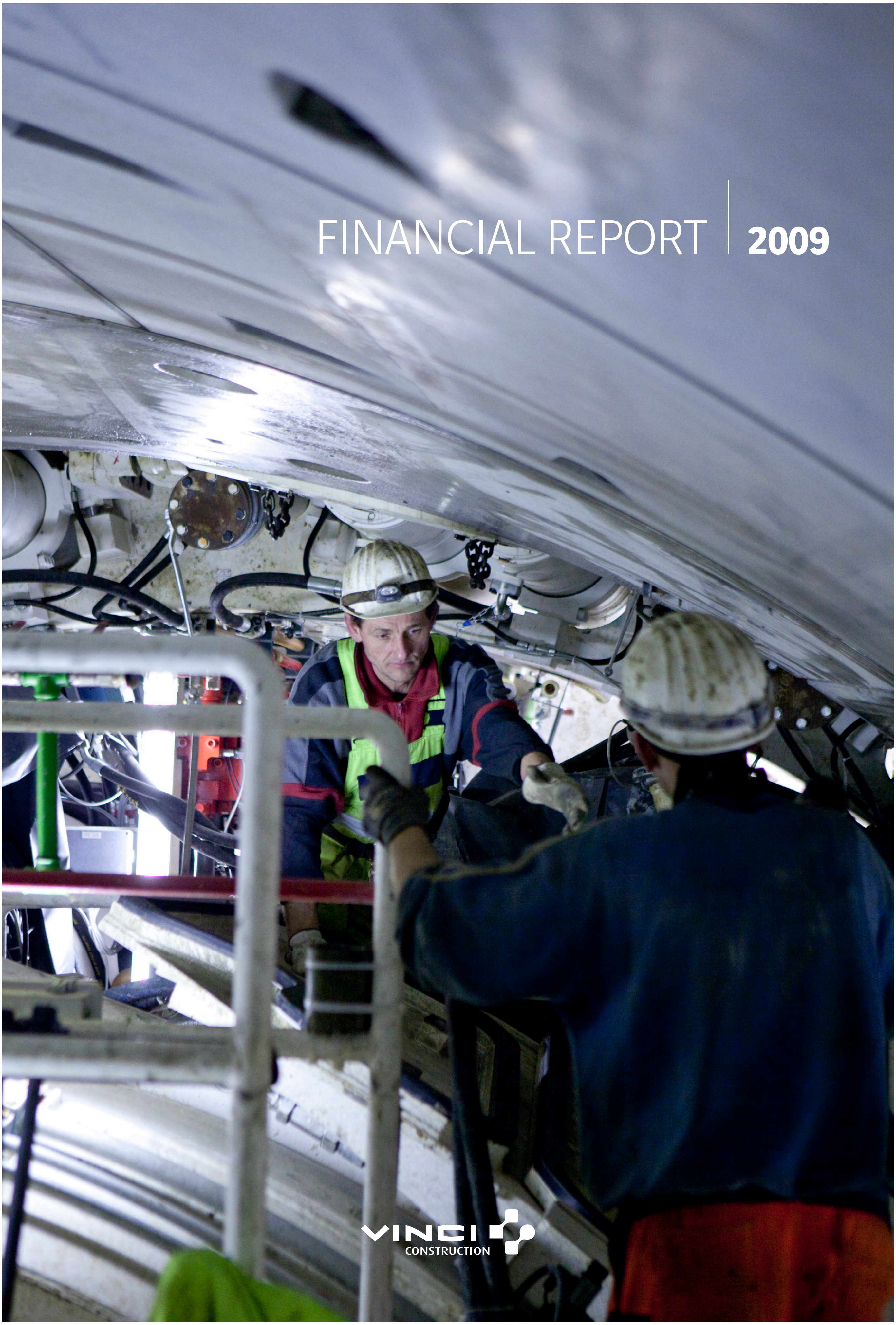
FINANCIAL REPORT 2009



Consolidated IFRS balance sheet at 31 December 2009

Assets

(in € thousands)	Notes	2009 Gross	2009 Amort. Dep'n and Provs.	2009 Net	2008 Net
Non-current assets					
Intangible assets	1	121,088	67,660	**53,428**	45,405
Goodwill	2	779,989	18,910	**761,079**	607,201
Concession intangible assets	3	9,169	5,664	**3,505**	5,833
Property, plant and equipment	4	3,720,158	2,142,607	**1,577,551**	1,464,768
Investment property	5	20,814	7,121	**13,693**	6,063
Investments in associates	6	38,616	509	**38,107**	20,771
Other non-current financial assets	7-14	191,694	31,923	**159,771**	129,051
Non-current deferred tax assets	20	111,016		**111,016**	97,690
Total non-current assets		**4,992,544**	**2,274,394**	**2,718,150**	**2,376,782**
Current assets					
Inventories and work in progress	8-10	403,991	38,399	**365,592**	388,164
Trade and other operating receivables	10	6,262,412	311,907	**5,950,505**	6,451,331
Other current assets	10	271,287	216	**271,071**	244,331
Current tax assets	10	92,273	1,200	**91,073**	59,996
Current deferred tax assets	20	130,590		**130,590**	118,391
Current financial assets	14	2,118	84	**2,034**	20,217
Cash management financial assets	9-14	1,608,849		**1,608,849**	1,763,346
Cash and cash equivalents	9-14	1,564,459		**1,564,459**	1,219,486
Total current assets		**10,335,979**	**351,806**	**9,984,173**	**10,265,262**
TOTAL ASSETS		**15,328,523**	**2,626,200**	**12,702,323**	**12,642,044**

Consolidated IFRS balance sheet at 31 December 2009

Equity and liabilities

(in € thousands)	Notes	2009	2008
Equity			
Share capital		148,806	148,806
Share premium		54,333	54,333
Consolidated reserves		598,252	519,612
Net profit for the period		385,314	488,456
Interim dividend		(87,796)	(163,129)
Equity attributable to equity holders of the parent		**1,098,909**	**1,048,078**
Minority interest		240,843	204,200
Total equity		**1,339,752**	**1,252,278**
Non-current liabilities			
Retirement and other employee benefit obligations	11	146,166	139,675
Non-current provisions	12	96,220	63,607
Other loans and borrowings	14	597,133	500,717
Other non-current liabilities		72,877	62,617
Non-current deferred tax liabilities	20	56,423	56,035
Total non-current liabilities		**968,819**	**822,651**
Current liabilities			
Current provisions	12-10	1,295,726	1,203,870
Trade payables	10	4,001,562	4,353,489
Other current payables	10-13	4,387,633	4,293,431
Current tax payables	10	103,141	137,727
Current deferred tax liabilities	20	8,553	17,374
Current borrowings	14	597,137	561,224
Total current liabilities		**10,393,752**	**10,567,115**
TOTAL EQUITY AND LIABILITIES		**12,702,323**	**12,642,044**

Consolidated IFRS income statement

For the period from 1 January to 31 December 2009

(in € thousands)	Notes	2009	2008
Revenue	**15**	**13,834,196**	**14,819,604**
Revenue from ancillary activities	17	101,307	116,122
Operating income		**13,935,503**	**14,935,726**
Purchases consumed		(3,089,923)	(3,665,984)
Subcontracting and other external expenses		(6,536,038)	(6,950,246)
Employment costs		(2,982,947)	(2,906,181)
Taxes and levies		(157,876)	(139,542)
Other operating income and expenses		(18,325)	13,977
Net amortisation, depreciation, and provisions		(529,886)	(561,457)
Operating profit from ordinary activities	17	**620,508**	**726,293**
(% of revenue)		4.49%	4.90%
Share-based payment expense	18	(23,569)	(41,231)
Goodwill impairment expense		(5,697)	(582)
Share of profit/(loss) of associates		2,397	2,807
Operating profit		**593,639**	**687,287**
(% of revenue)		4.29%	4.64%
Cost of gross financial debt		(40,960)	(50,804)
Financial income from cash management investments		37,562	91,523
Cost of net financial debt		**(3,398)**	**40,719**
Other financial income	19	89,896	117,547
Other financial expenses	19	(87,487)	(89,318)
Income tax expense	20	(173,448)	(227,585)
Net profit for the period		**419,202**	**528,650**
Attributable to minority interest		33,888	40,194
Net profit attributable to equity holders of the parent		**385,314**	**488,456**
(% of revenue)		2.79%	3.30%
Number of shares		18,600,811	18,600,811
Earnings per share (in euros)		**20.71**	**26.26**

Consolidated statement of comprehensive income

Consolidated IFRS financial statements at 31 December 2009

(in € thousands)	2009	2008
Net profit for the year (including minority interest)	**419,202**	**528,650**
Financial instruments: change in fair value of cash flow hedges	(10,815)	(6,703)
Currency translation differences	22,114	(87,681)
Income and expenses recognised directly in equity	**11,299**	**(94,384)**
Total comprehensive income for the period	**430,501**	**434,266**
of which:		
Attributable to equity holders of the parent	397,240	402,594
Attributable to minority interest	33,261	31,672

IFRS cash flow statement

Consolidated financial statements at 31 December 2009

(in € thousands)	31/12/2009	31/12/2008
Net profit for the year (including minority interest)	419,202	528,650
Depreciation and amortisation	367,808	335,222
Net increase / (decrease) in provisions	20,511	43,323
Share-based payments (IFRS 2) and other restatements	(49,428)	(17,819)
Gain/(loss) on disposals	(19,782)	(58,077)
Change in fair value of foreign currency derivative financial instruments	4,356	(1,462)
Share of profit/(loss) of associates and dividends received from unconsolidated entities	(3,101)	(4,911)
Capitalised borrowing costs	11	32
Cost of net financial debt	3,398	(40,719)
Current and deferred tax expenses	173,448	227,585
Cash flows (used in) / from operations before tax and financing costs	**916,423**	**1,011,824**
Changes in working capital requirement and current provisions	221,475	535,098
Income taxes paid	(248,720)	(208,878)
Net interest payments	(2,160)	43,459
Net cash flows (used in) / from operating activities	**887,018**	**1,381,503**
Purchases of property, plant and equipment, and intangible assets	(517,558)	(523,708)
Proceeds from sales of property, plant and equipment, and intangible assets	49,964	38,284
Purchases of non-current financial assets	(220,557)	(147,500)
Proceeds from disposal of non-current financial assets	31,714	48,907
Net effect of changes in scope of consolidation	184,170	70,619
Change in financial receivables on PPPs and concession contracts	(19,759)	(36,702)
Dividends received from associates and unconsolidated entities	3,811	4,112
Other	(38,658)	6,792
Net cash flows (used in) / from investing activities	**(526,873)**	**(539,196)**
Minority interest in share capital increases of subsidiaries	4,485	988
Dividends paid by VINCI Construction	(320,306)	(315,098)
Dividends paid to minority shareholders	(11,351)	(10,641)
Proceeds from new long-term borrowings	58,808	74,492
Repayments of borrowings	56,144	(14,957)
Change in cash management assets and current borrowings	105,290	(586,364)
Net cash flows (used in) / from financing activities	**(106,930)**	**(851,580)**
Change in net cash	**253,215**	**(9,273)**
Net cash and cash equivalents at beginning of period	890,491	957,786
Other changes	584	(58,022)
Net cash and cash equivalents at end of period	**1,144,290**	**890,491**
Net cash and cash equivalents at end of period	***1,144,290***	***890,491***
Cash management financial assets	*1,608,849*	*1,763,346*
Loans and collateralised receivables and other financial assets	*22,950*	*894*
Non-current financial debt	*(587,475)*	*(475,259)*
Other current financial debt (excluding bank overdrafts)	*(168,269)*	*(221,835)*
Fair value of derivatives, net	*(18,006)*	*(19,605)*
Net financial surplus at end of period	***2,002,339***	***1,938,032***

Changes in equity

Equity (consolidated financial statements at 31 December 2009)

(in € thousands)	Share capital	Share premium	Consolidated reserves	Currency translation reserves	Net profit for the period	Net income recognised directly in equity	Attributable to equity holders of the parent	Minority interest	Total
At 31 December 2007	**148,806**	**54,333**	**360,866**	**(20,250)**	**411,217**	**2,016**	**956,988**	**181,056**	**1,138,044**
Allocation of profit for previous year			411,217		(411,217)		–		–
Dividend paid			(151,969)				**(151,969)**	(10,641)	**(162,610)**
Interim dividend			(163,129)				**(163,129)**		**(163,129)**
Net profit for the period					488,456		**488,456**	40,194	**528,650**
Financial instruments: changes in fair value						288	**288**	(6,991)	**(6,703)**
Share-based payments (IFRS 2)			4,846				**4,846**		**4,846**
Currency translation differences			4	(86,154)			**(86,150)**	(1,531)	**(87,681)**
Changes in consolidation scope and miscellaneous			(2,627)	1,310		65	**(1,252)**	2,113	**861**
At 31 December 2008	**148,806**	**54,333**	**459,208**	**(105,094)**	**488,456**	**2,369**	**1,048,078**	**204,200**	**1,252,278**
Allocation of profit for previous year			488,456		(488,456)		–		–
Dividend paid			(232,510)				**(232,510)**	(11,351)	**(243,861)**
Interim dividend			(87,796)				**(87,796)**		**(87,796)**
Net profit for the period					385,314		**385,314**	33,888	**419,202**
Financial instruments: changes in fair value						(10,640)	**(10,640)**	(175)	**(10,815)**
Share-based payments (IFRS 2)			(18,748)				**(18,748)**		**(18,748)**
Currency translation differences			(116)	22,682			**22,566**	(452)	**22,114**
Changes in consolidation scope and miscellaneous			(10,551)	1,757		1,439	**(7,355)**	14,733	**7,378**
At 31 December 2009	**148,806**	**54,333**	**597,943**	**(80,655)**	**385,314**	**(6,832)**	**1,098,909**	**240,843**	**1,339,752**

Contents

Notes to the consolidated financial statements at 31 December 2009

A. Key events in 2009

On 30 June 2009, VINCI Construction acquired VINCI's shares in ENTREPOSE Contracting.

B. Accounting policies and measurement methods

1. GENERAL PRINCIPLES

In application of European Union Regulation (EC) No. 1606/2002 of 19 July 2002, VINCI Construction's consolidated financial statements for the year ended 31 December 2009 have been prepared under the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2009. The Group elected to apply IFRIC 12 *Service Concession Arrangements*, which will be mandatory as from 1 January 2010, early, from 31 December 2008.

The accounting policies retained are the same as those used in preparing the consolidated financial statements at 31 December 2008, except for the Standards and Interpretations adopted by the European Union applicable as from 1 January 2009 (see Note B.1.1. "New Standards and Interpretations applicable from 1 January 2009").

1. 1. New Standards and Interpretations applicable from 1 January 2009

1.1.1 Standards entailing a change of presentation

The Group has applied the following Standards of which application is mandatory for financial years commencing on or after 1 January 2009. These Standards only affect the format and scope of the information given in the financial statements.

IAS 1 Revised *Presentation of Financial Statements*

Under IAS 1 Revised, movements recognised in equity (such as currency translation differences and changes in fair value of financial instruments that do not affect the net profit or loss) must be separated from transactions with or between shareholders. A new statement, the statement of comprehensive income, which includes these items, is now included in the consolidated financial statements.

In accordance with the option given in IAS 1 Revised, the Group has elected to present the statement of comprehensive income separately from the consolidated income statement, starting with the net profit or loss for the period (including non-controlling interests) and giving details of the other items of comprehensive income.

IFRS 8 *Operating Segments*

The objective of this new Standard, which replaces IAS 14 Segment Reporting, is to harmonise published segment information with the Group's internal reporting. The detailed information by operating segment corresponds to the information presented to VINCI Construction's Management Committee and used in particular to assess the Group's performance.

Segment information is given in Note D "Segment Information". The same accounting rules are used as in the financial statements, namely the IFRSs. Transactions between the various business lines are carried out at market conditions.

1.1.2. Other standards and interpretations applicable from 1 January 2009

▸ IFRIC 15 *Agreements for the Construction of Real Estate*

IFRIC 15 applies to property development contracts. It sets out the method for recognising revenue on the sale of property before construction is complete. The Interpretation lays down two major principles:

▪ whenever the agreement meets the definition of a construction contract (i.e. where the buyer is able to specify the major structural elements of the design of the real estate once construction is in progress), revenue from the sale of real estate must be recognised by reference to the stage of completion of the contract activity, in accordance with IAS 11;

▪ whenever the agreement does not meet the definition of a construction contract (i.e. where only the constructor can define the physical features of the real estate, which the buyer cannot alter), two cases are identified:

- control and the significant risks and rewards of ownership of the work in progress are transferred to the buyer in its current state as construction progresses: revenue from the sale of real estate is recognised by reference to the stage of completion (in accordance with IAS 18.24);
- in all other cases: revenue from the sale of the property must be recognised on completion (in accordance with IAS 18).

VINCI Construction carries out its property development activities mainly in Belgium (through CFE). As these contracts involve the continuous transfer of the main risks and rewards of ownership to the buyer, this Interpretation has not altered the manner in which revenue is recognised on property development contracts.

▸ Amendments published in May 2008 under the IFRS annual improvements procedure (excluding IFRS 5)
▸ IFRS 1 and IAS 27 Amendments *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
▸ IFRS 2 Amendment *Vesting Conditions and Cancellations*
▸ IFRS 7 Amendment *Improvements to Financial Instruments: Disclosure*s
▸ IAS 23 Revised *Borrowing Costs*
▸ IAS 32 and IAS 1 Amendments *Puttable Financial Instruments and Obligations Arising on Liquidation*
▸ IAS 39 and IFRIC 9 Amendments *Embedded Derivatives*
▸ IFRIC 13 *Customer Loyalty Programmes*
▸ IFRIC 16 *Hedges of a Net Investment in a Foreign Operation.*

Application of these Standards and Interpretations had no material impact on VINCI Construction's financial statements at 31 December 2009. The disclosures required by IFRS 7 Amended were first included in the Notes to the consolidated financial statements at 31 December 2008. With respect to IAS 23 Revised, VINCI Construction had already elected on transition to IFRS to capitalise borrowing costs as is now required by this revised Standard.

1.2. Standards and Interpretations applicable after 31 December 2009

With the exception of IFRIC 12 *Service Concession Arrangements*, which the Group applied early at 31 December 2008, the Group has not applied early the following Standards and Interpretations of which application is not mandatory at 1 January 2009:

▸ IFRS 1 Revised and amended on 23 July 2009 *First-time adoption of International Financial Reporting Standards*
▸ IFRS 2 Amendment *Group Cash-settled Share-based Payment Transactions*
▸ IFRS 3 Revised *Business Combinations (Phase 2)*
▸ IFRS 9 *Financial Instruments*
▸ IAS 24 Amended *Related Party Disclosures*
▸ IAS 27 Amended *Consolidated and Separate Financial Statement*s
▸ IAS 32 Amendment *Classification of Rights Issues*
▸ IAS 39 Amendment *Eligible Hedged Items*
▸ IFRIC 14 Amendment *Prepayments of a Minimum Funding Requiremen*t
▸ IFRIC 17 *Distributions of Non-cash Assets to Owners*
▸ IFRIC 18 *Transfers of Assets from Customers*
▸ IFRS 5 – Amendments published in May 2008 under the IFRS annual improvements procedure
▸ Amendments published in April 2009 under the IFRS annual improvements procedure.

VINCI Construction is currently analysing the impacts and practical consequences of the application of these Standards and Interpretations.

1.3. New tax law applicable in France from 1 January 2010

The 2010 Finance Act, passed in December 2009, introduced the *Contribution Économique Territoriale* (CET) to replace the French local business tax known as *Taxe Professionnelle* (TP). The new CET tax has two components: the *Contribution Foncière des Entreprises* (CFE), which may be translated as corporate property tax, and the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE), a levy on corporate value added. The CFE is based on the rateable value of property liable to the French property tax, *taxe foncière*. The rate of CVAE is 1.5% of value added. The CET is capped at 3% of value added.
The Group has concluded at this stage that this change in the method of calculating French local taxes dœs not alter their nature. The Group therefore considers that it is not necessary to account for either of the new CVAE or CFE taxes differently from the previous business tax, *Taxe Professionnelle*. These two new taxes will therefore be classified as operating expenses, as was *Taxe Professionnelle*.

2. CONSOLIDATION METHODS

2.1. Consolidation scope

Companies over which VINCI Construction exercises majority control are fully consolidated. Companies that are less than 50% owned but in which VINCI Construction exercises *de facto* control are consolidated using this same method. This relates in particular to CFE, of which VINCI Construction owns 46.84%.
Companies over which VINCI Construction exercises significant influence are accounted for by the equity method.
The proportionate method is used to consolidate companies in which the Group exercises joint control and joint venture partnerships in which the Group's share of the revenue and balance sheet are material for the Group.

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

Joint venture partnerships created for specific construction projects and that manage revenue of over €45 million (on a 100% basis) are consolidated proportionately.
The other joint venture partnerships are consolidated by recording the Group's share of revenue and expenses in the income statement, but keeping the full current accounts of joint venturers in the balance sheet.

Number of companies by reporting method:

	31 December 2009			31 December 2008		
	Total	France	Foreigner	**Total**	France	Foreigner
Full consolidation	**682**	355	327	**640**	325	315
Proportionate consolidation	**277**	66	211	**259**	66	193
Equity method	**58**	22	36	**49**	20	29
Total	**1,017**	**443**	**574**	**948**	**411**	**537**

The main change during the year is related to the French company ENTREPOSE Contracting, referred to in Note C.

2.2. Intragroup transactions

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

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

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

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

2.4. Foreign currency transactions

Transactions in foreign currency are translated into euros at the exchange rate at the transaction date. At the balance sheet date, trade receivables and payables expressed in foreign currencies are translated at the closing rate. Resulting exchange gains and losses are recognised under foreign exchange gains and losses and are shown under *other financial income and expenses* in the income statement.
Foreign exchange gains and losses arising on loans denominated in foreign currency or on foreign currency derivatives used to finance or hedge investments in foreign subsidiaries are recorded under currency translation differences in equity.

2.5. Business combinations

The Group applies the purchase method for business combinations made as from 1 January 2004. In application of this method, the Group recognises the identifiable assets, liabilities and certain contingent liabilities at their fair value at the dates when control was acquired.
The cost of a business combination is the fair value, at the date of exchange, of the assets given, liabilities incurred and/or equity instruments issued by the acquirer in exchange for control of the acquiree, plus any costs directly attributable to the acquisition. When an agreement provides for an adjustment to the purchase price contingent on future events, the Group includes the amount of that adjustment in the purchase cost of the target entity at the acquisition date if the adjustment is probable and can be measured reliably.
The cost of acquisition is allocated by recognising the identifiable assets, liabilities and contingent liabilities of the acquiree at their fair value at that date, except for assets or asset groups classified as held for sale under IFRS 5, which are recognised at their fair value less costs to sell. The positive difference between the cost of acquisition, as defined above, and the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.
The Group has 12 months from the date of acquisition to finalise the accounting for business combinations.

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

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

3. MEASUREMENT RULES AND METHODS

3.1. Use of estimates

The preparation of financial statements under the IFRSs requires estimates to be used and assumptions to be made that affect the amounts shown in those financial statements.
These estimates assume the operation is a going concern and are made on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates.

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

The Group uses the stage of completion method to recognise revenue and profit or loss on construction contracts, applying the general revenue recognition rules on the basis of the stage of completion.
The stage of completion and the revenue to recognise are determined on the basis of a large number of estimates based on monitoring of the work performed and using the benefit of experience to take account of unforeseen circumstances. In consequence, adjustments may be made to initial estimates throughout the contract and may materially affect future results.

3.1.2. Values used in impairment tests

The assumptions and estimates made to determine the recoverable amount of goodwill, intangible assets and property, plant and equipment, relate in particular to the assessment of market prospects needed to estimate the cash flows, and discount rates adopted. Any change in these assumptions could have a material effect on the recoverable amount and could entail a change in the impairment losses to recognise.
The main assumptions used by the Group are described in Note B.3.12. "Goodwill".

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

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

3.1.4. Measurement of retirement benefit obligations

The Group is involved in defined contribution and defined benefit retirement plans. Its obligations in connection with these plans are measured actuarially based on assumptions such as the discount rate, the return on the investments dedicated to these plans, future increases in wages and salaries, employee turnover, mortality rates and the rate of increase of health expenses.
These assumptions are generally updated annually. The assumptions adopted and how they are determined are given in Note E.11 *Retirement and other employee benefit obligations*.
The Group considers that the actuarial assumptions used are appropriate and justified in the current conditions. Obligations may, however, change if assumptions change.

3.1.5. Measurement of provisions

The factors that materially influence the amount of provisions relate to:
- the estimates made on a statistical basis from expenses incurred in previous years, for after-sales service provisions;
- the estimates of forecast profit or loss on construction contracts, which serve as a basis for the determination of losses on completion.

3.1.6. Measurement of financial instruments at fair value

Whenever financial instruments are not listed on a market, the Group uses, in assessing their fair value, measurement models based on assumptions that give preference to the use of observable inputs.

3.2. Revenue

Consolidated revenue is recognised in accordance with IAS 11 as described below.
The total includes the revenue, after elimination of intragroup transactions, of:
- fully consolidated companies;
- jointly controlled companies, which are consolidated proportionately on the basis of the Group's share in the company;
- joint venture partnerships, based on the Group's share in the entity.

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

The method for recognising revenue in respect of construction contracts is explained in the Note B.3.4 *Construction Contracts* below.

3.3. Revenue from ancillary activities

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

3.4. Construction contracts

The Group recognises construction contract income and expenses using the stage of completion method defined by IAS 11.
For the Group, the stage of completion is usually determined on a physical basis.
If the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion regardless of the stage of completion, based on the best estimates of income, including, if need be, any rights to additional revenue or claims if these are probable and can be reliably estimated. Provisions for losses on completion are shown under liabilities.
Part payments received under construction contracts before the corresponding work has been carried out are recognised under liabilities under advances and payments on account received.

3.5. Concession contracts

Under the terms of IFRIC 12, a concession operator has a twofold activity:
- a construction activity in respect of its obligations to design, build and finance an asset that it makes available to the grantor: revenue is recognised on a stage of completion basis in accordance with IAS 11;
- an operating and maintenance activity in respect of the assets under the concession: revenue is recognised in accordance with IAS 18.

In return for its activities, the operator receives consideration.
- If consideration is paid by the grantor, the financial asset model applies. The operator has an unconditional contractual right to receive payments from the grantor, irrespective of the amount of use made of the infrastructure.

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

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

3.6. Share-based payments (IFRS 2)

The measurement and recognition methods for share subscription and purchase plans, the *Plans d'Epargne Groupe* – Group Savings Schemes – and performance share plans, are defined by IFRS 2 *Share-based Payment*. The granting of share options, VINCI performance shares and offers to subscribe to the VINCI Group Savings Scheme represent a benefit granted to their beneficiaries and therefore constitute supplementary remuneration borne by VINCI Construction. Because such transactions do not give rise to monetary transactions, the benefits granted in this way are recognised as expenses in the period in which the rights are acquired, with a corresponding increase in equity. Benefits are measured on the basis of the fair value at the grant date of the equity instruments granted. The Monte Carlo binomial model is considered to be the most reliable and long-lasting method for measuring this fair value because it allows a larger number of scenarios to be modelled, by including in particular the valuation of assumptions about beneficiaries' behaviour on the basis of observation of historical data.

3.6.1. Share subscription or purchase option plans

Options to subscribe to or purchase VINCI shares are granted to Group employees and Company officers. The fair value of options granted is determined, at grant date, using the Monte Carlo measurement method, taking account of the impact of the market performance condition if applicable.

3.6.2. Performance share plans

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

3.6.3. Group Savings Scheme

Under the Group Savings Scheme, VINCI issues new shares in France reserved for its employees three times a year with a subscription price that includes a discount of 10% against the average stock market price of the VINCI share during the last 20 business days preceding the authorisation by the Board of Directors. This discount is considered as a benefit granted to the employees; its fair value is determined using a Monte Carlo valuation model at the date on which the subscription price is announced to the employees. As certain restrictions apply to the shares acquired by VINCI Construction employees under these plans regarding their sale or transfer, the fair value of the benefit to the employee takes account of the fact that the shares acquired cannot be freely disposed of for five years, other than in certain specific circumstances.

The Group recognises the benefits granted in this way to its employees as an expense over the vesting period, with a corresponding increase of consolidated equity.

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

3.7. Cost of net financial debt

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

3.8. Other financial income and expenses

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

3.9. Income tax

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

In accordance with IAS 12, deferred tax is recognised on the temporary differences between the carrying amount and the tax base of assets and liabilities. It is calculated using the latest tax rates enacted or substantially enacted at the date of closing the accounts. The effects of a change in the tax rate from one period to another are recognised in the income statement in the period in which the change occurs.
Deferred tax relating to items recognised directly under equity, in particular share-based payment expenses (under IFRS 2), is also recognised under equity.
Whenever subsidiaries have distributable reserves, a deferred tax liability is recognised in respect of the probable distributions that will be made in the foreseeable future. Moreover, shareholdings in associates and joint ventures give rise to recognition of a deferred tax liability in respect of all the differences between the carrying amount and the tax base of the shares.
Net deferred tax is determined on the basis of the tax position of each entity or group of entities included in the tax group under consideration and is shown under assets or liabilities for its net amount per taxable entity.
Deferred tax is reviewed at each balance sheet date to take account in particular of the impact of changes in tax law and the prospects for recovery. Deferred tax assets are only recognised if their recovery is probable.
Deferred tax assets and liabilities are not discounted.

3.10. Earnings per share

Earnings per share is the net profit after non-controlling interests, divided by the weighted average number of shares outstanding during the period. The Group has issued no equity instruments that could have a dilutive effect.

3.11.Other intangible assets

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

3.12. Goodwill

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

Goodwill relating to fully and proportionately consolidated entities is reported under the consolidated balance sheet under *Goodwill*. Goodwill relating to associates is included in the line-item Investments in associates.
Goodwill is not amortised but is tested for impairment at least annually and whenever there is an indication that it may be impaired. Whenever an asset is impaired, the difference between its carrying amount and its recoverable amount is recognised in operating profit or loss in the period and is not reversible.
Negative goodwill is recognised directly in profit or loss in the year of acquisition.

3.13. Concession intangible assets

Concession intangible assets correspond to the concession operator's right to operate the asset under concession in consideration for the investment expenditures incurred for the design and construction of the asset. This operator's right corresponds to the fair value of the construction of the asset under concession plus the borrowing costs capitalised during the construction phase. It is amortised over the term of the arrangement in a manner that reflects the pattern in which the asset's economic benefits are consumed by the entity, starting from the date when the right to operate starts to be used.

3.14. Grants related to assets

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

3.15. Property, plant and equipment

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

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

Buildings	
▪ structure	Between 20 and 40 years
▪ general technical installations	Between 5 and 20 years
Site equipment and technical installations	Between 3 and 10 years
Vehicles	Between 3 and 5 years
Fixtures and fittings	Between 5 and 10 years
Office furniture and equipment	Between 3 and 10 years

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

3.16. Finance leases

Assets acquired under finance leases recognised as non-current assets, whenever the effect of the lease is to transfer to the Group substantially all the risks and rewards incidental to ownership of these assets, with recognition of a corresponding financial liability. Assets held under finance leases are depreciated over their period of use.

3.17. Investment property

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

3.18. Impairment of non-financial non-current assets

Under certain circumstances, impairment tests must be performed on intangible and tangible fixed assets. For intangible assets with an indefinite useful life and goodwill, a test is performed at least annually and whenever there is an indication of a loss of value. For other fixed assets, a test is performed only when there is an indication of a loss of value.
Assets to be tested for impairment are grouped within cash-generating units that correspond to homogeneous groups of assets that generate identifiable cash inflows from their use. Whenever the recoverable value of a cash-generating unit is less than its carrying amount, an impairment loss is recognised in operating profit or loss. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The discount rate is determined for each cash-generating unit, taking account of its geographical location and the risk profile of its business.

3.19. Investments in associates

Equity-accounted investments in associates are initially recognised at cost of acquisition, including any goodwill arising. Their carrying amount is then increased or decreased to recognise the Group's share of the associate's profits or losses after the date of acquisition. Whenever losses are greater than the value of the Group's net investment in the associate, these losses are not recognised unless the Group has entered into a commitment to recapitalise the associate or has made payments on its behalf.
If there is an indication that an investment may be impaired, its recoverable value is tested as described in Note B.3.18 *Impairment of non-financial non-current assets*.
In order to present business lines' operational performance in the best way possible, the profit or loss of associates is reported on a specific line, between the lines *operating profit from ordinary activities and operating profit*.

3.20. Other non-current financial assets

Other non-current financial assets comprise available-for-sale securities, the part at more than one year of loans and receivables measured at their amortised cost, the part at more than one year of Public-Private Partnership contracts (PPPs) and the fair value of non-current derivative financial instruments (assets) (see Note B 3.28.2 *Fair value of derivative instruments (assets and liabilities)*).

3.20.1. Available-for-sale securities

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

At the balance sheet date, available-for-sale securities are measured at their fair value. The fair value of shares in listed companies is determined on the basis of the stock market price at that balance sheet date.
If the fair value of unlisted securities cannot be determined reliably, they continue to be measured at their original cost, i.e. their cost of acquisition plus transaction costs.
Changes in fair value are recognised directly in equity.
Whenever there is an objective indication that this asset is impaired, the corresponding loss is recognised in profit or loss and may not be reversed.

- For securities quoted on an active market, a long-lasting or material decline in fair value below their cost is an objective indication of their impairment. The factors considered by the Group in assessing the long-lasting or material nature of a decline in fair value are generally the following:
  - the impairment is long-lasting whenever the closing stock market price has been lower than the cost of the security for more than 18 months;
  - the impairment is material whenever, at the balance sheet date, there has been a 30% fall in the spot price compared with the cost of the financial asset.
- For unlisted securities, the factors considered are the decrease in value of the share of equity held and the absence of prospects for profit.

3.20.2. Loans and receivables at amortised cost

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

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

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

3.21. Inventories and work in progress

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

3.22. Trade and other operating receivables

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

3.23. Other current financial assets

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

3.24. Cash management financial assets

Cash management financial assets comprises investments in monetary and bond securities, and units in UCITS (Undertakings for Collective Investment in Transferable Securities) made with a short-term management objective, that do not satisfy the IAS 7 criteria for recognition as cash (see Note B 3.25 *Cash and cash equivalents*). As the Group adopts fair value as being the best reflection of the performance of these assets, they are measured and recognised at their fair value, and changes in fair value are recognised through profit or loss.
Purchases and sales of cash management financial assets are recognised at their transaction date.

Their fair value is determined using commonly used valuation models or, for non-listed cash management assets, at the present value of future cash flows. In assessing the fair value of listed instruments, the Group uses the market price at the balance sheet date or the realisable value of UCITS.

3.25. Cash and cash equivalents

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

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

3.26. Non-current provisions

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

3.26.1. Provisions for retirement benefit obligations

Provisions are taken in the balance sheet for obligations connected with defined benefit retirement plans, for both current and former employees (people with deferred rights or who have retired). These provisions are determined using the projected unit credit method on the basis of actuarial assessments made at each annual balance sheet date. The actuarial assumptions used to determine the obligations vary depending on the economic conditions of the country where the plan is operated. Each plan's obligations are recognised separately.

For defined benefit plans financed under external management arrangements (i.e. pension funds or insurance policies), the surplus or shortfall of the fair value of the assets compared with the present value of the obligations is recognised as an asset or liability in the balance sheet, after deduction of cumulative actuarial gains and losses and any past service cost not yet recognised in profit or loss. However, surplus assets are only recognised in the balance sheet if they meet the criteria laid down in IFRIC 14.

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

Actuarial gains and losses result from changes in actuarial assumptions and from experience adjustments (the effects of differences between the actuarial assumptions adopted and what has actually occurred).
Cumulative unrecognised actuarial gains and losses that exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of the plan assets are recognised in profit or loss for the excess portion on a straight-line basis over the average expected remaining working lives of the employees in that plan.

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

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

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

3.26.2. Other non-current provisions

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

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

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

3.27. Current provisions

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

Provisions for after-sales service cover Group entities' commitments under statutory warranties relating to completed projects, in particular 10-year warranties on building projects in France. They are estimated statistically on the basis of expenses incurred in previous years or individually on the basis of specifically identified events.

Provisions for losses on completion of contracts and construction project liabilities are made mainly when end-of-contract projections, based on the most likely estimated outcome, indicate a loss, and when work needs to be carried out in respect of completed projects under completion warranties.

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

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

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

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

3.28.1. Bond loans, other loans and borrowings

These are recognised at amortised cost using the effective interest method. The effective interest rate is determined after taking account of redemption premiums and issuance expenses. Under this method, the interest expense is measured actuarially and reported under the cost of gross financial debt. The benefit of a loan at a significantly below-market rate of interest, which is in particular the case for project finance granted by public-sector organisations, is treated as a government grant and recognised as a reduction of the debt and the related investments, in accordance with IAS 20.

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

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

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

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

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

- a fair value hedge allows the exposure to the risk of changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, attributable to changes in financial variables (interest rates, exchange rates, equity prices, raw material prices, etc.) to be hedged;
- a cash flow hedge allows exposure to variability in cash flows associated with a recognised asset or liability or a highly probable forecast transaction to be hedged;
- a hedge of a net investment denominated in a foreign currency hedges the foreign exchange risk relating to the net investment in a consolidated foreign subsidiary.

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

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

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

3.28.3. Put options granted to minority shareholders

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

3.29. Off-balance sheet commitments

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

C. Business combinations

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

Acquisition of ENTREPOSE Contracting

On 30 June 2009, VINCI Construction acquired the 77.37% shareholding in ENTREPOSE Contracting previously held by VINCI. ENTREPOSE Contracting is a group specialised in designing and carrying out complex industrial projects in the areas of oil, gas, energy in general and coastal work. The Group has fully consolidated the company in its consolidated financial statements since 30 June 2009. In the first half year, there was no impact on revenue or operating profit.

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

(in € millions)	Historical values	Fair-value adjustments	Fair values
Non-current assets			
Property, plant and equipment and intangible assets	75.5	(43.5)	32.0
Non-current financial assets	15.0	-	15.0
Deferred tax assets	2.0	-	2.0
Total non-current assets	**92.5**	**(43.5)**	**49.0**
Current assets	389.0	-	389.0
of which cash:	*132.7*	-	*132.7*
Non-current liabilities			
Non-current financial debt and derivatives	2.9	-	2.9
Other non-current liabilities	5.1	-	5.1
Deferred tax liabilities	0.2	-	0.2
Total non-current liabilitie	**8.2**	**-**	**8.2**
Current liabilities			
Current financial debt and derivatives	2.0		2.0
Other current payable	369.5	-	369.5
Total current liabilities	**371.5**	**-**	**371.5**
Total net assets (100%)	**101.8**	**(43.5)**	**58.3**
Purchase consideration (77.37% of the shares)			**159.5**

The assets and liabilities acquired mainly comprise operating assets and liabilities of which the carrying amount corresponds to their fair value. The adjustment to the fair value arises from the write-off of the goodwill initially recognised by ENTREPOSE Contracting relating mainly to the acquisitions of SPIECAPAG and Holding Océane Offshore.

Measurement of goodwill on acquisition, on the basis of fair value of the company's assets and liabilities at the date of acquisition of control, resulted in recognition of goodwill of €114.4 million.

D. Information by segment

Based on the Group's internal organisation, segment information is presented by division.
The main activities and/or geographical zones where the Group operates are:

- **VINCI Construction France:**
  operates in mainland France, through a network of local subsidiaries in building, civil engineering, hydraulic engineering and services.
- **VINCI Construction Filiales Internationales:**
  active in all areas of the construction business in Africa, Central Europe, and France's overseas territories.
- **VINCI Construction UK:**
  operates regionally and nationally in construction and public works in the UK.
- **Compagnie d'Entreprises CFE:**
  leader in the construction business in Benelux and one of the world's major dredging operators through its subsidiary DEME.
- **VINCI Construction Grands Projets:**
  designs and builds major complex civil engineering and building projects worldwide.
- **Soletanche Freyssinet:**
  develops and deploys expertise in highly technical areas in specialised civil engineering such as structures, special foundations, ground technologies and nuclear engineering.
- **ENTREPOSE Contracting:**
  is a contractor specialised in designing and carrying out complex industrial projects in the energy sector..

E. Notes on the balance sheet and income statement

1. INTANGIBLE ASSETS (in € thousands)

	31/12/2008	Increase	Decrease	Translation differences and other	31/12/2009
Gross	104,590	4,819	(1,964)	13,643	121,088
Amortisation and provisions	(59,185)	(8,488)	1,928	(1,915)	(67,660)
Net total	**45,405**	**(3,669)**	**(36)**	**11,728**	**53,428**

Intangible assets mainly comprise software licences and patents.
The impact of acquisitions and reversals of amortisation in connection with business combinations, and that of impairment losses and reversals, on changes in the year is not material.

2. GOODWILL (in € thousands)

	Gross	Impairment losses	Net
Goodwill at start of year	620,598	(13,397)	607,201
Goodwill recognised during the year	145,119		145,119
Amortisation and provisions	-	(5,762)	(5,762)
Translation differences and others	14,272	249	14,521
Total	**779,989**	**(18,910)**	**761,079**

The main items of goodwill at net value at the balance sheet date were as follows:

	Net
VINCI Construction UK	190,429
Soletanche Bachy	170,628
Nuvia	131,783
ENTREPOSE Contracting	114,458
CAPTRADE	23,497
VMA	11,115
SOGETRAV	9,702
Energilec	8,920
Freyssinet Menard Canada	8,218

Impairment tests on goodwill and other non-financial assets (in € millions)
In accordance with IAS 36 *Impairment of Assets*, goodwill and other non-financial assets have been tested for impairment at 31 December 2009.

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

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

	Net carrying amount of goodwill at 31/12/2009	Parameters of the model applied to cash flow forecasts				Impairment losses recognised in the period	
(en € millions)		Growth rate (Years Y+1 to Y+5)	Growth rate (terminal value)	Pre-tax discount rate 31/12/2009	Pre-tax discount rate 31/12/2008	2009	2008
Soletanche Bachy	170.6	2.2% to 3.7%	1%	8.71%	10.13%	-	-
ENTREPOSE Contracting	114.5	1.5% to 6.1%	2%	8.71%	-	-	-
Other goodwill	476.0	0% to 3%	0% to 3%	8.32% to 12.28%	10.13% to 14.47%	5.8	0.8
TOTAL	**761.1**					**5.8**	**0.8**

3. CONCESSION INTANGIBLE ASSETS (in € thousands)

	31/12/2008	Increase	Decrease	Translation differences and other	31/12/2009
Gross	11,286	61	(2,016)	(162)	9,169
Amortisation and provisions	(5,453)	(211)	-	-	(5,664)
Net total	**5,833**	**(150)**	**(2,016)**	**(162)**	**3,505**

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

4. PROPERTY, PLANT AND EQUIPMENT (in € thousands)

4.1.Change in the period

	31/12/2008	Increase	Decrease	Translation differences and other	31/12/2009
Gross	3,356,250	500,993	(205,373)	68,288	3,720,158
Depreciation and provisions	(1,891,482)	(374,430)	171,768	(48,463)	(2,142,607)
Net total	**1,464,768**	**126,563**	**(33,605)**	**19,825**	**1,577,551**

4.2. Breakdown by type of asset

	Gross	Depreciation	Net
Land	60,422	(5,617)	54,805
Buildings	225,518	(101,969)	123,549
Plant and equipment	3,043,173	(1,888,759)	1,154,414
Office furniture, computer equipment, fixtures and fittings	219,373	(146,196)	73,177
Non-current assets under construction	171,672	(66)	171,606
Net total	**3,720,158**	**(2,142,607)**	**1,577,551**

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

4.3. Investments during the period

	31/12/2009
Land	6,276
Buildings	16,657
Plant and equipment	451,332
Office furniture, computer equipment, fixtures and fittings	26,728
Total investments	**500,993**

4.4.Leased assets

Leased assets amounted to €167 million at 31 December 2009 and mainly relate to assets used in operations.

5. INVESTMENT PROPERTY (in € thousands)

	31/12/2008	Increase	Decrease	Translation differences and other	31/12/2009
Gross	13,145	4,501	(389)	3,557	20,814
Depreciation and provisions	(7,082)	(33)	-	(6)	(7,121)
Net total	**6,063**	**4,468**	**(389)**	**3,551**	**13,693**

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

6. INVESTMENTS IN ASSOCIATES (in € thousands)

	31/12/2008	31/12/2009
Value of shares at start of the year	**24,206**	**20,771**
Share capital increases of associates	(943)	804
Group share of net income for the year	2,807	2,420
Dividends paid	(2,008)	(3,106)
Changes in consolidation scope, foreign currency translation differences and other	(3,291)	17,218
Net total	**20,771**	**38,107**

7. OTHER NON-CURRENT FINANCIAL ASSETS (in € thousands)

	Gross	Impairment losses	Net
PPPs financial receivables	59,546	–	59,546
Investments in subsidiaries and associates	43,056	(23,979)	19,077
Other available-for-sale financial assets	4,185	(1,965)	2,220
Other non-current financial assets	69,868	(5,979)	63,889
Fair value of derivative financial instruments (assets)	26	–	26
Retirement benefit plans – net surplus financial assets	15,013	–	15,013
Net total	**191,694**	**(31,923)**	**159,771**

8. INVENTORIES AND WORK IN PROGRESS (in € thousands)

	31/12/2008	31/12/2009
Inventories and work in progress	320,368	349,686
Work in progress	67,796	15,906
Net total	**388,164**	**365,592**

9. CASH MANAGEMENT FINANCIAL ASSETS, CASH AND CASH EQUIVALENTS (in € thousands)

These break down as follows:

	31/12/2008	31/12/2009
Cash management financial assets	**1,763,346**	**1,608,849**
Cash equivalents	521,266	623,373
Cash	698,220	941,086
Cash and cash equivalents	**1,219,486**	**1,564,459**

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

10. WORKING CAPITAL REQUIREMENT (SURPLUS) (in € thousands)

	31/12/2008	31/12/2009
Inventories and work in progress (net)	388,164	365,592
Trade and other operating receivables	6,451,331	5,950,505
Other current assets	244,331	271,071
Current tax assets	59,996	91,073
Inventories and operating receivables (I)	**7,143,822**	**6,678,241**
Trade payables	4,353,489	4,001,562
Other current payables	4,293,431	4,387,633
Current tax payables	137,727	103,141
Operating payables (II)	**8,784,647**	**8,492,336**
Working capital requirement connected with operations (I-II)	**(1,640,825)**	**(1,814,095)**
Current provisions	**(1,203,870)**	**(1,295,726)**
Working capital requirement connected with operations *(after current provisions)*	**(2,844,695)**	**(3,109,821)**

11. RETIREMENT AND OTHER EMPLOYEE BENEFIT OBLIGATIONS (in € thousands)

11.1. Retirement benefit obligations

At 31 December 2009, provisions for retirement benefit obligations amounted to €141,909 thousand in total (including €130,505 thousand at more than one year) compared with €135,732 thousand at 31 December 2008 (including €125,256 thousand at more than one year). They comprise provisions for lump-sums on retirement and provisions for obligations for supplementary retirement benefits. The part at less than one year was €11,404 thousand at 31 December 2009 and €10,476 thousand at 31 December 2008, and is reported under other current payables.

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

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

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

Plan	31/12/2009	31/12/2008
Discount rate	5.10%	5.60%
Inflation rate	1.9%	2.0%
Rate of salary increases	2% - 4%	2% - 4%
Rate of pension increases	1.5% - 2.5%	1.5% - 2.5%
Probable average remaining working life of employees	10-13 years	10-15 years

For the United Kingdom, the provisions are calculated on the basis of the following assumptions:

Plan	31/12/2009	31/12/2008
Discount rate	5.55%	6.10%
Inflation rate	3.3%	3.2%
Rate of salary increases	3% - 4.2%	3% - 4.2%
Rate of pension increases	3% - 3.7%	3.1% - 5%
Probable average remaining working life of employees	7 to 14 years	2 to 15 years

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

Financial assets are measured at fair value at 31 December 2009. Assets invested in insurance companies' "general account" funds are reported at their carrying amount at 31 December 2009.

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

Reconciliation of obligations and provisions in the balance sheet

	31/12/2009			31/12/2008		
(in € millions)	France	Foreign	Total	France	Foreign	Total
Present value of retirement benefit obligations	(184.6)	(441.3)	(625.9)	(142.2)	(368.0)	(510.2)
Fair value of plan assets	4.1	391.3	395.4	0.8	335.7	336.5
Surplus (or deficit)	**(180.5)**	**(50.0)**	**(230.5)**	**(141.4)**	**(32.3)**	**(173.7)**
Provisions recognised in balance sheet	**(122.8)**	**(19.1)**	**(141.9)**	**(117.4)**	**(18.2)**	**(135.6)**
Assets recognised in balance sheet	–	15.0	15.0	–	13.6	13.6
Items not recognised in balance sheet						
Actuarial gains and losses	45.6	45.9	91.5	8.5	27.7	36.2
Past service cost	12.1	–	12.1	15.5	–	15.5
Assets not recognised in balance sheet			–			–

The actuarial pension expense for the financial year amounts to €27.5 million.

11.2. Other employee benefits

At 31 December 2009, provisions for other employee benefits amounted to €23,855 thousand (including €15,661 thousand at more than one year) against €19,853 thousand at 31 December 2008 (including €14,419 thousand at more than one year). The part at less than one year was €8,194 thousand at 31 December 2009 and €5,434 thousand at 31 December 2008, and is reported under other current liabilities.

Provisions for other employee benefits are measured using the projected unit credit method and mainly relate to obligations to pay long-service bonuses.

12. PROVISIONS (in € thousands)

	31/12/2008	Expense	Reversals	Reversals of unused provisions	Other changes	31/12/2009
Warranties given to customers	355,602	111,178	(93,554)	(22,245)	19,439	370,420
Losses on completion	237,232	186,434	(137,815)	(4,585)	1,461	282,727
Disputes	226,079	74,382	(54,732)	(8,593)	1,444	238,580
Restructuring	11,028	7,402	(9,039)	(7)	755	10,139
Other current liabilities	246,827	136,139	(94,411)	(15,236)	7,257	280,576
Discounting of current provisions	(1,281)				(1)	(1,282)
Reclassification of the part at less than one year of non-current provisions	128,383				(13,817)	114,566
Current provisions	**1,203,870**	**515,535**	**(389,551)**	**(50,666)**	**16,538**	**1,295,726**
Liabilities in respect of subsidiaries	13,702	1,966	(428)	(19)	569	15,790
Other non-current liabilities	179,938	69,295	(53,881)	(11,542)	12,836	196,646
Discounting of non-current provisions	(1,650)					(1,650)
Reclassification of the part at less than one year of non-current provisions	(128,383)				13,817	(114,566)
Non-current provisions	**63,607**	**71,261**	**(54,309)**	**(11,561)**	**27,222**	**96,220**
TOTAL	**1,267,477**	**586,796**	**(443,860)**	**(62,227)**	**43,760**	**1,391,946**

13. OTHER CURRENT PAYABLES (in € thousands)

Other current payables break down as follows:

	31/12/2008	31/12/2009
Trade receivables - Advances received on work	803,565	893,154
Deferred income	1,122,763	1,113,054
Operating current accounts	623,863	675,001
Tax, employment and social benefit liabilities	1,122,627	1,120,657
Payables related to non-current assets	26,517	19,516
Other current liabilities	578,186	546,653
Provisions for retirement benefit and other employee benefits at less than one year	15,910	19,598
OTHER CURRENT PAYABLES	**4,293,431**	**4,387,633**

14. NET FINANCIAL SURPLUS AND FINANCING RESOURCES (in € thousands)

At the year end the Group had a net cash surplus of €2,002,339 thousand which breaks down as follows:

	31/12/2008	31/12/2009
Other loans and borrowings (a)	(475,259)	(587,475)
Fair value of derivative financial instruments (non-current liabilities)	(25,458)	(9,658)
Non-current financial debt	**(500,717)**	**(597,133)**
Part at less than one year of long-term borrowings (a)	(85,474)	(93,428)
Cash management current accounts, liabilities	(27,742)	(7,244)
Other current financial liabilities	(108,619)	(67,597)
Fair value of derivative financial instruments (current liabilities)	(10,394)	(8,699)
Bank overdrafts	(328,995)	(420,169)
Current borrowings	**(561,224)**	**(597,137)**
GROSS DEBT	**(1,061,941)**	**(1,194,270)**
Fair value of derivative financial instruments (assets)	16,247	351
Loans and collateralised receivables and other financial assets	894	221
Long-term loans to consolidated subsidiaries, part at less than one year	–	22,729
Cash management financial assets	1,763,346	1,608,849
Cash and cash equivalents	1,219,486	1,564,459
NET FINANCIAL SURPLUS	**1,938,032**	**2,002,339**

(a) Long-term loan and financial debt, of which details are given below

Cash management financial assets include investments with VINCI of €1,436 million, attracting interest at rates close to market rates.

Including net cash (see cash flow statement) for:

	31/12/2008	31/12/2009
UCITS - Cash equivalents	521,266	623,373
Cash	698,220	941,086
Bank overdrafts	(328,995)	(420,169)
NET CASH	**890,491**	**1,144,290**

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

	31/12/2008	31/12/2009
Bank loans and other financial debt	314.5	341.6
Finance lease debt restated	107.0	94.5
VINCI Group loans	139.2	244.8
LONG-TERM LOANS AND FINANCIAL DEBT (a)	**560.7**	**680.8**

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

15. REVENUE (in € millions)

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

	31/12/2009	31/12/2008
Revenue for the period	**13,834**	**14,820**
- Revenue of companies consolidated for the first time	*(365)*	*531*
- Revenue of companies no longer consolidated		*(31)*
- Impact of foreign exchange fluctuations		*(387)*
Revenue at constant consolidation scope and exchange rates	**13,469**	**14,933**

At constant consolidation scope and exchange rates, revenue shows a 9.8% fall against the previous period.

Revenue by geographical area (by destination)	31/12/2009	31/12/2008
France (including overseas territories - DOM-TOM)	7,265	8,145
Europe excluding France	3,905	4,237
Africa	1,257	992
North and South America	553	495
Middle East	390	503
Asia	329	333
Oceania	135	115
Total	**13,834**	**14,820**

Revenue by activity	31/12/2009	31/12/2008
- Building	5,744	6,332
- Civil engineering and earthworks	5,845	6,219
- Hydraulic engineering	874	801
- Roads	548	639
- Facility Management and other services	357	277
- Real estate development and promotion	129	208
- Public works and environmental	156	181
- Provision of services and other	181	163
Total	**13,834**	**14,820**

16. SEGMENT INFORMATION BY DIVISION (in € millions)

2009

(in € millions)	Revenue	Operating profit from ordinary activities	% of revenue
VINCI Construction France	6,061	244	4.0%
VINCI Construction Filiales Internationales	1,771	106	6.0%
VINCI Construction UK	1,306	16	1.2%
Compagnie d'Entreprises CFE	1,603	94	5.9%
VINCI Construction Grands Projets	724	42	5.8%
Soletanche Freyssinet	2,105	112	5.3%
ENTREPOSE Contracting	318	20	6.3%
Holding company and other activities	–	(13)	–
Eliminations	(54)	–	–
TOTAL	**13,834**	**621**	**4.5%**

2008

(in € millions)	Revenue	Operating profit from ordinary activities	% of revenue
VINCI Construction France	6,684	287	4.3%
VINCI Construction Filiales Internationales	1,951	83	4.3%
VINCI Construction UK	1,278	12	0.9%
Compagnie d'Entreprises CFE	1,728	112	6.5%
VINCI Construction Grands Projets	771	36	4.7%
Soletanche Freyssinet	2,480	166	6.7%
Holding company and other activities	–	30	–
Eliminations	(72)	–	–
TOTAL	**14,820**	**726**	**4.9%**

17. OPERATING PROFIT FROM ORDINARY ACTIVITIES (in € thousands)

	31/12/2009	31/12/2008
Revenue	13,834,196	14,819,604
Revenue from ancillary activities	101,307	116,122
Operating income	**13,935,503**	**14,935,726**
Purchases (raw materials, supplies, goods)	(3,089,923)	(3,665,984)
Subcontracting and other external expenses	(6,536,038)	(6,950,246)
Wages, salaries and social benefit charges	(2,982,947)	(2,906,181)
Taxes and levies	(157,876)	(139,542)
Other operating income and expenses	(18,325)	13,977
Operating depreciation and amortisation expense	(367,808)	(335,222)
Net operating provision charges		
- Impairment losses on tangible and intangible assets	(8,364)	(1,392)
- Impairment of assets	(77,828)	(53,808)
- Retirement and other benefit obligations	(1,221)	5,815
- Current and non-current provisions	(74,665)	(176,850)
Operating profit from ordinary activities	**620,508**	**726,293**

Revenue from ancillary activities amounted to €101.3 million at 31 December 2009. This mainly comprises sales of equipment, materials and merchandise for €44 million, study work, engineering and professional fees invoiced in connection with construction contracts, for €22.8 million and rental income for €29.2 million.

18. SHARE-BASED PAYMENTS (in € millions)

The expense relating to benefits granted to employees has been assessed at €23.6 million before tax in respect of 2009, of which €1.8 million was in respect of share option plans, €6.1 million in respect of the Group Savings Schemes and €15.6 million in respect of the performance share plans.

18.1. Group Savings Schemes

The benefits granted in this way to Group employees in respect of the Group Savings Schemes are recognised in profit or loss and are valued in accordance with IFRS 2 on the basis of the following assumptions:
- length of subscription period: four months;
- length of period during which funds are frozen: five years from the end of the subscription period.

The estimated number of shares subscribed to at the end of the subscription period is obtained by an analytical formula, based on linear regression methods, applied to historical observations of the plans between 2002 and 2009, taking account of the cost of restrictions on the availability of units in the savings fund.

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

18.2. Share subscription and purchase options

On 31 August 2009, VINCI's Board of Directors set up a new share option plan with effect from 15 September 2009.
The fair values of the options have been calculated at their respective grant dates by an external actuary using a binomial valuation model of the "Monte Carlo" type.
The validity period of the options included in the model is the contractual validity period adjusted to take account of behavioural assumptions (employee turnover, early exercise) based on past observations.
The main assumptions used to determine the fair values of the options granted, in accordance with IFRS 2, were:

Plan	15/09/2009	16/05/2006	09/01/2006
Volatility (*)	32.91%	24.19%	23.60%
Expected return on share	8.01%	6.50%	5.70%
Risk-free rate of return (**)	2.38%	3.68%	2.99%
Dividend distribution rate hoped-for (***)	4.21%	2.75%	2.92%
Fair value of the option (in euros)	5.65	7.74	5.66

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

18.3. Performance shares

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

	2009 Plan	2008 Plan	2007 Plan
Price of VINCI share on date plan was announced (in euros)	37.425	55.7	49.5
Fair value of performance share at grant date (in euros)	31.17	28.2	24.5
Fair value of share price at grant date (in %)	83.29%	50.53%	49.61%
Original maturity (in years) - vesting period	2 or 3 years	2 or 3 years	2 or 3 years
Volatility	32.91%	26.51%	21.79%
Risk-free interest rate	1.75%	4.07%	3.76%

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

19. OTHER FINANCIAL INCOME AND EXPENSES (in € thousands)

	31/12/2009	31/12/2008
Dividends received	704	2,104
Foreign exchange gains and losses	(5,834)	(10,596)
Effect of discounting to present value	(6,222)	(4,276)
Gains or losses on disposal of securities and write-back from reserves	13,230	40,629
Other	531	368
Net other financial income and expenses	**2,409**	**28,229**

20. ANALYSIS OF NET TAX EXPENSE (in € thousands)

20.1. Breakdown of net tax expense

	31/12/2009	31/12/2008
Current and deferred tax	(173,448)	(227,585)
Effective tax rate	29.39%	30.21%

20.2. Effective tax rate

Profit before tax and profit or loss of associates	**590,253**
Theoretical tax rate	34.43%
Theoretical tax charge	**(203,224)**
Goodwill impairment expenses	(402)
Profits taxed at reduced and other rates	(3,391)
Tax rate differential between current and previous year	(1,501)
Tax rate differences (foreign countries)	30,334
Creation (use) of carryforward losses not having given rise to deferred tax	(3,425)
Fixed-sum and other additional taxes	(7,444)
Permanent differences and miscellaneous	15,605
Tax charge recognised	**(173,448)**
Effective tax rate	29.39%

20.3. Analysis of deferred tax assets and liabilities

Deferred tax assets and liabilities arise from temporary differences and were as follows at the year end:

Assets	Liabilities	Net
241,606	64,976	176,630

20.4. Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €78.1 million at 31 December 2009.

21. CONSTRUCTION CONTRACTS (in € millions)

21.1. Financial information on construction contracts

Cost incurred plus recognised profits less recognised losses and intermediate invoicing is determined on a contract by contract basis. If this amount is positive it is shown on the line *Construction contracts in progress – assets*. If negative, it is shown on the line *Construction contracts in progress – liabilities*.
Advances are the amounts received before the corresponding work has been performed. Repayment terms depend on the terms of each individual contract. These advances are usually retained throughout the contract, regardless of the amount of work completed or in progress.
The various items relating to construction contracts in progress at the balance sheet date are:

(in € millions)	31/12/2009	31/12/2008
Construction contracts in progress - assets	417	692
Construction contracts in progress - liabilities	(723)	(926)
Construction contracts in progress	**(306)**	**(234)**
Costs incurred plus profits recognised, less losses recognised to date	26,263	26,940
Less invoices issued	(26,569)	(27,174)
Construction contracts in progress before advances received from customers	**(306)**	**(234)**
Advances received from customers	(642)	(594)
Net construction contracts in progress	**(948)**	**(828)**

21.2. Commitments made and received in connection with construction contracts

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

(in € millions)	Commitments made	Commitments received
Performance guarantees and performance bonds	3,425	271
Retention payments	1,480	429
Deferred payments to subcontractors	1,113	198
Bid bonds	78	1
Total	**6,096**	**899**

22. TRANSACTIONS WITH RELATED PARTIES (in € millions)

Transactions with related parties are:
- remuneration and similar benefits paid to members of the governing and management bodies;
- transactions with companies in which VINCI Construction has significant influence or joint control (these transactions are conducted at market prices). The Company also has normal business relations with other companies in the VINCI Group.

22.1 Remuneration of members of the Management Committee

VINCI Construction's share of remuneration paid to members of the Management Committee in 2009 amounted to €3,158,257.

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

(en millions d'euros)	31/12/2009	31/12/2008
Revenue	1,560.6	1,811.1
Purchases	(401.4)	(368.6)
Subcontracting	(929.2)	(1,189.6)
Trade receivables	885.2	1,083.7
Trade payables	538.1	585.3

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

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

(in € millions)	31/12/2009	31/12/2008
Current assets	1,390.5	898.7
Non-current assets	648.2	604.2
Current liabilities	1,457.2	1,609.2
Non-current liabilities	522.5	518.7
Operating income	1,953.7	2,223.3
Operating expenses	(1,841.7)	(2,070.4)
Cost of net financial debt	(9.4)	(5.4)
Other financial income and expenses	(3.0)	(4.1)
Income tax expenses	(20.7)	(2.8)

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

23. CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS MADE AND RECEIVED (in € millions)

(in € millions)	Commitments made	Commitments received
Joint and several guarantees of partnerships	21.4	
Tax and customs bonds	20.6	
Operating leases	296.1	
Collateral securities	264.2	5.5
Other commitments	215.0	132.1
Total	**817.3**	**137.6**

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

24. EMPLOYEES AND STAFF TRAINING RIGHTS

Numbers employed at the balance sheet date were:

	31/12/2009	31/12/2008
Engineers and managers	11,624	10,483
Non-management	59,682	56,176
TOTAL	**71,306**	**66,659**

Individual entitlement to training

The Act of 4 May 2004 gives employees of French businesses the right to a minimum of 20 hours of training a year, which can be carried forward and accumulated over a period of six years. Expenditure under this individual right to training is considered as an expense for the period and dœs not give rise to the recognition of a provision, other than in exceptional cases. The Group's employees had acquired rights to 736,000 hours of such training at 31 December 2009.

25. DISPUTES AND ARBITRATION

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

The main disputes that ended in 2009 were the following:

- In 1997, SNCF lodged multiple claims with the Paris Administrative Court against a large number of construction enterprises, of which several were Group subsidiaries, with a view to obtaining financial compensation for the prejudice it claims to have suffered between 1987 and 1990 during the award of tenders for the construction of the TGV Nord and TGV Rhône-Alpes lines and their interconnection. This claim followed the ruling against the companies involved by the competition authority in 1995, which the Paris Appeal Court upheld overall.

The Paris Administrative Court, after having ruled in December 1998 in respect of these two claims that the findings of the competition authority regarding the anti-competitive practices entitled SNCF to claim that its consent was impaired with respect to the contracts in question, ordered an appraisal to establish the impact of such practices. The enterprises had appealed against this decision before the Court of Cassation but the Council of State (the *Conseil d'Etat*), in a ruling issued on 19 December 2007, rejected their appeals. In 2005, the expert appointed by the Paris Administrative Court submitted two reports in which it was concluded that SNCF had incurred extra costs significantly lower than the amounts claimed.

On 27 March 2009, the Paris Administrative Court issued a series of rulings ordering the companies that were members of groupings with contracts relating to this work to pay various amounts totalling €90 million in principal plus interest at the statutory rate. The enterprises appealed against these rulings. On 21 October 2009 the enterprises and SNCF agreed a settlement, finally bringing this matter to an end.

The main disputes in progress at the date of this document were as follows:

- On 23 May 2004, part of the shell structure (superstructures) over the passageway of Roissy airport's 2E terminal collapsed. The structure had been built for Aéroports de Paris, which in this project acted as principal, architect and main contractor. The construction work on terminal 2E was carried out under multiple separate contracts by numerous different companies. The passageway shells (superstructures) were constructed by a consortium comprising several companies that are today VINCI Construction subsidiaries.

Claims dossiers were submitted to insurance companies in respect of damage caused to the property and loss of profits. A court-ordered expert appraisal was carried out to establish the reasons for the collapse and to assess the damages suffered. The experts submitted a report to the Court on 30 June 2009 in which they considered that responsibility for the incident lay with Aéroports de Paris for between 51% and 55%, with the consortium that built the shells (VINCI Construction Group companies) for between 36% and 40% and with the Bureau Veritas inspection firm for between 8% and 10%. The cost of reconstruction work has now been assumed by the insurance company that insured this building. The experts have assessed the operating losses resulting from this incident as being of the order of €144 million. A criminal investigation has also been launched following the collapse. In view of the current situation, the Group considers that this dispute will not have a material unfavourable effect on its financial situation.

- On 12 February 2010, the *Conseil Régional d'Ile-de-France* – the regional authority for the Ile-de-France – applied to the Paris Court of First Instance (*Tribunal de Grande Instance*) for a ruling against 15 enterprises, of which several are members of the VINCI Construction Group, and 11 natural persons, some of whom are or have been VINCI Construction Group employees, ordering them to pay €358 million plus interest from 7 July 1997 to the *Conseil Régional d'Ile-de-France*. The *Conseil Régional d'Ile de France* had previously applied to the Paris Court of First Instance, on 23 May 2008, for a ruling in chambers ordering the payment of a provision of €76 million but its request was rejected by the Court on 15 January 2009.

This application was further to a judgement by the Paris Appeal Court on 27 February 2007 against various natural persons finding them guilty of operating a cartel and to the decision on 9 May 2007 by the competition authority (the *Conseil de la Concurrence*) imposing penalties on the enterprises for anti-competitive practices between 1991 and 1996 in connection with the programme to renovate secondary educational establishments in the Ile-de-France region. An appeal against the Paris Appeal Court's decision of 3 July 2008 was made before the Court of Cassation (*Cour de Cassation*) and rejected by a ruling on 13 October 2009. At 31 December 2009, the Group has treated this risk as a contingent liability that it is not in a position to measure.

26. LIST OF THE MAIN COMPANIES CONSOLIDATED AT 31 DECEMBER 2009

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

26. LIST OF THE MAIN COMPANIES CONSOLIDATED AT 31 DECEMBER 2009 (CONTINUED)

	Consolidation method	% holding
2/ Subsidiaries (continued)		
VINCI Construction Filiales Internationales	**FC**	**100.0**
Dumez-GTM Calédonie	FC	100.0
GTM Guadeloupe	FC	100.0
Nofrayane (French Guiana)	FC	100.0
PRUMSTAV - FCC (Czech Republic)	FC	100.0
SBTPC (Reunion)	FC	100.0
SMP CZ (Czech Republic)	FC	100.0
Sobea Gabon	FC	90.0
Sogea Martinique	FC	100.0
Sogea Mayotte	FC	100.0
Sogea Réunion	FC	100.0
Sogea-Satom	FC	100.0
Warbud (Poland)	FC	99.7
VINCI PLC (UK)	**FC**	**100.0**
Crispin & Borst	FC	100.0
Gordon Durham	FC	100.0
John Jones	FC	100.0
Norwest Holst Ltd	FC	100.0
Stradform Ltd	FC	100.0
Taylor Woodrow Construction	FC	100.0
VINCI Investment Ltd	FC	100.0
VINCI Construction UK	FC	100.0
Weaver PLC	FC	100.0

26. LIST OF THE MAIN COMPANIES CONSOLIDATED AT 31 DECEMBER 2009 (CONTINUED)

2/ Subsidiaries (continued)

	Consolidation method	% holding
COMPAGNIE D'ENTREPRISES CFE (Belgium)	**FC**	**46.8**
ABEB	FC	46.8
BPC	FC	46.8
BPI	FC	46.8
CFE Hungary	FC	46.8
CFE Nederland	FC	46.8
CFE Polska	FC	46.8
CFE Slovaquia	FC	46.8
CLE	FC	46.8
CLI SA	FC	46.8
DEME (Dredging Environmental and Marine Engineering)	PC	23.4
Engema	FC	46.8
Geka	FC	46.8
Nizet Entreprises	FC	46.8
Sogesmaint cbre	FC	30.9
Van Wellen	FC	46.8
Vanderhoydonckx	FC	46.8
VMA Infra-industrie	FC	46.8

VINCI Construction Grands Projets	**FC**	**100.0**
M1 motorway (UK)	PC	50.0
Patras-Corinth motorway (Greece)	PC	30.0
Maliakos-Kleidi-Corinth motorway (Greece)	PC	10.5
Brightwater Tunnels (USA)	PC	60.0
Coentunnel (Netherlands)	PC	29.1 (1)
Cairo metro, Line 3 (Egypt)	PC	28.5
QDVC (Qatar)	PC	49.0
Socaly	PC	72.0 (2)
Socaso	PC	66.7
Socatop	PC	50.0 (3)
Liefkenshoek Tunnel (Belgium)	PC	36.7 (4)
Hallandsas Tunnels (Sweden)	PC	40.0

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

26. LIST OF THE MAIN COMPANIES CONSOLIDATED AT 31 DECEMBER 2009 (CONTINUED)

	Consolidation method	% holding
Soletanche Freyssinet	**FC**	**100.0**
Austress Freyssinet (Australia)	FC	100.0
Bachy Soletanche Group Ltd (Hong Kong)	FC	100.0
Bachy Soletanche Ltd (UK)	FC	100.0
Bachy Soletanche Singapour PTE Ltd	FC	100.0
CSM Bessac SAS France	FC	100.0
Freyssinet France	FC	100.0
Freyssinet Hong Kong	FC	100.0
Freyssinet International & Cie	FC	100.0
Freyssinet Korea (South Korea)	FC	100.0
Freyssinet SA (Spain)	PC	50.0
Groupe Geopac (Canada)	FC	100.0
Grupo Rodio Kronsa (Spain)	PC	50.0
Menard	FC	100.0
Nicholson Construction Company Inc (USA)	FC	100.0
Nuvia Ltd (UK)	FC	100.0
Osnova Solsif Ltd (Ukraine)	FC	70.0
Soletanche Bachy Chile SA	FC	95.0
Soletanche Bachy France	FC	100.0
Soletanche Bachy Pieux SAS France	FC	100.0
Soletanche Polska Spzoo	FC	100.0
Soletanche Stroy Zao (Russia)	FC	100.0
Terre Armée Internationale	FC	100.0
The Reinforced Earth CY (USA)	FC	100.0

ENTREPOSE Contracting	**FC**	**76.0**
SPIECAPAG	FC	76.0
GEOCEAN	FC	76.0
CAPTRADE	FC	53.2

VINCI Construction Holding		
Dumez Construction	FC	100.0

Report of the Statutory Auditors on the consolidated financial statements

For the year ended 31 December 2009

In accordance with our appointment as Statutory Auditors by your Shareholders' General Meeting, we hereby report to you for the year ended 31 December 2009 on:

- the audit of the accompanying consolidated financial statements of VINCI Construction;
- the justification of our assessments; and
- the specific verification required by law.

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

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit consists in examining, by sampling or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. It also consists in assessing the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that the information that we have collected provides a sufficient and appropriate basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the assets and liabilities, and the results of the group formed by the persons and entities included in the consolidation, in accordance with the International Financial Reporting Standards as endorsed by the European Union.

II. JUSTIFICATION OF OUR ASSESMENTS

As required by article L.823-9 of the French Code of Commerce relating to the justification of our assessments, we inform you of the following: As stated in Note B.3.4 to the consolidated financial statements entitled Construction contracts, the VINCI Construction Group recognises income from its longterm contracts using the percentage of completion method. We have assessed the assumptions used and the Group's calculations.

As stated in Note B.3.12 to the consolidated financial statements entitled Goodwill, the VINCI Construction Group performs impairment tests on goodwill at least annually. We have examined how these impairment tests are performed and the cash flow forecasts and assumptions used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and have therefore contributed to the formation of our opinion, given in the first part of this report.

III. SPECIFIC VERIFICATION

We have also verified, as required by law, the information contained in the Group Management Report.

We have no comments to make as to its fair presentation and its conformity with the consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, 20 April 2010
The Statutory Auditors

KPMG AUDIT
A Department of KPMG S.A.
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