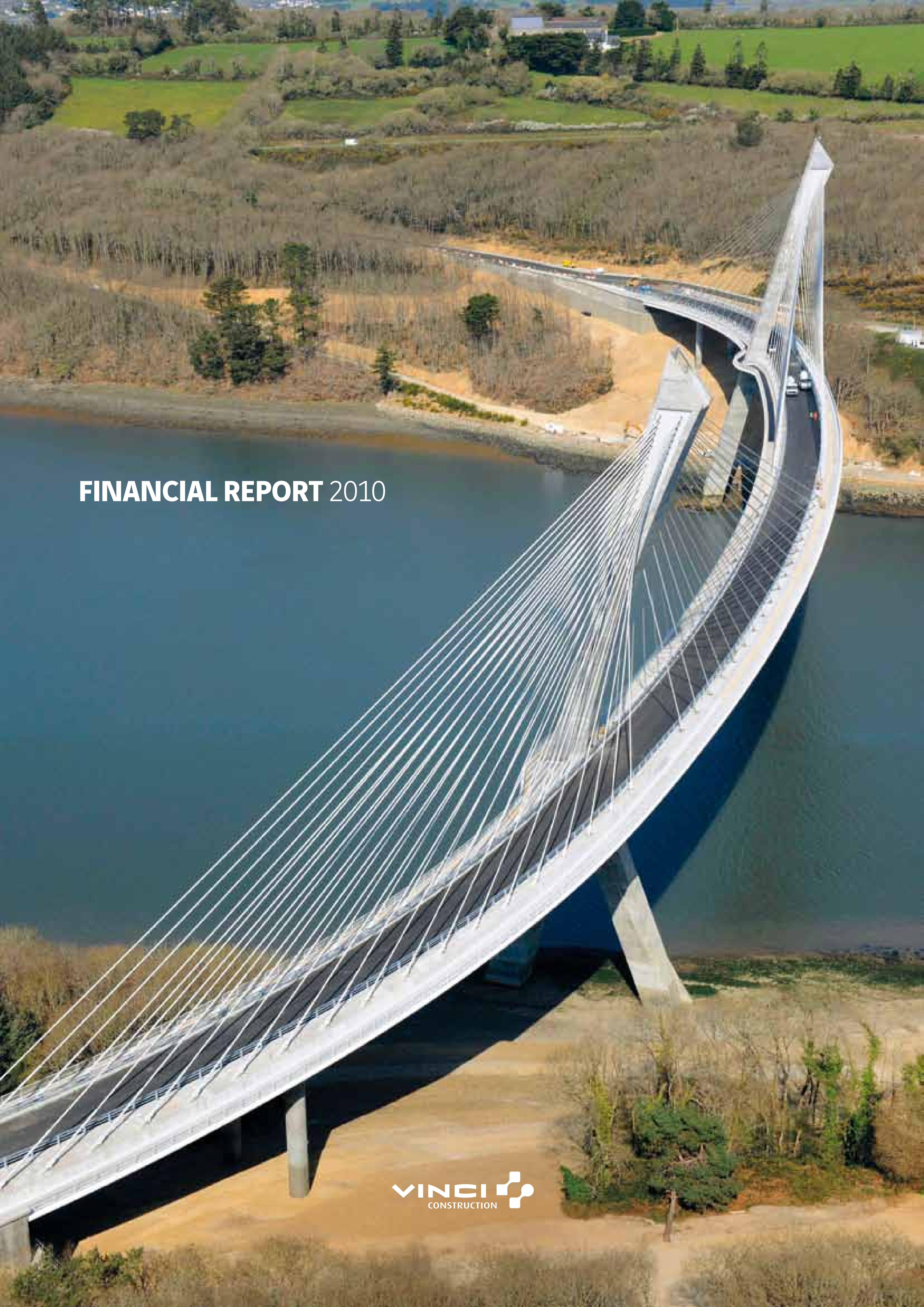
FINANCIAL REPORT 2010



VINCI CONSTRUCTION

CONSOLIDATED IFRS BALANCE SHEET AT 31 DECEMBER 2010

Assets

(in € thousands)	Notes	2010 Gross	2010 Depreciation, amortisation, provisions	2010 Net	2009 * Net
Non-current assets					
Intangible assets	1	120,629	68,494	**52,135**	46,449
Goodwill	2	810,242	19,096	**791,146**	748,337
Concession fixed assets	3	5,086	3,673	**1,413**	3,444
Property, plant and equipment	4	2,847,875	1,840,576	**1,007,299**	993,145
Investment property	5	12,420	7,263	**5,157**	5,457
Investments in equity-accounted companies	6	452,267	1,062	**451,205**	392,699
Other non-current financial assets	7-14	210,621	31,639	**178,982**	115,020
Deferred tax assets (non-current)	20	109,798		**109,798**	108,254
Total non-current assets		**4,568,938**	**1,971,803**	**2,597,135**	**2,412,805**
Current assets					
Inventories and work in progress	8-10	363,209	38,778	**324,431**	282,674
Trade and other operating receivables	10	6,773,397	288,081	**6,485,316**	5,550,289
Other current assets	10	240,875	187	**240,688**	261,129
Current tax assets	10	46,351		**46,351**	90,974
Deferred tax assets (current)	20	132,270		**132,270**	129,575
Current financial assets	14	3,188	66	**3,122**	1,459
Cash management financial assets	9-14	1,421,315	174	**1,421,141**	1,618,545
Cash and cash equivalents	9-14	1,592,599		**1,592,599**	1,455,838
Total current assets		**10,573,204**	**327,286**	**10,245,918**	**9,390,483**
TOTAL ASSETS		**15,142,142**	**2,299,089**	**12,843,053**	**11,803,288**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

CONSOLIDATED IFRS BALANCE SHEET AT 31 DECEMBER 2010

Liabilities

(in € thousands)	Notes	2010	2009*
Equity			
Share capital		148,806	148,806
Share premium		54,333	54,333
Consolidated reserves		716,636	600,613
Net profit for the period		416,941	385,287
Interim dividend		(62,313)	(87,796)
Equity attributable to owners of the parent		**1,274,403**	**1,101,243**
Non-controlling interests		269,336	233,397
Total equity		**1,543,739**	**1,334,640**
Non-current liabilities			
Provisions for retirement and other employee benefits	11	141,565	139,326
Non-current provisions	12	113,383	101,795
Borrowings and financial debt	14	261,855	361,021
Other non-current liabilities		61,013	62,756
Deferred tax liabilities (non-current)	20	47,706	55,175
Total non-current liabilities		**625,522**	**720,073**
Current liabilities			
Current provisions	12-10	1,338,549	1,284,664
Trade payables	10	3,986,780	3,650,884
Other current payables	10-13	4,571,505	4,213,215
Current tax payables	10	115,446	89,995
Deferred tax liabilities (current)	20	10,954	8,370
Current borrowings	14	650,558	501,447
Total current liabilities		**10,673,792**	**9,748,575**
TOTAL EQUITY AND LIABILITIES		**12,843,053**	**11,803,288**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

IFRS CONSOLIDATED INCOME STATEMENT

For the period from 1 January to 31 December 2010

(in € thousands)	Notes	2010	2009*
Revenue	**15**	**13,118,181**	**12,830,653**
Revenue from ancillary activities	17	70,417	97,428
Operating income		**13,188,598**	**12,928,081**
Purchases consumed		(3,097,070)	(2,691,812)
Subcontracting and other external expenses		(6,301,309)	(6,275,078)
Employment costs		(2,705,462)	(2,819,558)
Taxes and levies		(161,865)	(156,450)
Other operating income and expenses		9,489	(18,072)
Net depreciation, amortisation and provision expenses		(354,843)	(447,231)
Operating profit from ordinary activities	17	**577,538**	**519,880**
(as % of revenue)		4.40%	4.05%
Share-based payment expense (IFRS 2)	18	(26,271)	(23,569)
Goodwill impairment expense		(1,751)	(5,697)
Profit/(loss) of equity-accounted companies	6	62,997	71,519
Operating profit		**612,513**	**562,133**
(as % of revenue)		4.67%	4.38%
Cost of gross financial debt		(18,535)	(23,130)
Financial income from cash management investments		21,665	34,226
Cost of net financial debt		**3,130**	**11,096**
Other financial income	19	121,101	77,669
Other financial expenses	19	(103,280)	(75,454)
Income tax expense	20	(166,775)	(156,326)
Net profit for the period		**466,689**	**419,118**
Attributable to non-controlling interests		49,748	33,831
Net profit attributable to owners of the parent		**416,941**	**385,287**
(as % of revenue)		3.18%	3.00%
Number of shares		18,600,811	18,600,811
Basic earnings per share (in €)		**22.42**	**20.71**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated IFRS financial statements at 31 December 2010

(in € thousands)	2010	2009*
Net profit for the period (including non-controlling interests)	**466,689**	**419,118**
Financial instruments: change in fair value of cash-flow hedges	1,386	(12,343)
Currency translation differences	46,679	22,336
Income and expenses recognised directly in equity	**48,065**	**9,993**
Total comprehensive income for the period	**514,754**	**429,111**
of which:		
Attributable to owners of the parent	481,493	395,943
Attributable to non-controlling interests	33,261	33,168

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

IFRS CASH FLOW STATEMENT

Consolidated financial statements at 31 December 2010

(in € thousands)	31.12.2010	31.12.2009*
Consolidated net profit for the period (including non-controlling interests)	466,689	419,118
Depreciation and amortisation	287,609	290,402
Net increase/(decrease) in provisions	81,267	17,741
Share-based payments (IFRS 2) and other restatements	(6,935)	(46,958)
Gains and losses on disposals	(47,414)	(19,775)
Change in fair value of foreign exchange derivative financial instruments	(1,435)	4,935
Share of profit or loss of equity-accounted companies and dividends received from unconsolidated companies	(63,693)	(72,210)
Cost of net financial debt	(3,130)	(11,096)
Current and deferred tax expense	166,774	156,326
Cash flows (used in)/from operations before tax and financing costs	**879,732**	**738,483**
Changes in working capital requirement and current provisions	(260,611)	148,553
Income taxes paid	(97,348)	(217,443)
Net financial interest paid	634	11,350
Cash flows (used in)/from operating activities	**522,407**	**680,943**
Purchases of property, plant and equipment, and intangible assets	(354,420)	(339,827)
Proceeds from sales of property, plant and equipment, and intangible assets	52,115	46,117
Purchases of non-current financial assets	(159,496)	(214,971)
Proceeds from sales of non-current financial assets	48,701	22,184
Net effect of changes in scope of consolidation	77,821	152,020
Change in financial receivables under PPPs and concessions	(19,551)	(13,580)
Dividends received from associates and unconsolidated entities	35,472	21,160
Other	(41,457)	(41,080)
Net cash flows (used in)/from investing activities	**(360,815)**	**(367,977)**
Non-controlling interests in share capital increases	63	4,474
Dividends paid by VINCI Construction	(276,591)	(320,306)
Dividends paid to non-controlling interests	(12,660)	(10,137)
Proceeds from new borrowings	23,560	30,542
Change in borrowings	(114,015)	67,739
Change in cash management assets and current financial debts	308,864	135,279
Net cash flows (used in)/from financing activities	**(70,779)**	**(92,409)**
Change in net cash	**90,813**	**220,557**
Net cash and cash equivalents at beginning of period	1,038,231	890,491
Other changes	(29,056)	(72,817)
Net cash and cash equivalents at end of period	**1,099,988**	**1,038,231**
Net cash and cash equivalents at end of period	***1,099,988***	***1,038,231***
Cash management financial assets	*1,421,141*	*1,618,545*
Loans and collateralised receivables and other financial assets	*42,606*	*23,064*
Non-current financial debt	*(251,993)*	*(360,851)*
Other current borrowings (excluding overdrafts)	*(156,308)*	*(75,529)*
Fair value of derivatives, net	*(10,895)*	*(8,148)*
Net financial surplus at the end of the period	***2,144,539***	***2,235,312***

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

Notes to the consolidated financial statements at 31 December 2010

(in € thousands)	Share capital	Share premium	Consolidated reserves	Currency translation reserves	Net profit /(loss)	Net income recognised directly in equity	Attributable to owners of the parent	Non-controlling interests	Total
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 net income of previous period			488,456		(488,456)				
Dividends paid			(232,510)				**(232,510)**	(10,137)	**(242,647)**
Interim dividend			(87,796)				**(87,796)**		**(87,796)**
Net profit for the period					385,287		**385,287**	33,831	**419,118**
Financial instruments: changes in fair value						(12,168)	**(12,168)**	(175)	**(12,343)**
Share-based payments (IFRS 2)			(18,748)				**(18,748)**		**(18,748)**
Currency translation differences			(116)	22,940			**22,824**	(488)	**22,336**
Changes in consolidation scope and miscellaneous			(10,540)	886		5,929	**(3,725)**	6,167	**2,442**
31 December 2009	**148,806**	**54,333**	**597,954**	**(81,268)**	**385,287**	**(3,870)**	**1,101,242**	**233,398**	**1,334,640**
Allocation of net income of previous period			385,287		(385,287)				
Dividends paid			(214,278)				**(214,278)**	(12,660)	**(226,938)**
Interim dividend			(62,313)				**(62,313)**		**(62,313)**
Net profit for the period					416,941		**416,941**	49,748	**466,689**
Financial instruments: changes in fair value						1,615	**1,615**	(229)	**1,386**
Share-based payments (IFRS 2)			(9,679)				**(9,679)**		**(9,679)**
Currency translation differences			(46)	41,851			**41,805**	4,874	**46,679**
Changes in consolidation scope and miscellaneous			343	(1,273)			**(930)**	(5,795)	**(6,725)**
31 December 2010	**148,806**	**54,333**	**697,268**	**(40,690)**	**416,941**	**(2,255)**	**1,274,403**	**269,336**	**1,543,739**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

A. Accounting policies and measurement methods

1. GENERAL PRINCIPLES

In application of Regulation (EC) No 1606/2002 of 19 July 2002, VINCI Construction's consolidated financial statements for the year ended 31 December 2010 have been prepared under the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2010.

The Group elected to apply IFRIC 12 "Service Concession Arrangements", which has been 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 2009, except for;

- the Standards and Interpretations adopted by the European Union applicable as from 1 January 2010 (see Note A.1.1 "New Standards and Interpretations applicable from 1 January 2010");
- the change of method under IAS 31 "Interests in Joint Ventures", as the Group has elected to recognise jointly controlled entities using the equity method (see Note A.1.2 "Change of method: equity accounting of jointly controlled entities").

1. 1. New Standards and Interpretations applicable from 1 January 2010

1.1.1 Application of the revised versions of IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements".

Application of these Standards is mandatory for reporting periods commencing on or after 1 July 2009, i.e. as from 1 January 2010 for VINCI Construction.

The revised Standards IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" are based on two fundamental concepts:

- the obtaining of control is a major event that constitutes a change in the nature of the investment; and
- not only identifiable assets, liabilities and contingent liabilities, but also the amount of the investment made to obtain control must be measured at fair value, at the date of acquisition of control.

IFRS 3 Revised introduces changes to the acquisition method as defined in the previous IFRS 3. In particular, these include:

- The option to measure non-controlling interests in the acquiree either at their share of the acquiree's net identifiable assets, or at fair value. This option is applied on a case-by-case basis for each acquisition.
- Recognition of costs directly related to the acquisition in expenses for the period.
- Measurement at fair value at the acquisition date of any adjustments to the purchase price. After the acquisition date, adjustments to the purchase price are measured at fair value at each balance sheet date. After one year from the acquisition date, any subsequent change to this fair value is recognised in profit or loss if the price adjustment generates a financial liability.
- In the case of a business combination achieved in stages, measurement of previously acquired shareholdings in the acquiree at fair value at the date of acquisition of control. Any resulting gain or loss is recognised in profit or loss.

IFRS 3 Revised is applied prospectively. It therefore does not affect business combinations made before 1 January 2010.

IAS 27 Revised introduces several changes, including in particular:

- Acquisitions or disposals of non-controlling interests, with no change of control, are considered as transactions with the Group's shareholders. Under this approach, the difference between the consideration paid to increase the percentage shareholding in an already-controlled entity and the supplementary share of 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. VINCI Construction has applied these principles relating to transactions with minority shareholders already since 31 December 2007.
- Disposals of shares with loss of control result in the inclusion in the disposal gain or loss of the change in fair value calculated on the full amount of the shareholding at the transaction date. Any residual shareholding retained will therefore be measured at its fair value at the time of loss of control.

IAS 27 Revised has no major effect on the Group's financial statements at 31 December 2010.

1.1.2. Other standards and interpretations applicable from 1 January 2010

The other new Standards and Interpretations applicable from 1 January 2010, with no material impact on VINCI Construction's financial statements at 31 December 2010, are mainly:

- IFRS 2 Amendment "Group Cash-settled Share-based Payment Transactions" (incorporating IFRIC 8 and IFRIC 11) published in June 2009
- IFRS 5 – Amendments published in May 2008 under the IFRS annual improvements procedure
- IAS 39 Amendment "Eligible Hedged Items" (partially adopted by the European Union)
- IFRIC 17 "Distributions of Non-cash Assets to Owners"
- IFRIC 18 "Transfers of Assets from Customers"
- The Amendments published in April 2009 under the IFRS annual improvements procedure.

1.2. Change of method: equity accounting of jointly controlled entities (IAS 31)

1.2.1. Reporting method applicable to jointly controlled entities under the IAS 31 option

To improve its financial information, VINCI Construction has elected to apply, as from the financial year ended 31 December 2010, the option available under IAS 31 "Interests in Joint Ventures", which enables jointly controlled entities to be reported using the equity method. This option, which is already applied by other groups in the same sector, is consistent with the IASB's recent decision to abolish proportionate consolidation for jointly controlled entities and, in particular, the draft standard on Joint Arrangements that is expected to be published at the beginning of 2011. In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the data for 2009 has been restated to take account of this change of method.

1.2.2. Consequences for the Group's consolidated financial statements of the change of method to equity accounting of jointly controlled entities (IAS 31)

IAS 31 distinguishes between three categories of joint ventures:

- jointly controlled operations;
- jointly controlled assets; and
- jointly controlled entities (for which the Standard permits reporting using the equity method).

The first two categories are accounted for on the basis of the Group's share of assets, liabilities, income and expenses. They mainly related to activities carried out through consortiums or partnerships.

Jointly controlled entities are recognised using the equity method.

Jointly controlled entities, consolidated using the proportionate method until now, are henceforth accounted for using the equity method.

They are reported in the line "Investments in equity-accounted companies" of the balance sheet, in "Profit/(loss) of equity-accounted companies" of the income statement, and in "Share of profit/(loss) of equity-accounted companies, dividends received from unconsolidated companies and profit or loss from operations classified as held for sale" of the cash flow statement.

The main entities affected by this change are DEME and QDVC.

The impacts of the change of method on the Group's financial statements are given in Note B, "Impact of changes of method in the period".

1.3. Standards and Interpretations adopted by the IASB but not applicable at 31 December 2010

- IFRS 9 "Financial Instruments"
- IAS 24 Amended "Related Party Disclosures"
- IFRIC 14 Amendment "Prepayments of a Minimum Funding Requirement"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
- IAS 32 Amendment "Classification of Rights Issues"
- IFRS 5 – Amendments published in May 2008 under the IFRS annual improvements procedure
- Certain Amendments published in May 2010 under the IFRS annual improvements procedure.

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

2. CONSOLIDATION METHODS

2.1. Consolidation scope

Companies in 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%.
Jointly controlled operations and assets are recognised on the basis of the Group's share of the assets, liabilities, income and expenses. This mainly relates to construction work carried out in partnership, which represents a major part of the Group's revenue and balance sheet accounts.
Companies over which VINCI Construction exercises significant influence are accounted for using the equity method.
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.
Number of companies by reporting method:

	31 December 2010			31 December 2009*		
	Total	France	Foreign	**Total**	France	Foreign
Full consolidation	**663**	388	275	**669**	370	299
Equity method	**65**	33	32	**33**	30	29
Total	**728**	**421**	**307**	**702**	**400**	**328**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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 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 companies and establishments

In most cases, the functional currency of foreign companies and establishments is their local currency.
The financial statements of foreign companies of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated at the closing rate. The closing rate is used for balance sheet items and the average rate for the period for income statement items. 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 trade 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 financial expenses in the income statement.
Foreign exchange gains and losses arising on loans denominated in foreign currency or on foreign currency derivatives used as finance or as hedges of investments in foreign subsidiaries, are recorded under currency translation differences in equity.

2.5. Business combinations

Business combinations completed between 1 January 2004 and 31 December 2009 have been recognised applying the principles in the previous version of IFRS 3.
Business combinations completed from 1 January 2010 onwards are recognised in accordance with IFRS 3 Revised. In application of this new Standard, the Group recognises the identifiable assets and liabilities assumed 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 assumed, and/or equity instruments issued by the acquirer in exchange for control of the acquiree, plus any costs directly attributable to the acquisition. Contingent price adjustments are measured at fair value at each balance sheet date. After twelve months have elapsed from the acquisition date, any subsequent changes to this fair value are recognised in profit or loss.
Expenses that are directly attributable to the acquisition, such as professional fees for due diligence and other related fees, are expensed as they are incurred.
The cost of acquisition is allocated by recognising the acquiree's identifiable assets and liabilities assumed 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 and VINCI Construction's interest in the fair value of the identifiable assets and liabilities assumed is recognised as goodwill.
The Group has twelve months from the date of acquisition to finalise the accounting for business combinations.

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

Acquisitions or disposals of non-controlling interests, with no change of control, are considered as 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.

2.7. Discontinued operations (halted or sold), operations and assets classified as held for sale

Discontinued operations
Whenever discontinued operations (halted or sold), or operations and assets classified as held for sale are:
- a business line or a geographical area of business that is material for the Group and that forms part of a single disposal plan; or
- a subsidiary acquired exclusively with a view to resale;

they are shown on a separate line of the consolidated balance sheet at the balance sheet date of the period under consideration.
Assets connected with discontinued operations are measured at the lower of their carrying amount and their estimated sales price less costs to sell. Income statement and cash flow items relating to these discontinued operations are shown on a separate line for all the periods presented.

Assets classified as held for sale
Non-current assets of which the sale has been decided during the period are shown on a separate line of the balance sheet whenever the sale is expected to be completed within one year. Such assets are measured at the lower of their carrying amount and their estimated sales price less costs to sell.
Contrary to discontinued operations, the related income statement and cash flow items are not shown on a separate line.

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 A.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 defined benefit plans are measured actuarially, based on assumptions such as the discount rate, the return on the investments dedicated to these plans, future increases in wages and salaries, employee turnover, mortality rates and the rate of increase of health expenses.
These assumptions are generally updated annually. Details of the assumptions used and how they are determined are given in Note D.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 (see Note A.3.4. "Construction contracts");
- the discount rates used to determine the present value of these provisions.

3.1.6. Measurement of financial instruments at fair value

To measure the fair value of financial instruments that are not quoted on a market, the Group uses computation methods that incorporate observable factors whenever possible.

3.2. Revenue

Consolidated revenue is recognised in accordance with IAS 11, as described below.
It includes, after eliminating intragroup transactions, revenue of:

- fully consolidated companies ;
- jointly controlled operations and assets on the basis of the Group's share. This relates to our construction work carried out through partnerships.

If applicable, it includes revenue in respect of the construction by third parties of new PPP assets, of which the consideration received is shown under financial receivables in the balance sheet.
The method for recognising revenue under construction contracts is explained in Note A.3.4 "Construction contracts" below.

3.3. Revenue from ancillary activities

This comprises rental income, sales of equipment, materials and merchandise, study work and fees other than that recorded under revenue 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 from:

- 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). Such 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 the Group's PPP (Public Private Partnership) contracts.

- There is also an intangible asset model. The operator has a right to receive tolls (or other payments) from users in consideration for the financing and construction of the infrastructure. This model does not apply to the Group.

3.6. Share-based payment expense (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 have been 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. 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 the operational activities of business lines, the Group has considered it appropriate not to include the corresponding expense in the operating profit from ordinary activities, which is an indicator of business lines' performance, but to report it on a separate line, labelled Share-based payment expense (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, and 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 equity-accounted entities 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 for the period 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 in fully consolidated subsidiaries is recognised under goodwill in consolidated assets. Goodwill relating to equity-accounted companies is included in the line-item "Investments in equity-accounted companies".
Goodwill is not amortised but is tested for impairment at least annually and whenever there is an indication that it may be impaired. Whenever goodwill is impaired, the difference between its carrying amount and its recoverable 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.
Following adoption of IFRS 3 Revised, an option is available to measure non-controlling interests at acquisition date either at fair value (the full goodwill method), or for the portion of the net assets acquired that they represent (the partial goodwill method). The choice can be made for each business combination.

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:

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

3.17. 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 equity-accounted companies

Equity-accounted investments 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 entity's profits or losses after the date of acquisition. Whenever losses are greater than the value of the Group's net investment in the equity-accounted company, these losses are not recognised unless the Group has entered into a commitment to recapitalise the company 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 A.3.18 "Impairment of non-financial non-current assets". Impairment losses shown by these impairment tests are recognised as a deduction from the carrying amount of the corresponding investments.
In order to present operational performance in the best way possible, the profit or loss of equity-accounted entities is reported on a specific line, between the lines "operating profit from ordinary activities" and "operating profit".
These shareholdings are those in companies in which the Group has significant influence and jointly controlled entities.

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 amortised cost, the part at more than one year of receivables under Public Private Partnership contracts (PPPs) and the fair value of non-current asset derivative financial instruments (see Note A 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 equity-accounted companies or unconsolidated entities, and 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 recognised 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 of 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.
An estimate of the likelihood of non-recovery is made at each balance sheet date and an impairment loss is recognised if necessary. The likelihood of non-recovery is assessed in the light of payment delays and guarantees obtained.

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, made with a short-term management objective, that do not satisfy the IAS 7 criteria for recognition as cash (see Note A.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 net asset 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 (according to 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 its defined benefit obligation and the fair value of the plan assets are recognised, for the excess, in profit or loss on a straight-line basis over the average expected remaining working lives of the employees in that plan.

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

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

That part of provisions for retirement benefit obligations that matures in 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 and 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.

The provision expense or reversal is the result of 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 ten-year warranties on building projects in France. They are estimated statistically on the basis of expenses incurred in previous years or individually on the basis of specifically identified events.
Provisions for losses on completion of contracts and construction project liabilities are made mainly when end-of-contract projections, based on the most likely estimated outcome, indicate a loss, and when work needs to be carried out in respect of completed projects under completion warranties.
Provisions for disputes connected with operations mainly relate to disputes with customers, sub-contractors, joint contractors or suppliers.
Restructuring provisions include the cost of plans and measures for which there is a commitment whenever these have been announced before the year end.
Provisions for other current liabilities mainly comprise provisions for late-delivery penalties, for individual dismissals and for other risks related to operations.

3.28. 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 instruments to hedge its exposure to market risks (interest rates, foreign currency and equity). IAS 39 provides that all derivative instruments should be reported in the balance sheet at fair value. Changes in the fair value of instruments that are not designated as hedges must be recognised in profit or loss. Whenever a derivative instruments is designated as a hedge, its recognition as a hedging instrument enables changes in the derivative's value to be neutralised in profit or loss.
Derivative instruments may be designated as hedging instruments in three cases: when the instrument is a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation:

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

Most of the interest rate and foreign currency derivatives used by VINCI Construction are considered as trading instruments, directly allocated to the contract in question.
The fair value of derivative financial instruments designated as hedges of which the maturity is greater than one year is reported in the balance sheet under "non-current financial assets" or "other loans and non-current financial debt". The fair value of other derivative instruments not designated as hedges and the part at less than one year of instruments designated as hedges are reported under "current financial assets" or "current financial liabilities".
The market value of interest rate and foreign exchange transactions is estimated on the basis of valuations provided by bank counterparties or financial models commonly used in financial markets, using market data at the balance sheet date.

3.28.3. Put options granted to minority shareholders

Put options (options to sell) granted to the minority shareholders of certain Group subsidiaries are recognised under financial liabilities for the present value of the exercise price of the option and as a corresponding reduction of consolidated equity (non-controlling interest and equity attributable to owners 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.

B. Impact of change of method: election for equity accounting of jointly controlled entities

In accordance with IAS 8, this change of method has been applied retrospectively from 1 January 2009.
Equity at the beginning of the period and the comparative annual data presented have been restated.

2009 Consolidated Income Statement

(in € millions)	2009 As published	Impact IAS 31	2009 Restated
Revenue	**13,834**	**(1,004)**	**12,831**
Revenue from ancillary activities	101	(4)	97
Operating income	**13,936**	**(1,007)**	**12,928**
Operating expenses	(13,315)	907	(12,408)
Operating profit from ordinary activities	**621**	**(101)**	**520**
Share-based payment expense (IFRS 2)	(24)	-	(24)
Goodwill impairment expense	(6)		(6)
Profit/(loss) of equity-accounted companies	2	69	72
Operating profit	**594**	**(32)**	**562**
Cost of net financial debt	**(3)**	**14**	**11**
Other financial income and expenses	2	(0)	2
Income tax expense	(173)	17	(156)
Net profit for the period	**419**	**0**	**419**
Attributable to non-controlling interests	34	0	34
Net profit for the period attributable to owners of the parent	**385**	**0**	**385**

C. Segment information

Based on the Group's internal organisation, segment information is presented by management segment.

The main activities and/or areas of operation of segments are:

Management segment 1

- **VINCI Construction France:** operates in mainland France in the building, civil engineering, and hydraulic and services sectors, through a network of local operations.
- **Compagnie d'Entreprises CFE:** leader in the construction sector in Benelux and a major global operator in dredging, through its subsidiary DEME.
- **Sogea-Satom:** active in all aspects of the construction business in Africa.
- **Dom-Tom:** active in all aspects of the construction business in France's overseas territories
- **VINCI Construction Grands Projets:** designs and carries out major civil engineering and building projects worldwide.
- **VINCI Construction Terrassement:** mainly involved in earthworks for road and rail infrastructure.
- **Dodin Campenon Bernard:** works on major civil engineering projects in France.
- **Filiales Europe centrale (Central European subsidiaries):** operate in Poland, the Czech Republic and Slovakia in the building, civil engineering and hydraulic sectors.

Management segment 2

- **Soletanche Freyssinet:** develops and deploys highly technical expertise in specialised civil engineering, working on structures, special foundations , soil technologies and nuclear engineering.
- **VINCI Construction UK:** regional and nationwide building and civil engineering operations in the UK.
- **ENTREPOSE Contracting:** specialised in the design and carrying out of complex industrial projects in the energy sector.

D. Notes to the balance sheet and income statement

1. INTANGIBLE ASSETS (in € thousands)

	31/12/2009 (*)	Increases	Decreases	Translation differences, change in consolidation scope and other	31/12/10
Gross	109,973	10,418	(1,710)	1,948	120,629
Amortisation and provisions	(63,524)	(6,770)	2,018	(218)	(68,494)
Total net	**46,449**	**3,648**	**308**	**1,730**	**52,135**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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 period	765,040	(16,703)	748,337
Goodwill recognised during the period	38,382		38,382
Amortisation and provisions		(2,023)	(2,023)
Translation differences and others	6,820	(370)	6,450
Total	**810,242**	**(19,096)**	**791,146**

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

	Net
VINCI Construction UK	196,480
Soletanche Bachy	170,628
Nuvia	135,846
ENTREPOSE Contracting	114,458
ENTREPOSE Services (formerly CAPTRADE)	23,497
VMA	11,115
Holding COFOR	14,724
GFWA PTY LTD Australia	10,381
Sogetrav	9,702
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 asset have been tested for impairment at 31 December 2010.
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.

(in € millions)	Carrying amount of goodwill at 31.12.2010	Parameters of the model applied to cash flow forecasts				Impairment losses recognised in the period	
		Growth rate (Years Y+1 to Y+5)	Growth rate (terminal value)	Pre-tax discount rate 31/12/2010	Pre-tax discount rate 31/12/2009	2010	2009
Soletanche Bachy	170.6	2.6% to 6%	1%	8.13%	8.71%	-	-
ENTREPOSE Contracting	114.5	5.00%	2%	8.13%	8.71%	-	-
Other goodwill	506.0	0% to 3%	0% to 3%	8.63% to 15.2%	8.32% to 12.28%	2.0	5.8
TOTAL	**791.1**					**2.0**	**5.8**

3. CONCESSION FIXED ASSETS (in € thousands)

	31/12/2009 (*)	Increases	Decreases	Translation differences, change in consolidation scope and other	31/12/10
Gross	9,108	11	(2,249)	(1,784)	5,086
Depreciation, amortisation and provisions	(5,664)	(204)	2,195	-	(3,673)
Total net	**3,444**	**(193)**	**(54)**	**(1,784)**	**1,413**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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

	31/12/2009 (*)	Increases	Decreases	Translation differences, change in consolidation scope and other	31/12/10
Gross	2,574,500	345,778	(181,338)	108,935	2,847,875
Depreciation and provisions	(1,581,355)	(339,615)	146,326	(65,932)	(1,840,576)
Total net	**993,145**	**6,163**	**(35,012)**	**43,003**	**1,007,299**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

4.2 - Breakdown by type of asset

	Gross	Depreciation	Net
Land	64,702	(7,088)	57,614
Buildings	229,785	(104,376)	125,409
Plant and equipment	2,278,373	(1,592,023)	686,350
Office furniture, computer equipment, fixtures and fittings	203,772	(136,328)	67,444
Non-current assets under construction	**71,243**	(761)	70,482
Total net	**2,847,875**	**(1,840,576)**	**1,007,299**

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 in the period

	31/12/2010
Land	5,506
Buildings	10,940
Plant and equipment	305,244
Office furniture, computer equipment, fixtures and fittings	24,088
Total investments	**345,778**

4.4 - Leased assets

Leased assets amounted to €118.3 million at 31 December 2010 and mainly related to assets used in operations.

5. INVESTMENT PROPERTY (in € thousands)

	31/12/2009 (*)	Increases	Decreases	Translation differences, change in consolidation scope and other	31/12/10
Gross	12,630	102	(357)	45	**12,420**
Depreciation and provisions	(7,173)	(113)	46	(23)	(7,263)
Total net	**5,457**	**(11)**	**(311)**	**22**	**5,157**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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 EQUITY-ACCOUNTED COMPANIES (in € thousands)

6 .1. Change in the period

	31/12/2009 (*)	31/12/10
Value of shares at start of the period	**268,952**	**392,699**
Share capital increases of associates	2,408	17,038
Group share of net income for the period	71,542	63,446
Dividends paid	(20,468)	(34,776)
Changes in consolidation scope, foreign currency translation differences and other	70,265	12,798
Total net	**392,699**	**451,205**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

6 .2. Financial information on equity-accounted companies

Investments in equity-accounted companies break down as follows:

	% held	31/12/2009*	31/12/2010
DEME (Subsidiary of CFE in Belgium)	50.00%	270,404	318,117
QDVC	49.00%	6,827	13,257

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

The main financial data on equity-accounted companies is as follows (Group share):

	31/12/2009 (*)	31/12/10
Income statement		
Revenue	1,039,629	1,259,238
Operating profit	104,737	111,536
Net profit	71,519	62,997
Balance sheet		
Non-current assets	854,706	1,102,848
Current assets	737,168	822,732
Equity	(380,135)	(425,889)
Non-current liabilities	(425,022)	(581,167)
Current liabilities	(786,719)	(918,522)
Net financial debt	**(396,346)**	**(524,432)**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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

	Gross	Impairment losses	Net
Financial receivables PPP	33,221		33,221
Investments in subsidiaries and associates	49,415	(24,251)	25,164
Other available-for-sale financial assets	3,189	(2,288)	901
Other non-current financial assets	104,461	(5,100)	99,361
Fair value of derivative financial instruments (assets)	25		25
Retirement benefit plans – net surplus financial assets	20,310		20,310
Total net	**210,621**	**(31,639)**	**178,982**

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

	31/12/2009 (*)	31/12/10
Inventories and work in progress	267,428	301,092
Work in progress	15,246	23,339
Total net	**282,674**	**324,431**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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

These break down as follows:

	31/12/2009*	31/12/2010
Cash management financial assets	**1,618,545**	**1,421,141**
Cash equivalents	580,581	641,649
Cash and cash equivalents	875,257	950,950
Cash and cash equivalents	**1,455,838**	**1,592,599**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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)

	31/12/2009*	31/12/2010
Inventories and work in progress (net)	282,674	324,431
Trade and other operating receivables	5,550,289	6,485,316
Other current assets	261,129	240,688
Current tax assets	90,974	46,351
Inventories and operating receivables (I)	**6,185,066**	**7,096,786**
Trade payables	3,650,884	3,986,780
Other current payables	4,213,215	4,571,505
Current tax payables	89,995	115,446
Operating payables (II)	**7,954,094**	**8,673,731**
Working capital requirement connected with operations (I-II)	**(1,769,028)**	**(1,576,945)**
Current provisions	**(1,284,664)**	**(1,338,549)**
Working capital requirement (after current provisions)	**(3,053,692)**	**(2,915,494)**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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

11.1. Retirement benefit obligations

At 31 December 2010, provisions for retirement benefit obligations amounted to €136,591 thousand in total (including €122,843 thousand at more than one year) compared with €132,508 thousand at 31 December 2009 (including €121,261 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 €13,748 thousand at 31 December 2010 and €11,247 thousand at 31 December 2009, and is reported under other current payables.
VINCI Construction's retirement benefit obligations under defined benefit plans comprise:

- the 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	31/12/2010	31/12/2009
Discount rate	5.00%	5.10%
Inflation rate	2.1%	1.9%
Rate of salary increases	0% - 4%	2% - 4%
Rate of pension increases	1.9% - 2%	1.5% - 2.5%
Probable average remaining working life of employees	10 to 15 years	10 to 13 years

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

Plan	31/12/2010	31/12/2009*
Discount rate	5.50%	5.55%
Inflation rate	3.4%	3.3%
Rate of salary increases	2.6% - 4.2%	3% - 4.2%
Rate of pension increases	3.1% - 5%	3% - 3.7%
Probable average remaining working life of employees	7 to 15 years	7 to 14 years

The preferred method used to determine the expected return on plan assets is the Building Block Method, which breaks the expected return down to the main asset classes: money market investments, investments in bonds and investments in equities. The target allocation of funds is then applied to calculate a weighted average return on assets. In the specific case of funds invested in an insurance company's "general account" funds, the expected yield has been determined by also taking account of the specific features of each contract, in particular regarding past and forecast net yields.
Financial assets are measured at fair value at 31 December 2010. Assets invested in insurance companies' "general account" funds are reported at their carrying amount at 31 December 2010.
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

	31/12/2010			31/12/2009*		
(in € millions)	France	Foreign	Total	France	Foreign	Total
Present value of retirement benefit obligations	(194.3)	(440.9)	(635.2)	(184.6)	(413.2)	(597.8)
Fair value of plan assets	5.0	401.6	406.6	4.2	372.5	376.7
Surplus (or deficit)	**(189.3)**	**(39.3)**	**(228.6)**	**(180.4)**	**(40.7)**	**(221.1)**
Provisions recognised in balance sheet	**(126.2)**	**(10.4)**	**(136.6)**	**(122.8)**	**(9.7)**	**(132.5)**
Assets recognised in balance sheet		20.6	20.6		15.0	15.0
Items not recognised in balance sheet						
Actuarial gains and losses	52.1	49.5	101.6	45.7	46.0	91.7
Past service cost	11.0		11.0	12.1		12.1
Assets not recognised in balance sheet						-

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".
The actuarial pension expense for the period amounts to €25 million.

11.2. Other employee benefits

At 31 December 2010, provisions for other employee benefits amounted to €21,260 thousand (including €18,722 thousand at more than one year) against €20,234 thousand at 31 December 2009 (including €18,065 thousand at more than one year). The part at less than one year was €2,538 thousand at 31 December 2010 and €2,169 thousand at 31 December 2009, 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.

11.3. 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 202 thousand hours of such training at 31 December 2010.

12. PROVISIONS (in € thousands)

	31/12/2009 (*)	Provisions taken	Reversals	Reversals of unused provisions	Other changes	31/12/10
Warranties given to customers	369,071	114,336	(83,580)	(26,056)	(12,992)	360,779
Losses on completion	281,522	167,147	(150,203)	(18,735)	(2,965)	276,766
Disputes	236,972	100,079	(48,457)	(32,709)	9,643	265,528
Restructuring	9,503	6,424	(7,770)		(127)	8,030
Other current liabilities	274,930	155,449	(133,681)	(19,532)	19,919	297,085
Discounting of current provisions	(1,282)		20		(1)	(1,263)
Reclassification of the part at less than one year of non-current provisions	113,948				17,676	131,624
Current provisions	**1,284,664**	**543,435**	**(423,671)**	**(97,032)**	**31,153**	**1,338,549**
Liabilities in respect of subsidiaries	20,969	5,191	(436)	(1,046)	4,267	28,945
Other non-current liabilities	196,423	69,531	(42,822)	(6,656)	1,220	217,696
Discounting of non-current provisions	(1,650)		16			(1,634)
Reclassification of the part at less than one year of non-current provisions	(113,948)				(17,676)	(131,624)
Non-current provisions	**101,794**	**74,722**	**(43,242)**	**(7,702)**	**(12,189)**	**113,383**
TOTAL	**1,386,458**	**618,157**	**(466,913)**	**(104,734)**	**18,964**	**1,451,932**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

13. OTHER CURRENT PAYABLES (in € thousands)

Other current payables break down as follows:

	31/12/2009*	31/12/2010
Trade receivables - Advances received on work	831,834	858,066
Deferred income	1,101,433	1,042,290
Operating current accounts	651,232	844,314
Tax, employment and social benefit liabilities	1,077,847	1,176,329
Payables related to non-current assets	19,105	20,849
Other current liabilities	518,348	613,372
Provisions for retirement benefit and other employee benefits at less than one year	13,416	16,285
OTHER CURRENT PAYABLES	**4,213,215**	**4,571,505**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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

At the balance sheet date the Group had a net cash surplus of €2,144,539 thousand, breaking down as follows:

	31/12/2009*	31/12/2010
Other loans and borrowing (a)	(360,851)	(251,993)
Fair value of derivative financial instruments (non-current liabilities)	(170)	(9,862)
Non-current financial debt	**(361,021)**	**(261,855)**
Part at less than one year of long-term borrowing (a)	(33,999)	(62,489)
Cash management current accounts, liabilities	(10,655)	(54,682)
Other current financial liabilities	(30,876)	(39,136)
Fair value of derivative financial instruments (current liabilities)	(8,310)	(1,639)
Bank overdrafts	(417,607)	(492,612)
Current borrowings	**(501,447)**	**(650,558)**
FINANCIAL DEBT	**(862,468)**	**(912,413)**
Fair value of derivative financial instruments (assets)	333	606
Loans and collateralised receivables and other financial assets	221	
Long-term loans to consolidated subsidiaries, part at less than one year	22,843	42,606
Cash management financial assets	1,618,545	1,421,141
Cash and cash equivalents	1,455,838	1,592,599
NET FINANCIAL SURPLUS	**2,235,312**	**2,144,539**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".
(a) Long-term loan and financial debt, of which details are given below.

Cash management financial assets include investments with VINCI of €1,259.3 million, attracting interest at rates close to market rates.

Including net cash (see cash flow statement) for:

	31/12/2009*	31/12/2010
UCITS - Cash equivalents	580,581	641,649
Cash and cash equivalents	875,257	950,950
Bank overdrafts	(417,607)	(492,612)
NET CASH	**1,038,231**	**1,099,987**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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

	31/12/2009*	31/12/2010
Bank loans and other financial debt	77.5	139.4
Finance lease debt restated	72.2	69.1
VINCI Group loans	245.1	105.9
LONG-TERM LOANS AND FINANCIAL DEBT (a)	**394.9**	**314.4**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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:

	31/12/2010	31/12/2009*
Revenue for the period	**13,118**	**12,831**
- Revenue of companies consolidated for the first time	*(72)*	*397*
- Revenue of companies no longer consolidated		*(11)*
- Impact of foreign exchange fluctuations		*235*
Revenue at constant consolidation scope and exchange rates	**13,046**	**13,451**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

At constant consolidation scope and exchange rates, revenue shows a 3% fall against the previous period.

REVENUE BY GEOGRAPHICAL AREA (by destination)	31/12/2010	31/12/2009*
- France (including overseas territories - (Dom-Tom))	6,904	7,236
- Europe excluding France	3,401	3,529
- Africa	1,516	1,095
- North and South America	561	430
- Middle East	258	220
- Asia	343	238
- Oceania	136	83
Total	**13,118**	**12,831**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

REVENUE BY ACTIVITY	31/12/2010	31/12/2009*
- Building	5,290	5,719
- Civil engineering and earth-moving	5,454	4,891
- Hydraulic engineering	931	863
- Roads	645	548
- Facility Management and other services	292	356
- Property development	118	118
- Public works and environment	152	156
- Provision of services and other	237	180
Total	**13,118**	**12,831**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

16. SEGMENT INFORMATION (in € millions)

2010

(in € millions)		Revenue	Operating profit from ordinary activities	% of revenue
Management segment 1	VINCI Construction France, CFE, Sogea-Satom, Dom-Tom, VINCI Construction Grands Projets, VINCI Construction Terrassement, Dodin Campenon Bernard, VINCI Construction Filiales Europe centrale	9,122	385	4.2 %
Management segment 2	Soletanche Freyssinet, VINCI Construction UK, ENTREPOSE Contracting	4,041	183	4.5 %
Holding company and other activities			10	
Eliminations		(45)		
TOTAL		**13,118**	**578**	**4.4%**

2009*

(in € millions)		Revenue	Operating profit from ordinary activities	% of revenue
Management segment 1	VINCI Construction France, CFE, Sogea-Satom, Dom-Tom, VINCI Construction Grands Projets, VINCI Construction Terrassement, Dodin Campenon Bernard, VINCI Construction Filiales Europe centrale	9,334	400	4.3 %
Management segment 2	Soletanche Freyssinet, VINCI Construction UK, ENTREPOSE Contracting	3,547	133	3.8 %
Holding company and other activities		4	(13)	
Eliminations		(54)		
TOTAL		**12,831**	**520**	**4.1 %**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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

	31.12.2010	31.12.2009*
Revenue	13,118,181	12,830,653
Revenue from ancillary activities	70,417	97,428
Operating income	**13,188,598**	**12,928,081**
Purchases (raw materials, supplies, goods)	(3,097,070)	(2,691,812)
Subcontracting and other external expenses	(6,301,309)	(6,275,078)
Wages, salaries and social benefit charges	(2,705,462)	(2,819,558)
Taxes and levies	(161,865)	(156,450)
Other operating income and expenses	9,489	(18,072)
Operating depreciation and amortisation expense	(287,609)	(290,402)
Net operating provision charges		
- Impairment losses property, plant and equipment, and intangible assets	(54,906)	(5,037)
- Impairment of assets	21,839	(75,790)
- Retirement and other benefit obligations	4,716	(565)
- Current and non-current provisions	(38,883)	(75,437)
Operating profit from ordinary activities	**577,538**	**519,880**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

Revenue from ancillary activities amounted to €70.4 million at 31 December 2010. This mainly comprises sales of equipment, materials and merchandise for €46.2 million, study work, engineering and professional fees invoiced in connection with construction contracts for €7.8 million, and rental income for €11.6 million.

18. SHARE-BASED PAYMENTS (in € millions)

The expense relating to benefits granted to employees has been assessed at €26.3 million before tax in respect of 2010, of which €4.3 million was in respect of share option plans, €7.6 million in respect of the Group Savings Schemes and €14.3 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: 4 months;
- length of period during which funds are frozen: 5 years from the end of the subscription period.

The estimated number of shares subscribed to at the end of the subscription period is obtained by an analytical formula, based on linear regression methods, applied to historical observations of the plans between 2002 and 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 9 July 2010, VINCI's Board of Directors set up a new share option plan with effect from 9 July 2010.
On 31 August 2009, VINCI's Board of Directors set up a 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	09/07/10	15/09/09
Volatility (*)	34.22%	32.91%
Expected return on share	7.24%	8.01%
Risk-free rate of return (**)	1.59%	2.38%
Dividend distribution rate hoped-for (***)	4.99%	4.21%
Fair value of the option (in euros)	4.43	5.65

(*) Volatility estimated using a multi-criteria approach.
(**) Rate at 5 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 these assessments are:

	2010 Plan	2009 Plan	2008 Plan
Price of VINCI share on date plan was announced (in euros)	35.44	37.43	55.7
Fair value of performance share at grant date (in euros)	28.3	31.17	28.2
Fair value of share price at grant date (in %)	79.85%	83.29%	50.53%
Original maturity (in years) - vesting period	2 or 3 years	2 or 3 years	2 or 3 years
Volatility	34.22%	32.91%	26.51%
Risk-free interest rate	0.97%	1.75%	4.07%

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)

	31/12/2010	31/12/2009*
Dividends received	696	691
Foreign exchange gains and losses	(1,727)	(6,556)
Effect of discounting to present value	(10,196)	(6,220)
Gains or losses on disposal of securities and write-back from reserves	34,925	13,411
Other financial income and expenses, net	(5,877)	889
Other financial income and expenses, net	**17,821**	**2,215**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

20. INCOME TAX EXPENSE (in € thousands)

20.1. Breakdown of net tax expense

	31/12/2010	31/12/2009*
Current and deferred tax	(166,775)	(156,326)
Effective tax rate	29.23%	31.02%

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

20.2. Effective tax rate

Profit before tax and profit or loss of associates	**570,467**
Theoretical tax rate	34.43%
Theoretical tax charge	**(196,412)**
Goodwill impairment expense	(826)
Profits taxed at reduced and other rates	7,900
Tax rate differential between current and previous year	156
Tax rate differences (foreign countries)	28,636
Creation (use) of carryforward losses not having given rise to deferred tax	(16,702)
Fixed-sum and other additional taxes	(14,198)
Permanent differences and miscellaneous	24,671
Tax charge recognised	**(166,775)**
Effective tax rate	29.23%

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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
242,068	58,660	183,408

20.4. Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €94.3 million at 31 December 2010.

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)	31/12/2010	31/12/2009*
Construction contracts in progress - assets	817	417
Construction contracts in progress - liabilities	(679)	(723)
Construction contracts in progress	**138**	**(306)**
Costs incurred plus profits recognised, less losses recognised to date	36,655	26,263
Less invoices issued	(36,517)	(26,569)
Construction contracts in progress before advances received from customers	**138**	**(306)**
Advances received from customers	(646)	(642)
Construction contracts in progress, net	**(508)**	**(948)**

(*) Restated following the change of method described in Note A.1.2 "Change of method: equity accounting of jointly controlled entities (IAS 31)".

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	3,367	266
Retention payments	1,572	387
Deferred payments to subcontractors	1,035	314
Bid bonds	63	
Total	**6,037**	**967**

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 exercises significant influence or joint control.

These transactions are conducted on the basis of market prices.

22.1 Remuneration of members of the Management Committee

The share falling to VINCI Construction of remuneration paid to members of the Management Committee in 2010 amounted to €3,454,117.

22.2. Other

The information on equity-accounted companies is given in Note D.6.2. "Financial information on equity-accounted companies".

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

(in € millions)	Commitments made	Commitments received
Joint and several guarantees of partnerships	21.6	
Tax and customs bonds	17.8	
Operating leases	273.8	
Collateral securities	44.7	4.0
Other commitments	126.3	21.1
Total	**484.2**	**25.1**

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. DISPUTES AND ARBITRATION

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 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 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 regional authority for the Ile-de-France — the Conseil Régional d'Ile de France — applied to the Paris Court of First Instance (Tribunal de Grande Instance) for a ruling against fifteen enterprises, of which several are members of VINCI Construction, and eleven 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 regional authority. The regional authority 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 2010, the Group has treated this risk as a contingent liability that it is not in a position to measure.

To the Company's knowledge, there are no other disputes or matters submitted to arbitration (including any proceedings known to the Company, pending or with which it is threatened) likely to have, or having had in the last twelve months, a material effect on the business, financial performance, net assets or financial situation of the Company or Group.

25. MAIN CONSOLIDATED AND EQUITY-ACCOUNTED COMPANIES AT 31 DECEMBER 2010

	Consolidation method	% holding
1/ Parent		
VINCI Construction	**FC**	**100.0**
2/ Controlled companies		
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
Dumez Côte d'Azur	FC	100.0
Dumez Île-de-France	FC	100.0
Dumez Méditerranée	FC	100.0
EMCC	FC	100.0
Entreprise Pitance	FC	100.0
GTM Bâtiment	FC	100.0
GTM Sud	FC	100.0
Lainé Delau	FC	100.0
Petit	FC	100.0
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 BTP	FC	100.0
Sogea Caroni	FC	100.0
Sogea Est BTP	FC	100.0
Sogea Nord-Ouest	FC	100.0
Sogea Nord-Ouest TP	FC	100.0
Sogea Picardie	FC	100.0
Sogea Sud	FC	100.0
Les Travaux du Midi	FC	100.0
VINCI Environnement	FC	100.0
VINCI Networks	FC	100.0

2/ Controlled companies (continued)

	Consolidation method	% holding
Compagnie d'entreprises CFE (Belgium)	**FC**	**46.8**
Amart, BPC, BPI, CFE Hungary, CFE Polska, CLE, CLI SA, Engema, Nizet Entreprises, Van Wellen, Vanderhoydonck	FC	46.8
CFE Nederland	FC	46.8
Sogesmaint CBRE	FC	30.9
Sogea-Satom	**FC**	**100.0**
Sogea-Satom and its subsidiaries (various African countries)	FC	100.0
Dom-Tom (French overseas territories)	**FC**	**100.0**
Dumez-GTM Calédonie	FC	100.0
GTM Guadeloupe	FC	100.0
Nofrayane (French Guyana)	FC	100.0
SBTPC (Réunion)	FC	100.0
Sogea Mayotte	FC	100.0
Sogea Réunion	FC	100.0
Soletanche Freyssinet	**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
CIMESA (Mexico)	FC	80.0
CSM Bessac SAS (France)	FC	100.0
Freyssinet Australia	FC	100.0
Freyssinet France	FC	100.0
Freyssinet International et Cie	FC	100.0
Freyssinet Korea	FC	100.0
Menard	FC	100.0
Nicholson Construction Company Inc (USA)	FC	100.0
Nuvia Ltd (UK)	FC	100.0
The Reinforced Earth Cy - RECO (USA)	FC	100.0
Soletanche Bachy Chile	FC	95.0
Soletanche Bachy France	FC	100.0
Soletanche Bachy Pieux SAS (France)	FC	100.0
Terre Armee Internationale	FC	100.0

2/ Controlled companies (continued)

	Consolidation method	% holding
VINCI PLC (UK)	**FC**	**100.0**
Crispin and Borst Ltd	FC	100.0
Haymills	FC	100.0
VINCI Construction UK	FC	100.0
VINCI Investment Ltd	FC	100.0
Weaver	FC	100.0
VINCI Construction Grands Projets	**FC**	**100.0**
ENTREPOSE Contracting	**FC**	**75.2**
ENTREPOSE Services (ex-CAPTRADE)	FC	75.2
GEOCEAN	FC	75.2
SPIECAPAG	FC	75.2
Filiales Europe centrale (Central European subsidiaries)	**FC**	**100.0**
Prumstav a.s (Czech Republic)	FC	100.0
SMP CZ a.s (Czech Republic)	FC	100.0
Warbud (Poland)	FC	99.7
VINCI Construction Terrassement	**FC**	**100.0**
Dodin Campenon Bernard	**FC**	**100.0**

3/ Equity-accounted companies

	Consolidation method	% holding
VINCI Construction France		
Sport Partenariat	EM	40.0
Compagnie d'Entreprises CFE (Belgium)		
DEME (Dredging Environmental and Marine Engineering)	EM	23.4
Soletanche Freyssinet		
Freyssinet SA (Spain)	EM	50.0
Grupo Rodio Kronsa (Spain)	EM	50.0
VINCI Construction Grands Projets		
QDVC (Qatar)	EM	49.0

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

In accordance with our appointment by your Chairman, we hereby report to you for the year ended 31 December 2010 on:

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

Your Chairman is responsible for the 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 for the period have been correctly prepared and give a true and fair view of the financial position, the assets and liabilities and the results of the operations of the group formed by the persons and entities included in the consolidation, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Without bringing the above opinion into question, we draw your attention to Note A.1.2. to the consolidated financial statements which describes a change of accounting method relating to the accounting for jointly controlled entities using the equity method in accordance with the option available under IAS 31.

II. JUSTIFICATION OF OUR ASSESMENTS

As required by Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we inform you of the following:

- In assessing the accounting policies applied by your Company, we have satisfied ourselves of the justification of the change of accounting method referred to above and of the manner in which is it is presented.
- As stated in Note A. 3.1.1 to the consolidated financial statements entitled Measurement of construction contract profit or loss using the stage of completion method, the Group recognises income from its long-term contracts using the stage of completion method. We have assessed the assumptions used and reviewed your Group's calculations.
- As stated in Note A.3.1.2 to the consolidated financial statements entitled Goodwill, the VINCI Construction Group tests goodwill for impairment 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, in accordance with the professional standards applicable in France and as required by law, the information contained in the Management Report.

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

Paris La Défense and Neuilly-sur-Seine, 22 April 2011
The Statutory Auditors

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