net assets / (liabilities) recognized at statement of financial position** | **(13,519)** | **(847)** | **(13,266)** | **(1,191)** |
| **Liability amount recognized at the statement of financial position** | **(13,519)** | **(847)** | **(13,266)** | **(1,191)** |

**Movement in the net liability recognized in the statement of financial position for defined benefit plans and pre-pensions**

| *(in thousand Euro)* | Defined plans 2009 | Pre-pensions 2009 | Defined plans 2008 | Pre-pensions 2008 |
|---|---|---|---|---|
| **Net assets/(liabilities) at January, 1st** | **(13,266)** | **(1,191)** | **(13,006)** | **(1,305)** |
| Fusion/acquisition of plans | (5) | | (1,193) | |
| Change in the consolidation scope | | | (17) | (16) |
| Contributions paid | 5,003 | | 4,753 | |
| Expense recognized in the statement of comprehensive income | (5,251) | 344 | (3,803) | 130 |
| **Net assets/(liabilities) at December, 31** | **(13,519)** | **(847)** | **(13,266)** | **(1,191)** |

**Expense recognized in the statement of comprehensive income related to defined benefit plans**

| *(in thousand Euro)* | 2009 | 2008 |
|---|---|---|
| Current service cost | 3,314 | 3,227 |
| Interest charge on obligations | 3,247 | 2,937 |
| Expected return on plan assets | (1,867) | (1,778) |
| Actuarial gain/(losses) | 537 | (491) |
| Other | (171) | 284 |
| **Total** | **5,060** | **4,179** |

Costs of pension plans for the period are included into the following heading of the statement of comprehensive income: “Wages, salaries & social charges”.

Plan assets neither includes financial instruments of the group CFE nor any real estate used by the fund or used by the group CFE.

**Movement in the net present value of the obligations related to the defined benefit plans**

| *(in thousand Euro)* | 2009 | 2008 |
|---|---|---|
| Present value of the obligations at January 1st | 58,155 | 53,092 |
| Current service cost | 3,314 | 3,227 |
| Interest on obligations | 3,247 | 2,938 |
| Amounts paid | (2,948) | (3,537) |
| Actuarial gains/(losses) | 93 | (537) |
| Contribution of employees | 693 | 627 |
| Transfers in/out | 524 | 2,345 |
| **Present value of the obligations at December 31** | **63,078** | **58,155** |

**Movement in the fair value of the assets plan**

| *(in thousand Euro)* | 2009 | 2008 |
|---|---|---|
| Fair value of the assets plan at January 1st | 47,555 | 43,177 |
| Expected return of the assets plan | 1,407 | 1,779 |
| Contribution of the employer | 5,003 | 4,558 |
| Contribution of the employee | 693 | 627 |
| Amounts paid | (2,640) | (3,342) |
| Transfers in/out | 0 | 1,458 |
| Actuarial gains/(losses) | 0 | (702) |
| **Fair value of the plan assets at December 31** | **52,018** | **47,555** |

**Main actuarial assumptions at the end of the period (expressed in weighted averages)**

| | 2009 | 2008 |
|---|---|---|
| Discounting rate at 31 December | 5.10% | 5.60% |
| Expected rate of return of assets plan at 31 December | 3.95% | 3.96% |
| Forecasted rate of salary increase | 3.90% < 60 yrs and 3.90% > 60 yrs | 1.90% < 60 yrs and 1.90% > 60 yrs |
| Inflation rate | 1.90% | 2% |

The discounted rate at the end of 2009 is lower than the one applied in 2008. This is explained by the evolution of credit rates on the financial markets.

The sensitivity analyze indicates that an increase in the discount rate by 25 basis points would reduce the present value of the obligations by 2.4% and the current service cost by 2.7%.

This sensitivity analyze also indicates that an increase in the inflation rate by 25 basis points would increase the present value of the obligations by 1.6% and the current service cost by 2.2%.

**Expected cash flow**

| | |
|---|---|
| Employer contributions 2010 | 5,027 |
| Employee contributions 2010 | 731 |
| Amounts to be paid 2010 | 6,214 |
| Amounts to be paid 2011 | 3,967 |
| Amounts to be paid 2012 | 2,991 |
| Amounts to be paid 2013 | 4,674 |
| Amounts to be paid 2014 | 5,126 |
| Amounts to be paid 2015 to 2019 | 27,967 |

## 25. Provisions other than pensions and non current employee benefits

As per December 31, 2009 these provisions amount to 56,104 thousand Euro, which represents an increase of 3,757 thousand Euro compared to end 2008 (52,347 thousand Euro).

| *(in thousand Euro)* | Termination losses | After-sale service | Other current risks | Other non-current risks | Total |
|---|---|---|---|---|---|
| **Balance at the end of the previous period restated** | **18,572** | **7,685** | **23,896** | **2,194** | **52,347** |
| Effect of foreign currency fluctuations | 33 | (33) | 66 | | 66 |
| Actualisation effect | | | 9 | | 9 |
| Transfer from one heading to another | (1,774) | (116) | 2,080 | (239) | (49) |
| Provisions recognized | 11,923 | 1,845 | 4,620 | 1,846 | 20,234 |
| Provisions used | (8,799) | (855) | (3,958) | (1,503) | (15,115) |
| Provisions reversed | (1.065) | | (323) | | (1,388) |
| **Closing balance** | **18,890** | **8,526** | **26,390** | **2,298** | **56,104** |

| | |
|---|---|
| of which current: | 53,806 |
| of which non current: | 2,298 |

The provision for termination losses increased by 318 thousand Euro and amounts to 18,890 thousand Euro at the end of 2009. Provisions for termination losses are accounted for when the expected financial benefits of some contracts are less than the inevitable costs attendant on compliance with their obligations. The use of termination losses is related to the performance of the relevant contracts.

The provision for after-sales service increased by 841 thousand Euro and amounts to 8,526 thousand Euro at the end of 2009. The change at the end of 2009 is explained by the recognition or/and the reversal of provisions for decennial guarantee.

Provisions for other current risks increased by 2,494 thousand Euro to reach 26,390 thousand Euro at the end of 2009. These provisions include provisions for current litigation (7,422 thousand Euro) and in particular a provisions for risks on an important building site in Luxemburg, provisions for remaining works to be done (1,476 thousand Euro), provisions for social risks (67 thousand Euro) as well as provisions for other currents risk (17,425 thousand Euro). Given that the negotiations with clients are still in progress, we can not provide more information, nor on the assumptions retained, neither on the moment when the probable cash outflow will occur.

The other non-current risks include the provisions for restructuring and for other risks not directly related to the operating cycle of the building sites in progress. End 2009, a provision for restructuring has been acted for 900 thousand Euro in a foreign subsidiary.



## 26. Information related to the net financial debt

### 26.1. The net financial debt, as defined by de group, is analyzed as follow:

| | 31/12/2009 | | | 31/12/2008 | | |
|---|---|---|---|---|---|---|
| *(in thousand Euro)* | Non-current | Current | Total | Non-current | Current | Total |
| Bank loans and other financial debt | (170,814) | (51,302) | (222,116) | (151,791) | (49,348) | (201,139) |
| Credit lines used | (38,861) | | (38,861) | (50,341) | | (50,341) |
| Loans related to finance lease | (18,417) | (4,995) | (23,412) | (21,785) | (5,946) | (27,731) |
| **Total long term financial debts** | **(228,092)** | **(56,297)** | **(284,389)** | **(223,917)** | **(55,294)** | **(279,211)** |
| Short term financial debts | - | (38,455) | (38,455) | - | (55,480) | (55,480) |
| Short term bank deposits | - | 91,853 | 91,853 | - | 122,038 | 122,038 |
| Cash at bank and in hand | - | 78,693 | 78,693 | - | 79,126 | 79,126 |
| **Total short term net financial debt (or availabilities)** | **-** | **132,091** | **132,091** | **-** | **145,684** | **145,684** |
| **Total net financial debt** | **(228,082)** | **75,794** | **(152,298)** | **(223,917)** | **90,390** | **(133,527)** |
| **Derivatives – interest rate hedge** | **(3,909)** | **(2,652)** | **(6,561)** | **(17,053)** | **(3,574)** | **(20,627)** |

### 26.2. Financial debt maturit

| *(in thousand Euro)* | Due within the year | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 5 years | Between 5 and 10 years | More than 10 years | Total |
|---|---|---|---|---|---|---|---|
| Bank loans and other financial debt | (51,302) | (78,832) | (18,153) | (26,277) | (47,499) | (53) | (222,116) |
| Credit lines used | | (16,191) | (22,670) | - | - | - | (38,861) |
| Loans related to finance lease | (4,995) | (3,646) | (2,962) | (2,474) | (7,363) | (1,972) | (23,412) |
| **Total long term financial debt** | **(56,297)** | **(98,669)** | **(43,785)** | **(28,751)** | **(54,862)** | **(2,025)** | **(284,389)** |
| Short term financial debts | (38,455) | - | - | - | - | - | (38,455) |
| Short term bank deposits | 91,853 | - | - | - | - | - | 91,853 |
| Cash at bank and in hand | 78,693 | - | - | - | - | - | 78,693 |
| **Total short term financial debt** | **132,091** | **-** | **-** | **-** | **-** | **-** | **132,091** |
| **Total net financial debt** | **75,794** | **(98,669)** | **(43,785)** | **(28,751)** | **(54,862)** | **(2,025)** | **(152,298)** |

The present value of the finance lease obligations amounts to 4,995 thousands Euro (2008: 5,946 thousand Euro). These finance lease contracts mainly relate to DEME and the premises of the subsidiary Stevens NV.

### 26.3. Credit lines and long terms bank loans

The group CFE (excluding DEME) disposes at December 31, 2009 of 100 million Euro credit facility ("Club Deal" signed in April 2008) not used, due in April 2013.

Moreover, the group CFE disposes at December 31, 2009 of confirmed bank credit lines for 2.5 million Euro. At December 31, 2009, these lines were not utilised.

As far as the financing of the construction of the railway axis between Zaventem and Antwerp is concerned, the group CFE obtained a revolving credit line of 40 million Euro of which 39 million Euro utilised at the end of 2009.

The bank loans and other financial debts mainly relate to DEME or real estate projects credit facilities and are without recourse against CFE.

### 26.4. Financial covenants

The syndicated loan at the International Coordination Center of CFE ("CCI") is subject to specific covenants which are taking into account the equity and its relation with the financial debt as well as the generated cash-flow. These covenants are fully respected.

## 27. Informations relative to the financial risk management

### 27.1. Interest rate risk

The interest rate risk management is insured within the group by making a distinction between concessions, property management, holding, construction activities, multitechnical activities and dredging (DEME).

As far as the concessions and the real estate and management services are concerned, the interest rate risk management is performed considering two horizons:
On the one hand, a long-term horizon to secure and optimize the economic balance of the concession, and on the other hand, a short term horizon to optimize the average cost of debt. Derivative products are used such as interest rate swaps in order to hedge the interest rate risk. These hedging instruments equal at maximum the same notional amounts and the same due dates as the hedged debts. From an accounting point of view, these products are qualified as hedging operations.

As far as dredging is concerned, the group CFE, through its subsidiary DEME, has to face important financings in the context of the dredges investments. The objective is to reach an optimal balance between the financing cost and the volatility of the financial results. DEME uses derivative instruments as interest rate swaps in order to hedge the interest rate risk. These hedging instruments equal at maximum the same notional amounts and generally have the same due dates as the hedged debts. From an accounting point of view, these products will not always be qualified as hedging operations.

The construction, multitechnical and holding activities are characterized by an excess of cash which partially compensate the property commitments. The management is mainly centralized through the cash pooling.



**Effective average interest rate *before* considering derivative products**

| | *Fixed rate* | | | *Floating rate* | | | *Total* | | |
|---|---|---|---|---|---|---|---|---|---|
| **Type of debts** | **Amounts** | **Quota** | **Rate** | **Amounts** | **Quota** | **Rate** | **Amounts** | **Quota** | **Rate** |
| Bank loans and other financial debts | 18,982 | 44.77% | 4.94% | 203,134 | 83.95% | 1.49% | 222,116 | 78.11% | 1.78% |
| Credit line used | - | 0.00% | 0.00% | 38,861 | 16.05% | 1.01% | 38,861 | 13.66% | 1.01% |
| Loans related to finance lease | 23,412 | 55.23% | 4.37% | 0 | 0.00% | 0.00% | 23,412 | 8.23% | 4.37% |
| **Total** | **42,394** | **100.00%** | **4.63%** | **241,995** | **100.00%** | **1.41%** | **284,389** | **100.00%** | **1.90%** |

**Effective average interest rate after considering floating derivative products**

| | *Fixed rate* | | | *Floating rate* | | | *Floating rate capped + inflation* | | | *Total* | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Type of debts** | **Amounts** | **Quota** | **Rate** | **Amounts** | **Quota** | **Rate** | **Amounts** | **Quota** | **Rate** | **Amounts** | **Quota** | **Rate** |
| Bank loans and other financial debts | 190,520 | 75.32% | 3.80% | 31,596 | 100.00% | 1.56% | 0 | 0.00% | 0.00% | 222,116 | 78.06% | 3.48% |
| Credit line used | 38,861 | 15.42% | 4.90% | 0 | 0.00% | 0.00% | 0 | 0.00% | 0.00% | 38,861 | 13.71% | 4.90% |
| Loans related to finance lease | 23,412 | 9.26% | 4.37% | 0 | 0.00% | 0.00% | 0 | 0.00% | 0.00% | 23,412 | 8.23% | 4.37% |
| **Total** | **252,793** | **100.00%** | **4.02%** | **31,596** | **100.00%** | **1.56%** | **0** | **0.00%** | **0.00%** | **284,389** | **100.00%** | **3.75%** |

### 27.2. Sensibility to the interest rate risk

The group CFE is subject to the risk of interest rates fluctuation on its result considering:

- cash flows relative to financial instruments at floating rate after hedging ;
- financial instruments at fixed rate, recognized at fair value in the statement of financial position through the result ;
- derivative instruments non qualified as hedge.

Nevertheless, the variation in the value of derivatives qualified as cash flow hedges does not impact directly the profit & loss accounts and is accounted for in equity.

The following analysis is performed by supposing that the amount of financial debts and derivatives as per December 31, 2009 is constant over the year.

A variation of 50 basis points in interest rate at the closing date would have had as consequence an increase or a decrease of the equity and result for the amounts indicated here below. For the needs of the analysis, the other parameters have been supposed constant.

| 31/12/2009 | Result | | Equity | |
|---|---|---|---|---|
| | Impact of the sensitivity calculation | Impact of the sensitivity calculation | Impact of the sensitivity calculation | Impact of the sensitivity calculation |
| *(in thousand Euro)* | + 50 bp | - 50 bp | + 50 bp | - 50 bp |
| Non current debts (+portion due within the year) with variable rate after accounting hedge | (158) | 158 | - | - |
| Net short term Financial debt (*) | 192 | (192) | - | - |
| Derivatives not qualified as hedge | 372 | (363) | - | - |
| Derivatives qualified as highly potential or certain cash flow | - | - | 737 | (628) |

(*) out of cash at bank and in hand

### 27.3. Description of cash flow hedge operations

Instruments qualified as cash flow hedges at the closing date have the following characteristics:

*For construction, multitechnical, property and holding activities:*

**31/12/2009**

| *(in thousand Euro)* | < 1 year | Between 1 and 2 years | Between 2 and 5 years | > 5 years | Notional | Fair value asset | Fair value liability |
|---|---|---|---|---|---|---|---|
| Swap of interest rate receive floating rate and pay fixed rate | 26,000 | - | - | - | 26,000 | - | (1,979) |
| Interest rate options (cap, collar) | | | | | | | |
| **Interest rate derivatives hedge of highly probable: estimated cash flow** | **26,000** | **-** | **-** | **-** | **26,000** | **-** | **(1,979** |
| Swap of interest rate receive floating rate and pay fixed rate | 26,000 | - | 39,000 | - | 39,000 | - | (156) |
| Interest rate options (cap, collar) | | | | | | | |
| **Interest rate derivatives: hedge of certain cash flow** | **26,000** | **-** | **39,000** | **-** | **65,000** | **-** | **(156)** |

**31/12/2008**

| *(in thousand Euro)* | < 1 year | Between 1 and 2 years | Between 2 and 5 years | > 5 years | Notional | Fair value asset | Fair value liability |
|---|---|---|---|---|---|---|---|
| Swap of interest rate receive floating rate and pay fixed rate | 10,000 | 15,396 | | | 25,396 | | (430) |
| Interest rate options (cap, collar) | | | | | | | |
| **Interest rate derivatives hedge of highly probable: estimated cash flow** | **10,000** | **15,396** | **-** | **-** | **25,396** | **-** | **(430)** |
| Swap of interest rate receive floating rate and pay fixed rate | 13,146 | 25,000 | 17,400 | | 42,400 | | (1,708) |
| Interest rate options (cap, collar) | | | | | | 39 | (13) |
| **Interest rate derivatives: hedge of certain cash flow** | **13,146** | **25,000** | **17,400** | | **55,546** | **39** | **(1,721)** |

*For dredging activities*

**31/12/2009**

| *(in thousand Euro)* | < 1 year | Between 1 and 2 years | Between 2 and 5 years | > 5 years | Notional | Fair value asset | Fair value liability |
|---|---|---|---|---|---|---|---|
| Swap of interest rate receive floating rate and pay fixed rate | 1,574 | 12,416 | 64,323 | 173,710 | 252,023 | 26 | (4,402) |
| Interest rate options (cap, collar) | | | | | | | |
| **Interest rate derivatives: hedge of certain cash flow** | **1,574** | **12,416** | **64,653** | **173,710** | **252,023** | **26** | **(4,402)** |

**31/12/2008**

| *(in thousand Euro)* | < 1 year | Between 1 and 2 years | Between 2 and 5 years | > 5 years | Notional | Fair value asset | Fair value liability |
|---|---|---|---|---|---|---|---|
| Swap of interest rate receive floating rate and pay fixed rate | 12,614 | 6,371 | 45,349 | 30,793 | 95,126 | 8 | (1,697) |
| Interest rate options (cap, collar) | | | | | | | |
| **Interest rate derivatives: hedge of certain cash flow** | **12,614** | **6,371** | **45,349** | **30,793** | **95,126** | **8** | **(1,697)** |

### 27.4. Exchange rate risks

*Nature of the risks at which the group is exposed*

The group CFE and its subsidiaries does not practice a hedge on foreign exchange rates for its construction, property and multitechnical activities as their markets are mainly situated within the euro zone.
DEME practices exchange rate hedges taking into account the international character of the activity and the execution of markets in foreign currency.
Currencies subjected to exchange risk are listed in note 2.
When exchange rate risk related to a risk exposure at operational level would occur, the group policy consists in limiting the exposure to the fluctuation of foreign currencies.

*Repartition of the long term financial debts by currency*

The outstanding debts (without considering finance lease debts which are mainly in Euro) by currency are:

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Euro | 276,938 | 245,825 |
| US Dollar | 1,989 | 3,100 |
| Other | 5,453 | 2,556 |
| **Total long term debts** | **284,380** | **251,481** |

The following table discloses the fair value and the notional amount of exchange rate instrument issued:

| *(in thousand Euro)* | Fair value | | | | | Notional | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | USD US Dollar | Other related to USD | GBP Pound | Other | Total | USD US Dollar | Other related to USD | GBP Pound | Other | Total |
| Forward purchase | (867) | (919) | 1.525 | (948) | (6.240) | (1.209) | - | 32.178 | 189.385 | 221.563 |
| Forward sale | - | - | - | - | - | - | - | - | - | - |

The fair value variation of exchange rate instruments is considered as a construction costs and is recognized at the percentage of completion of the project to which the instruments are related to. This variation is presented as an operational result.

The group CFE, in particular through its subsidiary DEME is exposed to exchange rate fluctuation risk on its result.

The following analysis is performed supposing that the amount of financial assets/liabilities and derivatives as per December, 31 2009 is constant over the year.

A variation of 5% of exchange rate (appreciation of the EUR) at closing date would have as a consequence an increase or a decrease of the equity and the result for the amounts disclosed here below. For the needs of the analysis, the other parameters have been supposed constant.

| | Result | |
|---|---|---|
| **31/12/2009**<br>*(in thousand Euro)* | **Impact of the sensitivity calculation – depreciation of 5% of the EUR** | **Impact of the sensitivity calculation – appreciation of 5% of the EUR%** |
| Non current debts (+portion due within the year) with variable rate after accounting hedge | 100 | (95) |
| Net short term Financial debt (*) | (6) | 6 |
| Working Capital | (1,182) | 1,126 |

### 27.5. Risk related to raw materials

Raw materials and furniture incorporated into the works constitute an essential element of the cost price.

Although some markets include price revisions clauses or revision formulas and that the group CFE sets up, in some cases, hedges of furniture prices (gas-oil), the risk of price fluctuation of raw materials can not be completely excluded.

DEME is hedged against gas-oil fluctuations through the purchase of fuel options. The fair value variation of these instruments is considered as construction costs and is recognized at the percentage of completion of the project to which these instruments are related to. This variation is presented as an operating result.

The fair value of these instruments amounts to -4,750 thousand Euro at the end of 2009.

### 27.6. Credit and counterparty risk

The group CFE is exposed to credit risk in case of insolvency of its clients. It is exposed to the counterparty risk in the context of cash deposits, subscription of negotiable share receivables, financial receivables and derivative products.

In addition, the group CFE set up procedures in order to avoid and limit the concentration of credit risk.

For large-scale export, if the country is eligible and the risk covered by credit insurance, DEME covers itself regularly through competent bodies in this matter (Office National du Ducroire).

*Financial instruments*

The group has defined a system of investment limits in order to monitor the counterparty risk.
This system determines maximum amounts eligible for investment by counterparty defined according to their credit notations published by Standard & Poor's and Moody's.
These limits are regularly monitored and updated.

*Clients*

Regarding the risk on trade receivables, the group defined procedures in order to limit the risk. It should be noted that a large part of the consolidated sales is realized with public or para-public clients.
In addition, CFE considers that the concentration of the counterparty risk for clients is limited due to the large number of clients.

In order to reduce the current risk, the group CFE monitors regularly its outstanding clients and adapts its position towards them. The credit risk is however not totally eliminated, but is limited.

The analysis of the delay of payment at the end of 2009 and 2008 arises as follows:

**As per December, 31 2009**

| *(in thousand Euro)* | **Closing** | **Of which late payment** | **< 3 mnth** | **> 3 mnth & < 6 mnth** | **> 6 mnth & < 12 mnth** | **> 1 year** |
|---|---|---|---|---|---|---|
| Customers – Invoiced incomes | 535,398 | 178,345 | 49,475 | 36,953 | 48,175 | 43,742 |
| Customers – Deduction of guarantee | 8,187 | 562 | | | 364 | 198 |
| **Gross total** | **543,585** | **178,907** | **49,475** | **36,953** | **48,539** | **43,940** |
| Prov. – Customers – Invoiced incomes | (9,338) | (3,806) | (13) | | (379) | (3,414) |
| Prov. – Customers – Deduction of guarantee | (283) | (283) | | | | (283) |
| **Total provisions** | **(9,621)** | **(4,089)** | **(13)** | | **(379)** | **(3,697)** |
| **Total net amounts** | **533,964** | **174,818** | **49,462** | **36,953** | **48,160** | **40,243** |

**As per December, 31 2009**

| *(in thousand Euro)* | **Closing** | **Of which late payment** | **< 3 mnth** | **> 3 mnth & < 6 mnth** | **> 6 mnth & < 12 mnth** | **> 1 year** |
|---|---|---|---|---|---|---|
| Customers – Invoiced incomes | | 603,141 | 179,153 | 105,766 | 30,869 | 23,920 |
| Customers – Deduction of guarantee | | 6,677 | | | | |
| **Gross total** | | **609,818** | **179,153** | **105,766** | **30,869** | **23,920** |
| Prov. – Customers – Invoiced incomes | | (7,330) | (7,245) | (429) | (383) | (6,433) |
| Prov. – Customers – Deduction of guarantee | | (7,330) | (7,245) | (429) | (383) | (6,433) |
| **Total provisions** | | **(7,330)** | **(7,245)** | **(429)** | **(383)** | **(6,433)** |
| **Total net amounts** | | **602,488** | **171,908** | **105,337** | **30,486** | **17,487** |

The overdue amounts mainly relate to additional works and subsequent contracts modifications accepted by the customers, but that are still subject to budgetary inscriptions or that are part of a broader negotiations process.

## 27.7. Liquidity risk

The liquidity crunch and the difficulties to obtain credit at acceptable economical conditions are still actual concerns. CFE could keep its positions during the exercise by managing its treasury in an intransigent way. Information sessions designated for the 150 leading executives have been organised with the topics of the liquidity and the daily management of the treasury. Procedures for the treasury management have been updated and the managers of subsidiaries or branches are implicated in the treasury forecasts plan and in its good achievement.

## 27.8. Cost of net financial debt

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Income from availabilities | 4,000 | 9,843 |
| Derivative instruments | (930) | (3,631) |
| Interest charges | (11,964) | (18,412) |
| **Total consolidated** | **(8,894)** | **(12,200)** |

The evolution of interest charges reflect the evolution of the short term rates in 2009 compared to 2008.

## 27.9. Carrying amounts and fair value by accounting category

The following table indicates the carrying amounts and the fair value in the balance sheet for assets and liabilities by accounting categories defined following IAS 39:



| **31/12/2009** | **Financial instruments fair value through the profit and loss account** | | | | | | |
|---|---|---|---|---|---|---|---|
| *(in thousand Euro)* | **Financal instruments held to maturity** | **Financal instruments designated as being at fair value through the profit and losses account** | **Derivatives designated as hedging instruments** | **Financal instruments available for sales** | **Loans and trade receivables** | **Assets and liabilities at amortized cost** | **Fair value of the class** |
| **Non current financial assets** | | | **26** | **550** | **21,048** | | **21,624** |
| Investments (1) | | | | 550 | | | 550 |
| Financial loans and trade receivables (1) | | | | | 21,048 | 21,048 | 21,048 |
| Interest rate derivatives – cash flow hedges | | | 26 | | | | 26 |
| **Current financial assets** | | **209** | | | **844,873** | **844,873** | **845,082** |
| Interest rate derivatives – non hedge | | 154 | | | | | 154 |
| Trade and other receivables | | | | | 674,327 | 674,327 | 674,327 |
| Cash management financial assets | | 55 | | | | | 55 |
| Cash equivalents (2) | | | | | 91,853 | 91,853 | 91,853 |
| Cash at bank and in hand (2) | | | | | 78,693 | 78,693 | 78,693 |
| **Total assets** | | **209** | **26** | **550** | **865,921** | **865,921** | **866,706** |
| **Non current financial debts** | | | **4,082** | | **228,092** | **228,092** | **228,092** |
| Financial debts | | | | | 228,092 | 228,092 | 228,092 |
| Interest rate derivatives – cash flow hedges | | | 4,082 | | | | 4,082 |
| **Current financial liabilities** | | **8,594** | | | **642,925** | **642,925** | **651,519** |
| Interest rate derivatives – highly probable projected cash flow hedges | | 1,979 | | | | | 1,979 |
| Interest rate derivatives – cash flow hedges | | 375 | | | | | 375 |
| Exchange rate derivatives – cash flow hedges | | 6,240 | | | | | 6,240 |
| Other derivatives instruments (3) – non hedge | | 4,750 | | | | | 4,750 |
| Trade payables and other operating debts | | | | | 548,172 | 548,172 | 548,172 |
| Financial debts | | | | | 94,753 | 94,753 | 94,753 |
| **Totaal passiva** | | **8.594** | **4.082** | | **871.017** | **871.017** | **879.611** |

The carrying amounts are not significantly different from the fair value.
The fair value is determined following prices quoted on an active market.
(1) Include in the headings “other non current financial assets” and “other non current assets”
(2) Include in the heading “cash and cash equivalents”
(3) Include in the heading “other current liabilities”

## 28. Operating leases

The non-cancellable operating leases of the group CFE are the followings:

| *(in thousand Euro)* | **2009** | **2008** |
|---|---|---|
| Due within the year | 6,931 | 7,071 |
| More than 1 year but not higher than 5 years | 10,499 | 10,463 |
| More than 5 years | 2,664 | 301 |
| **Total** | **20,094** | **17,835** |

## 29. Other commitments given

The total amount of commitments given other than guarantees for the period ending December 31, 2009 is 446,500 thousand Euro (2008: 556,151 thousand Euro) and is detailed by nature as follows:

- good execution (including performance bonds) for an amount of 308,700 thousand Euro (2008: 366,730 thousand Euro) includes the guarantees accorded as part of work markets. In the event of constructor default, the bank (or the insurance company) will pay compensation to the client for an amount equal to the guarantee. The evolution is primarily due to commitments given on the projects Coentunnel, Locorail and on the main contracts at DEME;
- submissions for 20,800 thousand Euro (2008: 21,331 thousand Euro) of guarantees given in the context of adjudications related to the work markets;
- advance reimbursements for 46,700 thousand Euro (2008: 56,400 thousand Euro) regarding guarantees delivered by the bank to a client who guarantees the restitution of advances on contracts, mainly at DEME;
- deductions of a guarantee for 19,600 thousand Euro (2008: 20,554 thousand Euro) includes the guarantees delivered by the bank to a client who takes the place of the guarantee deduction;
- commitments given to a supplier for 7,800 thousand Euro (2008: 19,906 thousand Euro) as a warranty for the debt payment;
- other commitments given for an amount of 42,900 thousand Euro (2008: 71,230 thousand Euro)

## 30. Other commitments received

Commitments received by the group CFE other than valuable securities amount to 84,100 thousand Euro at the end of 2009 (2008: 43,662 thousand Euro). These are commitments received in the context of the good execution of the contract.

## 31. Claims

The group CFE is exposed to a number of claims that we qualify as normal for the construction segment. In most of the case, the group CFE expects to conclude a transactional convention with the adverse part, which substantially reduced the number of procedures in 2009.

The group CFE also tries to recover amounts from its clients. It is nevertheless not possible to estimate the contingent asset.

## 32. Related parties

- VINCI Construction, simplified limited company under French law, is the reference shareholder and holds 6,132,880 shares being 46.84% of the capital of the group CFE.

- The amount accounted for as a charge for fixed-contribution pension plans or other benefits for key personnel amounts to 4,099 thousand Euro for 2009 (2008: 3,783 thousand Euro). These amounts include: fixed wages (2,318 thousand Euro), variable wages (990 thousand Euro; 2008: 774 thousand Euro) and others (791,2 thousand Euro; 2008: 742 thousand Euro) of which non-state pensions, contingencies, workplace accidents, accidents outside work, health insurance, Croix Jaune and Blanche.

- **CFE** concluded a service contract with its main shareholder Vinci Construction on October 24, 2001. The remuneration due by CFE for this contract amounts to 1,190 thousand Euro and are entirely paid for 2009.

- There are no transactions with the **CEO** without prejudice to its remuneration. In the same way, there are no transactions with the companies Frédéric Claes SA, Artist Valley Ltd and I. Deal SPRL without prejudice of the remuneration of the directors represented by these companies.

- For the execution of some markets, the group CFE sets up temporary commercial companies with partners. The group CFE puts also people and material at disposal of these entities or re-invoices expenses. The amount of other income invoiced to these entities amounts to 23,645 thousand Euro and is disclosed under the heading “Revenue from auxiliary activities”.

- As at 31 December 2009, the CFE group exercised joint control over the following entities: DEME NV, Rent-A-Port NV, CFE Middle East WLL, Société de Développement Bois de Peronne SA, Parc Residentiel Nei Eisch SA. These entities, listed in appendix 34, are consolidated by applying the proportional integration method.

## 33. Major subsequent events

On February 12, 2010, CFE acquired 37.5% of the company Etablissements Druart SA (“Druart”) for an amount of 3,050 thousand Euro, carrying the participation of the group to 100%. Through this acquisition, CFE becomes owner at 100% of the company Prodfroid SA on which Druart held 99.91% of the shares.

## 34. Companies owned by the group CFE

**List of the most important consolidated subsidiaries consolidated with the global consolidation method of accounting**

| Names | Head office | Group's interest (in % of economic interest) |
|---|---|---|
| **Belgium** | | |
| AANNEMINGEN VAN WELLEN LTD | Kapellen | 100% |
| ABEB LTD | Antwerpen | 100% |
| ABECO LTD | Brussels | 100% |
| AMART LTD | Brussels | 100% |
| BATIMENTS ET PONTS CONSTRUCTION LTD | Brussels | 100% |
| BATIPONT IMMOBILIER LTD | Brussels | 100% |
| BENELMAT LTD | Limelette | 100% |
| CENTRE DE COORDINATION INTERNATIONAL CFE LTD | Brussels | 100% |
| CONSTRUCTION MANAGEMENT LTD | Brussels | 100% |
| ETABLISSEMENTS DRUART LTD | Péronne-lez-Binche | 62,5% |
| EGIDE VAN OPHEM LTD | Brussels | 100% |
| ELEKTRO VAN DE MAELE LTD | Meulebeke | 64,95% |
| ENGEMA LTD | Brussels | 100% |
| LOUIS STEVENS LTD | Halen | 100% |
| NIZET ENTREPRISES LTD | Louvain-la-Neuve | 100% |
| PRE DE LA PERCHE LTD | Brussels | 100% |
| SOGESMAINT – CBRE LTD | Brussels | 66,014% |
| VANDERHOYDONCKS LTD | Alken | 100% |
| VAN MAERLANT LTD | Brussels | 100% |
| VILLAS ET ENTREPRISES LTD | Brussels | 100% |
| VMA LTD | Sint-Martens-Latem | 100% |
| VOLTIS LTD | Louvain-la-Neuve | 100% |
| **France** | | |
| SOCIETE FRANCAISE D'INGENIERIE ET D'ENTREPRISE SFIE LTD | Paris | 100% |
| **Luxemburg** | | |
| COMPAGNIE LUXEMBOURGEOISE D'ENTREPRISES CLE LTD | Strassen | 100% |
| COMPAGNIE LUXEMBOURGEOISE IMMOBILIERE CLI LTD | Strassen | 100% |
| COMPAGNIE IMMOBILIERE DE WEIMERSKIRCH LTD | Strassen | 100% |
| SOCIETE FINANCIERE D'ENTREPRISES SFE LTD | Strassen | 100% |
| SOGESMAINT CBRE LUXEMBOURG LTD | Strassen | 66,014% |
| **Hongary** | | |
| CFE HUNGARY CONSTRUCTION LLC | Boedapest | 100% |
| **Netherlands** | | |
| CFE NEDERLAND BV | Dordrecht | 100% |
| GEKA BV | Dordrecht | 100% |
| **Poland** | | |
| CFE POLSKA S.P. ZOO | Varsovia | 100% |
| **Romania** | | |
| CFE CONTRACTING AND ENGINEERING SRL | Bucarest | 100% |
| **Slovakia** | | |
| CFE SLOVAKIA STAVEBNA FIRMA | Bratislava | 100% |
| **Tunisia** | | |
| CONSTRUCTION MANAGEMENT TUNISIE LTD | Tunis | 99,96% |

Except for Aannemingen Van Wellen NV, which closes at November 30, all subsidiaries have December 31 as closing date of accounts.

**List of the most important jointly controlled entities consolidated with the proportional method of accounting**

| Names | Head office | Group's interest (in % of economic interest) |
|---|---|---|
| **Belgium** | | |
| AMCA LTD | Antwerp | 28,33% |
| BARBARAHOF LTD | Leuven | 40% |
| BRUSSILIA BUILDING LTD | Brussels | 50% |
| DREDGING, ENVIRONMENTAL AND MARINE ENGINEERING LTD | Zwijndrecht | 50% |
| BAGGERWERKEN DECLOEDT LTD (*) | Brussels | 50% |
| DREDGING INTERNATIONAL LTD (*) | Zwijndrecht | 50% |
| DEME BUILDING MATERIAL DBM LTD (*) | Zwijndrecht | 50% |
| HYDRO SOIL SERVICES LTD (*) | Dessel | 50% |
| ECOTERRES LTD (*) | Gosselies | 37,45% |
| SILVAMO LTD (*) | Koekelare | 18,73% |
| ESPACE MIDI LTD | Brussels | 20% |
| ESPACE ROLIN LTD | Brussels | 33,33% |
| IMMOBILIERE DU BERREVELD LTD | Brussels | 50% |
| IMMOANGE LTD | Brussels | 50% |
| LA RESERVE PROMOTION LTD | Kapellen | 33% |
| PROJECT RK BRUGMANN LTD | Antwerp | 50% |
| REGENT TWO LTD | Brussels | 50% |
| RENT-A-PORT LTD | Antwerp | 45% |
| SOUTH CITY HOTEL LTD | Brussels | 20% |
| SOUTH CITY OFFICE LTD | Brussels | 20% |
| **Luxemburg** | | |
| ELINVEST LTD | Strassen | 50% |
| PARC RESIDENTIEL NEI ESCH LTD | Strassen | 50% |
| **Hongary** | | |
| BETON PLATFORM KFT | Budapest | 50% |
| **Italy** | | |
| SIDRA SPA (*) | Rome | 50% |
| **Qatar** | | |
| CFE MIDDLE EAST CO. WLL | Doha | 49% |
| MIDDLE EAST DREDGING COMPANY (*) | Doha | 22,5% |
| **Singapore** | | |
| DREDGING INTERNATIONAL ASIA PACIFIC PTE LTD (*) | Singapore | 50% |
| **Tunisia** | | |
| BIZERTE CAP 3000 LTD | Tunis | 25% |
| CAP 3000 IMMOBILIERE SARL | Tunis | 24,98% |

(*) Entities included in the sub-consolidation of DEME

## Declaration given on the faithful image given by the annual financial statements and the accompanying management report

(Article 12, by 2, 3° of the royal Decree of 14,11,2007 relating to the obligations of the transmitters of allowed financial instruments to the negotiation on a regulated market)

We attest, in the name and on behalf of the Compagnie d'Entreprises CFE LTD and under the responsibility for this one, that, to our knowledge,

1. the financial statements, benches in accordance with the applicable accounting standards, give a faithful image of the inheritance, financial standing and results of the Compagnie d'Entreprises CFE LTD and companies included/understood in the consolidation;

2. the annual report contains a faithful talk on the evolution of the businesses, the results and the situation of the Compagnie d'Entreprises CFE LTD and the companies included/understood in the consolidation, as well as a description of the principal risks and uncertainties with which they are confronted.

| | | |
|---|---|---|
| Name: | **Jacques Ninanne** | **Renaud Bentégeat** |
| Function: | *Executive Corportate Vice President Administrative and financial director* | *Managing director* |

Date: February, 24th 2010



## General information on the company and its capital

Identity of the company: Compagnie d'Entreprises CFE
Headquarter: Herrmann –Debroux Avenue 40-42, 1160 Brussels
Phone: +32 2 661 12 11
Legal form: Limited Company
Constitution: June, 21st 1880
Duration: undefined
Social exercise: from January 1st to December 31st of each year
Register of trade: RPM Brussels 0400 464 795 – TVA 400 464 795
Place where legal documentation is available: at headquarter

**Social object (article 2 of the status)**

"The purpose of the company is to study and execute any work or construction undertaking within each and every of its specialist areas, in particular electricity and the environment, in Belgium or abroad, singly or jointly with other natural or legal persons, for its own account or for account of third parties belonging to the public or private sector.

It may also perform services related to these activities, directly or indirectly operate them or license them out or carry out any purchase, sale, rent or lease operation whatsoever in respect of such undertakings.

It may directly or indirectly take up, hold or give up participations in any company or undertaking existing now or in the future by way of acquisition, merger, division or any other means.

It may carry out any commercial, industrial, administrative or financial operations or operations involving movable or immovable property that are directly or indirectly related to its purpose, even partially, or that could facilitate or develop the implementation, either for it or for its subsidiaries.

The shareholders' meeting may change the purpose of the company subject to the conditions specified in Article five hundred and fifty-nine of the Companies Code."

## Auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 december 2009

**To the shareholders**

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

**Unqualified audit opinion on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of Compagnie d'Entreprises CFE SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2009, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 1,710,812 (000) EUR and the consolidated statement of comprehensive income shows a consolidated profit (group share) for the year then ended of 61,728 (000) EUR.

The financial statements of several significant entities included in the scope of consolidation which represent total assets of 66,875 (000) EUR and a total profit/(loss) of 3,597°(000) EUR have been audited by other auditors. Our opinion on the accompanying consolidated financial statements, insofar as it relates to the amounts contributed by those entities, is based upon the reports of those other auditors.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/ Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based upon the reports of other auditors, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2009, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

**Additional comment**

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

– The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Diegem, 24 February 2010
**The statutory auditor**

**DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises**
BV o.v.v.e. CVBA / SC s.f.d. SCRL
*Represented by Rik Neckebroeck*



# Statutory financial statements

## Statutory balance and statement of comprehensive income

| For the year ended 31 December *(in thousand Euro)* | 2009 | 2008 |
|---|---|---|
| **Fixed Assets** | **279.920** | **263.686** |
| Formation expenses | 261 | 312 |
| Intangible assets | 153 | 242 |
| Tangible assets | 13,847 | 5,598 |
| Financial fixed assets | 265,659 | 257,534 |
| A. Associated companies | 262,794 | 254,691 |
| B. Other | 2,855 | 2,843 |
| **Current Assets** | **278.281** | **279.184** |
| Receivables after more than one year | 1,288 | 15,022 |
| Inventories & contracts in progress | 55,902 | 24,552 |
| Receivables within the year | 196,480 | 171,844 |
| – Trade receivables | 157,417 | 144,320 |
| – Other receivables | 39,063 | 27,524 |
| Short-term investments | 4,312 | 16,222 |
| Cash and cash equivalent | 14,544 | 12,062 |
| Overdue accounts | 5,754 | 39,482 |
| **Total Assets** | **558.199** | **542.870** |
| **Equity** | **143.584** | 142.456 |
| Capital | 21,375 | 21,375 |
| Share premiums | 62,606 | 62,606 |
| Revaluation surplus | 12,395 | 12,395 |
| Reserves | 21,477 | 21,477 |
| Transferred profit (+) or loss (-) | 25,731 | 24,603 |
| **Provisions and deferred taxes** | **50.919** | **46.433** |
| **Debts 363.696** | **353.980** | |
| Debts after more than one year | 60,584 | 43,706 |
| Debts due within the year | 299,234 | 269,914 |
| – Trade payables | 124,360 | 106,123 |
| – Taxes and advance payments | 66,079 | 19,345 |
| – Other debts | 108,795 | 144,446 |
| Overdue accounts | 3,878 | 40,360 |
| **Total liabilities and equity** | **558.199** | **542.870** |



| For the year ended 31 December *(in thousand Euro)* | 2009 | 2008 |
|---|---|---|
| **Result** | | |
| Operating income | 394,464 | 368,863 |
| – Sales | | 325,908 |
| – Other operating income | | 42,955 |
| Operating charges | (407,259) | (375,037) |
| – Purchases | (278,212) | (251,934) |
| – Services and other goods | (48,437) | (40,982) |
| – Payroll, social security costs and pensions | (72,260) | (72,577) |
| Depreciations, write-off and provisions | (6,117) | (7,390) |
| Other operating charges | (2,233) | (2,154) |
| Operating profit | (12,795) | (6,174) |
| Financial income | 38,460 | 29,42 |
| Financial charges | (4,796) | (7,780) |
| Current profit before taxes for the period | 20,869 | 15,466 |
| Extraordinary revenues | 0 | 0 |
| Extraordinary charges | (3,969) | (75) |
| Profit before taxes for the period | 16,900 | 15,391 |
| Taxes (adjustments and deductions) | (62) | (116) |
| Profit for the period | 16,838 | 15,275 |
| **Profit distribution** | | |
| Profit for the period | 16,838 | 15,275 |
| Retained earnings | 24,604 | 25,039 |
| Dividends | (15,711) | (15,711) |
| Legal reserve | | |
| Profit to be carried forward | 25,731 | 24,603 |

## Analysis of the statement of comprehensive income and the balans

Fixed assets increased with 16,232 thousand Euro compared with the end of 2008. This variation is explained by the investments in property, plant and equipment of sites.

The movement in inventories and work in progress, instalment and overdue accounts assets and liabilities reflects the modification of the presentation of work in progress. From now, they are not presented anymore on the overdue accounts.

The increase in debts after more than one year is mainly explained by the credit line used to build the Diabolo and amounting to 39,000 thousand Euro.

Sales have increased compared with the previous year driven by the growth of civil engineering activity. Nevertheless, operating profit remains in loss. It remains affected by the taking into account of abandonment of credit, provisions on current accounts or write-off on diverse participations in Central Europe affected by the financial crisis.

The increase in financial revenue is essentially related to the dividends received during the financial year.

# Auditor's report to the shareholders' meeting on the statutory financial statements for the year ended 31 december 2009

**To the shareholders**

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the financial statements together with the required additional comments.

**Unqualified audit opinion on the financial statements**

We have audited the financial statements of Compagnie d'Entreprises CFE SA for the year ended 31 December 2009, prepared in accordance with the accounting principles applicable in Belgium, which show total assets of 558,199 (000) EUR and a profit for the year of 16,838 (000) EUR.

The board of directors of the company is responsible for the preparation of the financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence that we have obtained provides a reasonable basis for our opinion.

In our opinion, the financial statements as of 31 December 2009 give a true and fair view of the company's assets, liabilities, financial position and results in accordance with the accounting principles applicable in Belgium.

**Additional comments**

The preparation and the assessment of the information that should be included in the directors' report and the company's compliance with the requirements of the Companies Code and its articles of association are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comments which do not change the scope of our audit opinion on the financial statements:

- The directors' report includes the information required by law and is in agreement with the financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the company, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.

- No transactions have been undertaken or decisions taken in violation of the company's articles of association or the Companies Code such as we would be obliged to report to you. The appropriation of the results proposed to the general meeting is in accordance with the requirements of the law and the company's articles of association.

Diegem, 24 February 2010
**The statutory auditor**

**DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises**
BV o.v.v.e. CVBA / SC s.f.d. SCRL
*Represented by Rik Neckebroeck*