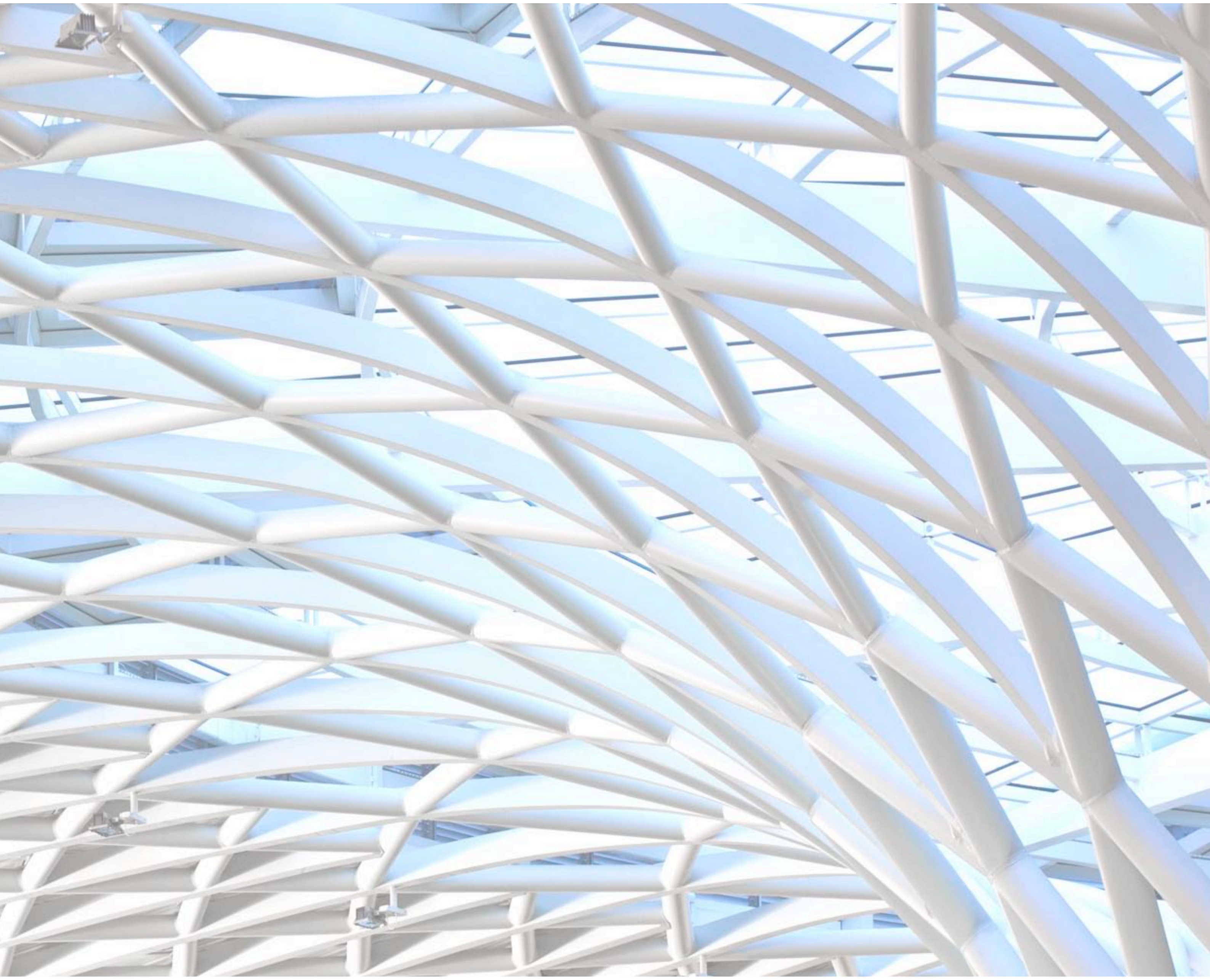
2011
ANNUAL REPORT



VINCI CONSTRUCTION UK

Contents

VINCI CONSTRUCTION UK LIMITED
INTEGRATED ANNUAL REPORT
FOR THE YEAR ENDED
31st DECEMBER 2011

DIRECTORS	SECRETARY	REGISTERED OFFICE
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REGISTERED NUMBER	AUDITORS	BANKERS
2295904	KPMG LLP Altius House One North Fourth Street Central Milton Keynes MK9 1NE	National Westminster Bank Plc PO Box 2DG 208 Piccadilly London W1A 2DG

Welcome to VINCI Construction UK's 2011 Integrated Annual Report.

In 2011 we took the decision to shift our reporting model to follow an integrated reporting approach. Following guidelines set out by the International Integrated Reporting Committee (IIRC), this report combines financial and non-financial information in an attempt to provide a more holistic view of our business.

Having previously combined our sustainability metrics with our regular annual report, I believe this integrated approach will show how fully embedded sustainability is within our corporate thinking, culture and operations.

THIS REPORT REPRESENTS OUR FIRST INTEGRATED CORPORATE REPORT. IT WILL ENABLE US TO ASSESS OUR ACHIEVEMENTS IN SOCIAL AND ENVIRONMENTAL MATTERS, DEMONSTRATE HOW OUR BUSINESS STRATEGY IS FOCUSED ON THE LONG-TERM SUSTAINABILITY OF THE COMPANY AND REFLECT THE INTEGRATED THINKING, PLANNING AND COLLABORATION WITHIN VINCI CONSTRUCTION UK.

This report demonstrates the links between our strategy, governance and operations and the social, environmental and economic context in which we operate.

INTEGRATED REPORTING

In order to remain competitive, modern businesses are being forced to respond to change – for example, rapid population growth, advances in technology and increasing demands for energy and natural resources. Realising that long-term, strategic thinking and resource efficiency are critical to business success, many organisations are now making fundamental adjustments to their business models and practices. And increasingly, they are taking account of, and trying to mitigate, the social and environmental impacts linked to their operations.

As a result, a broader approach is now required in order to record and monitor business performance. It is for this reason that VINCI Construction UK has embraced integrated reporting as set out by the International Integrated Reporting Committee (IIRC), an international body whose aim is to create a globally-accepted integrated reporting framework which brings together financial and non-financial information in a clear and consistent format. The objective is to enable the development of comprehensive information about organisations to meet the needs of a more sustainable global economy.

PERFORMANCE

In 2011, VINCI Construction UK performed well against the backdrop of a shrinking UK construction sector. Throughout the year we focused on achieving greater efficiency and productivity, and reinforced our commitment to creating sustainable value through the VINCI long and short cycle business model.

In the 12 months to December 2011, VINCI Construction UK increased turnover to approximately £1.1 billion, and in overall terms we achieved growth of 5.2%. We also won £1.3 billion of orders, which is more than we have ever recorded in a single year. In the current economic climate, these are encouraging results that confirm the robustness of our business model. Indeed, our performance in 2011 demonstrates that our business development strategy is working; our market presence has increased and familiarity with the brand has improved. We have succeeded in enhancing the profile of VINCI Construction UK Limited as a cohesive and integrated business – a business that can help customers minimise risk, maximise opportunities and achieve long-term value.

Despite general sector contraction, throughout 2011 we enhanced our presence in key industry areas where growth remains strong, such as facilities and rail. We strengthened our relationship with London Underground, Crossrail and Network Rail, and led the Tramlink Nottingham consortium to secure a £232 million contract as part of a £570 million Private Finance Initiative (PFI) for development of the city's tram system. In the year we advanced our position in the new nuclear, offshore wind and energy from waste sectors which have long-term projects in the near future.

INDUSTRY RECOGNITION

In 2011 VINCI Construction UK received several industry awards in recognition of our commitment not only to construction excellence but to our people and the wider community.

Following exceptional performance in the Best Employer Index, we were shortlisted for Construction News Employer of the Year and were one of the top five in the Building Magazine Best Employer awards. Our benefits package was also shortlisted in each of the three categories of the Employee Benefits Magazine awards. These awards reflect the investments we have made over the year in developing and supporting our staff – investments which were also corroborated by our annual employee survey, in which participation and engagement scores (a measure of employee satisfaction) both increased by 10% to 65% and 81% respectively.

Elsewhere, our Air Division picked up three Considerate Constructors awards, and Taylor Woodrow won a British Construction Industry Civil Engineering Project award. Our project at St Catherine's Hospital on the Wirral was awarded The Best Healthcare Project 2011 in the national Partnership Bulletin awards, and our ARC Oldham Hospital scheme won the LABC Best Community Building in the North West of England. Our excellent safety performance was recognised through the receipt of a ROSPA Gold award for VINCI Construction UK and VINCI Facilities, reflecting the excellent improvements we have made in Health & Safety.

PUTTING SUSTAINABILITY AT THE HEART OF OUR OPERATIONS

VINCI Construction UK has always been a responsible organisation with firm commitments to social, economic and environmental sustainability. We know that if we are to be a true market leader, we need to minimise the impact of our activities on the environment and on the communities where we operate. To this end, in 2011 we have made several improvements in our environmental performance; we have significantly reduced our CO_2 emissions across our operations, reduced the amount of waste we send to landfill and also rolled out a number of community initiatives aimed at enhancing local opportunities. We also continued to play a leadership role in helping our customers respond to the regulatory challenges set by the UK Government's Climate Change Act.

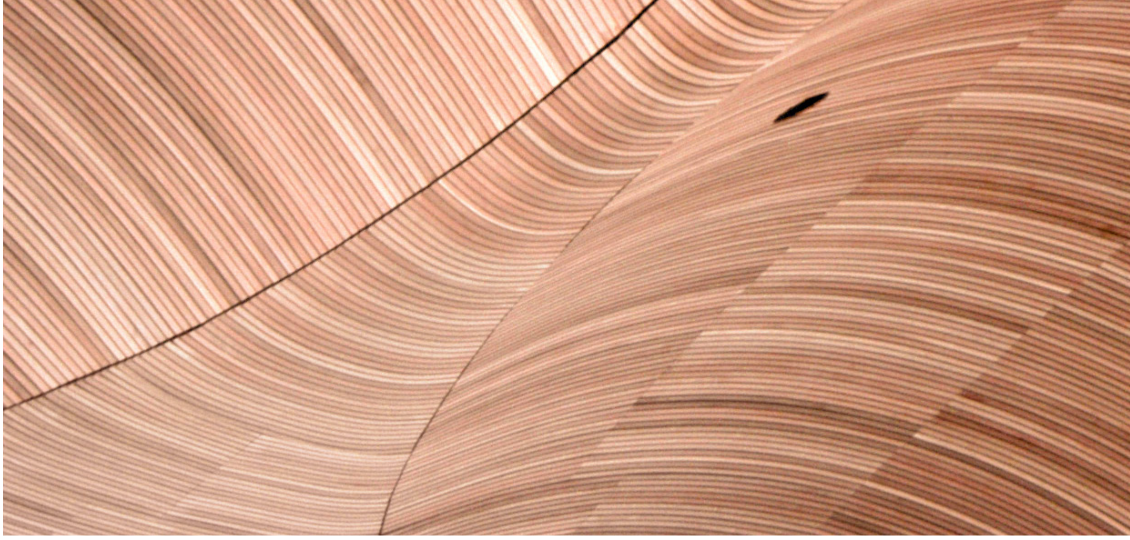
Andrew Ridley-Barker,
Managing Director, VINCI Construction UK

In 2012 we will be implementing an innovative internal collaboration programme.

SYNERGIES

Photo Credit - Thierry Duvivier / Photothèque VINCI

It is vital that the **skills and expertise** that exist within each Division can be shared across the company, and that our divisional boundaries are sufficiently porous to allow for a flow of **information and ideas.**



The Directors submit their report to the members, together with the audited financial statements for the year ended 31st December 2011.

The independence of our Divisions drives accountability and autonomy and maximises entrepreneurial activity.

RESULTS AND DIVIDENDS

The profit after taxation for the financial year as shown in the consolidated profit and loss account on page 34 amounted to £11,592,000 (2010: £24,990,000). There were no dividends paid during the current or previous year. The directors do not propose the payment of a final dividend.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

Despite reduced activity in the UK construction sector, in 2011 VINCI Construction UK achieved overall growth of 5.2%. Encouragingly, the volume of orders won in 2011 was at an all-time high, closing at £1.3 billion. And with secured orders for 2012 at 61%, we have a significant number of business leads and opportunities ahead of us compared to the start of 2011.

In the current economic climate, this strong performance says much about VINCI Construction UK's increased market presence and brand recognition. Indeed, we believe that VINCI Construction UK is no longer perceived to be a collection of separate companies, but rather a unified and cohesive business.

This image plays a key role in securing new commercial opportunities. Customers are also becoming increasingly aware of the wealth of expertise we can tap into, both across VINCI Construction UK and the wider VINCI Group, and this too has been a key driver for growth. The VINCI Group offer is certainly helping to attract interest and leverage opportunities in complex project areas.

Furthermore, in 2011 we worked to improve our business development function and now have a hit-rate of one in three for every tender we submit (up from one in five in 2010), which is the right level of competitiveness for a company of our size and influence.

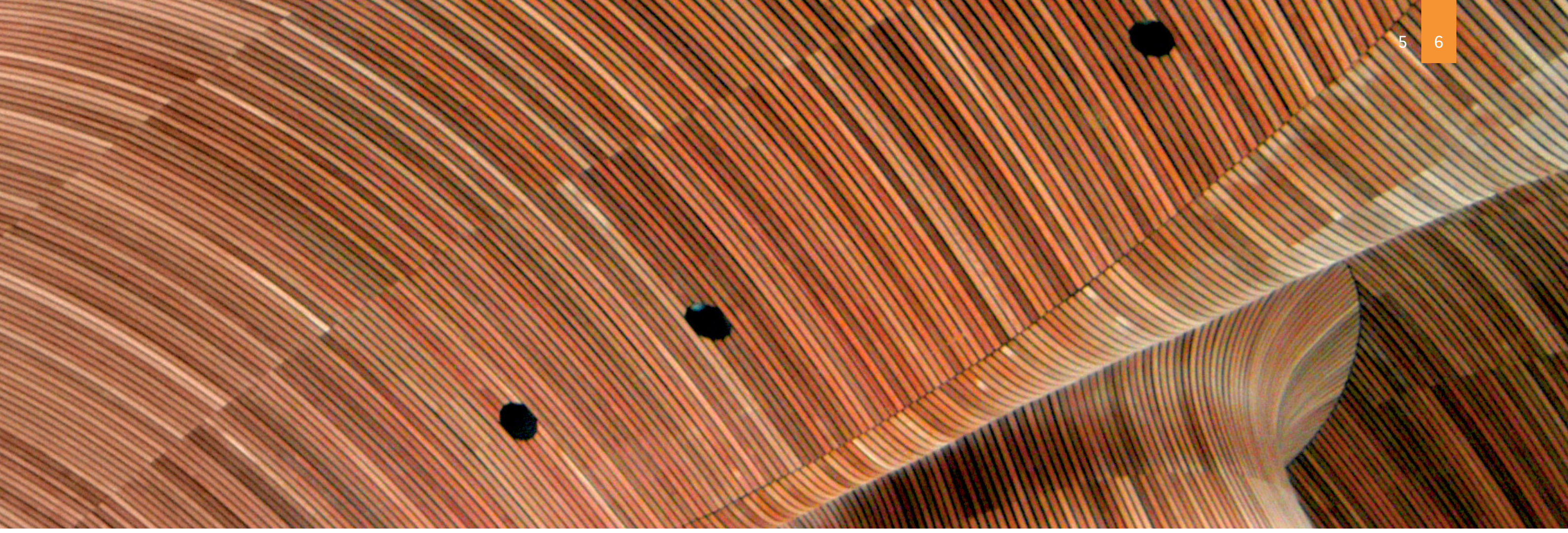
EFFICIENCY AND PRODUCTIVITY

With cash levels at a record high (£244 million at year-end) and our reserves also up on 2010 we are very confident about the year ahead. However, it would be irresponsible not to sound a note of caution as we move into 2012.

In the present economic climate, we know that market vagaries can impact on project and procurement lead times. With the banks more cautious about lending to developers, project lead times are increasing.

So, while our volume of secured orders for 2012 is ahead of target, this may need to increase to provide sustainable growth in the near future. The prevailing economic conditions and increased competition are also having an effect on margins.

Within these tight parameters, one of our key focus areas for 2012 is to make VINCI Construction UK leaner, fitter, faster, more efficient and cost-effective. Amid the good progress of 2011, it is critical we improve our efficiency and productivity, and our Technology Centre now has an extended remit to drive innovation across the business and enable us get from A to B faster and achieve more for less. Only in this way will VINCI Construction UK continue to evolve as a sustainable business and achieve long-term value for ourselves and our customers.



RESTRUCTURING

In 2011 we undertook major divisional changes to achieve a cleaner and simpler organisational structure. Following these developments, our three main Divisions are now Building, Civil Engineering and Facilities, with the Technology Centre providing technical support and innovation across the whole of the business.

COLLABORATION

In order to meet our efficiency and productivity objectives, collaboration forms a central part of our 2012 Business Plan. One of the core strengths of VINCI Construction UK is our decentralised divisional structure. The independence of our Divisions drives accountability and autonomy and maximises entrepreneurial activity. However, it is vital that the skills and expertise that exist within each Division can be shared across the company, and that our divisional boundaries are sufficiently porous to allow for a flow of information and ideas.

For example, challenges arising in one Division can often be easily met through the application of experience and knowledge that exists in another. To take advantage of this, in 2012 we will be implementing an innovative internal collaboration programme. Delivered via our intranet, this scheme will encourage behaviour change among our staff and enable them to secure competitive advantage in their work.

In this way, connected yet distinct, our Divisions can offer customers access to the knowledge and skills of over 4,000 people. It is a powerful proposition that will help to reduce costs, boost efficiencies and improve our profit margins.

RECRUITMENT

Another key focus in the year ahead will be recruitment. As a sustainable business, we balance the need to create value with the need to manage risk. And with growth forecast at 10.8% for 2012 we need to increase our talent pool in order to deliver success. If we are to manage our increased volumes, we need to recruit over 400 people in the year ahead.

Our aim is to improve the average capability of our teams, thereby raising standards and performance incrementally across the business.

We are also committed to improving our performance management. In 2011 we invested £1.5 million on training – more than we have ever spent in this area – and made great strides in supporting those people who are underperforming or who require skills development. This work will continue in 2012 and beyond.

PEOPLE, HEALTH, SAFETY AND THE ENVIRONMENT

As described in more detail elsewhere in this report, in 2011 we made good progress in meeting our commitments to our people, local communities and the environment. We achieved a 10% rise in our employee engagement scores against 2010, and staff absences and voluntary resignation rates came down.

Our Accident Frequency Rate (AFR) was reduced from 0.34 to 0.18, demonstrating that we are taking health and safety seriously. And across the company we reduced our CO_2 emissions and increased the amount of waste diverted from landfill by 80%.

These broader company metrics confirm that the wellbeing of our people, society and the environment goes to the very heart of the business. Our company commitments go way beyond the financial bottom line, and as we implement our new business plan we will continue to embed sustainability across our operations.

Key Achievements in 2011

EFFICIENT

81%	INCREASED EMPLOYEE ENGAGEMENT	5.2%	TURNOVER UP OVER 2010
1.0%	OPERATING PROFIT	£245m	INCREASED CASH LEVELS
£289k	TURNOVER PER EMPLOYEE	£4.5bn	TENDERS SUBMITTED
80%	INCREASED WASTE DIVERTED FROM LANDFILL	11%	2012 TURNOVER FORECAST TO BE UP OVER 2011

£2.25bn

RECORD ORDER BOOK

0.34 to 0.18

GOOD HEALTH & SAFETY PERFORMANCE, WITH ACCIDENT FREQUENCY RATE (AFR) DOWN

VOLUME OF FUTURE OPPORTUNITIES INCREASED

CO_2 EMISSIONS REDUCTIONS ACHIEVED ACROSS THE BOARD

Amid the good **progress** made in 2011, we now need to consider how we deliver our projects and do the same – or **more – with less.**

VINCI Construction UK Business Model and 2012 Business Plan

VINCI Construction UK has a robust Business Model based on short and long-term cycles. Covering the conception, funding, design, build, maintenance and eventual decommissioning of projects, we operate right across the value chain to meet a range of customer requirements.

Through the strong regional presence of our Building and Civil Engineering operations, we pursue short-cycle business opportunities. These jobs often involve complex project management and are supported by our Technology Centre, or by other VINCI companies providing high-end technical solutions. Meanwhile, through our PFI projects and the work of VINCI Facilities, where contracts can sometimes extend over 30 years, we take a longer-term operational approach.

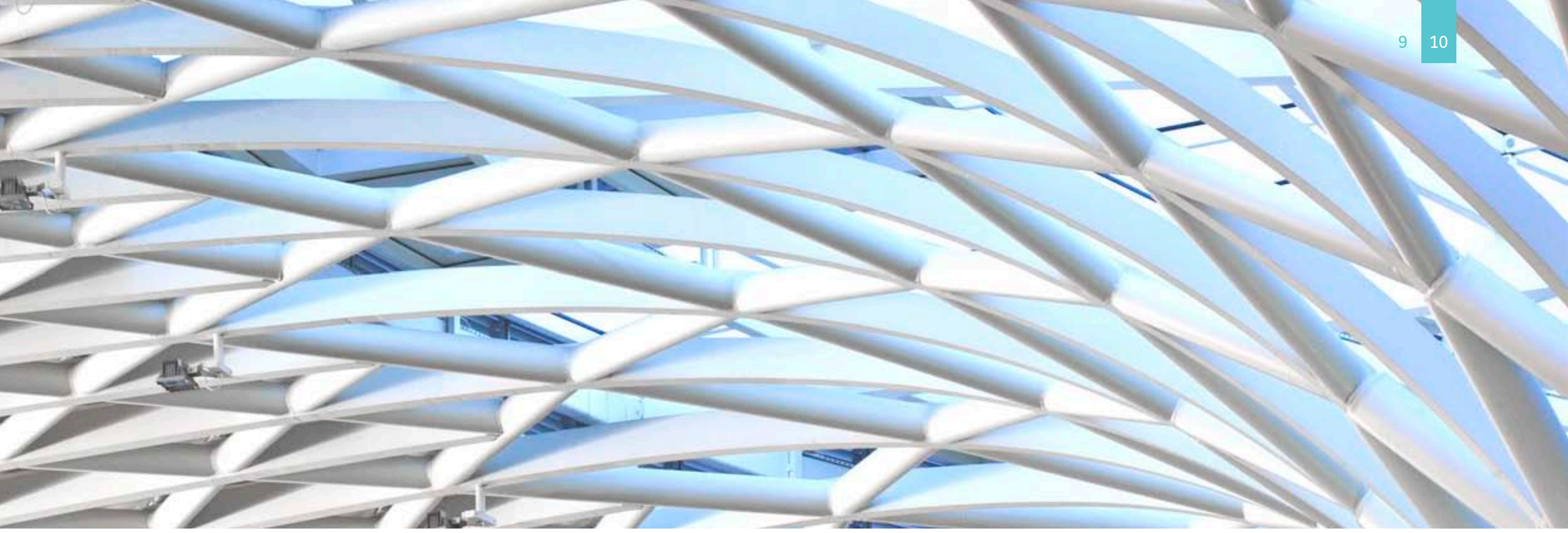
The balancing of short and long-term projects helps to ensure we have a strong and stable foundation for growth, making us more resilient to the vagaries of the market. Operating across the entire service spectrum, we aim to ensure we have sufficient amounts of both long and short-cycle work in place, and often try to leverage one to the other. For example, where possible we look to extend short-cycle construction contracts into long-term facilities management projects.

This approach is combined with a decentralised divisional structure. VINCI Construction UK operates through separate Divisions, each with its own trading entity. This independence drives accountability and autonomy and maximises entrepreneurial activity. Together, the decentralised and long/short-cycle models form the backbone of our company ethos. They are essential to enabling VINCI Construction UK to create value, minimise risk and achieve sustainable business success.

IN 2011, VINCI CONSTRUCTION UK CONTINUED TO OPERATE IN THE FOLLOWING THREE SECTORS:

BUILDING, CIVIL ENGINEERING, FACILITIES

THESE WILL REMAIN CORE AREAS OF FOCUS IN 2012. THE TECHNOLOGY CENTRE NOW HAS AN ENHANCED REMIT TO ADD VALUE TO AND DRIVE INTERNAL EFFICIENCIES ACROSS THESE SECTORS.



The Business Plan's core objectives are designed to help us build for the future and protect and enhance our margins as we move forward.

ENHANCING EFFICIENCY AND PRODUCTIVITY

As outlined in the previous section, the main thrust of our new Business Plan is to increase efficiency and productivity across VINCI Construction UK. Amid the good progress made in 2011, we now need to consider how we deliver our projects and do the same – or more – with less. With this in mind, the Business Plan's core objectives are designed to help us build for the future and protect and enhance our margins as we move forward. They include:

CUTTING BACK BUREAUCRACY

In our field of operations, overburdening bureaucracy can restrict and frustrate our project and delivery teams. Some bureaucratic measures relate to statutory requirements, which of course we observe and uphold. Others, however, are excessive and can be challenged quite legitimately. We are encouraging our staff to find simpler and less bureaucratic ways of working without compromising the core intent and essence of procedural processes. This we believe will help to free up our teams to work with greater speed, efficiency and creativity.

SHARING EXPERTISE

As part of the VINCI Group, VINCI Construction UK has access to a wealth of truly global expertise. As part of our 2012 Business Plan, we are looking at how we can draw on the Group's wider technical skill and capabilities to benefit our UK operations. In 2011, one of our Divisional Managing Directors began to assess VINCI's expertise in Europe and beyond, and to see how VINCI Construction UK can derive competitive advantage through Group-wide technology transfer and knowledge sharing. This work will continue in 2012 and is aligned to a similar, more focused collaboration project in the UK, which is described in the previous section of this report.

CUSTOMER FOCUS

In 2011, our top 20 customers delivered over £600 million of business, which is 60% of our turnover. Of those, 17 were repeat-order customers, which is very encouraging. In 2012 we will be developing a new customer management programme to help enhance our corporate understanding of customers' businesses, minimise disruption to their operations and maximise value for them.

SUPPLY CHAIN MANAGEMENT

We are also in the process of tightening our supply chain management strategy. In 2011 we spent £816 million across 5,536 sub-contractors, giving us an average spend of £147,000 per supplier. In 2012 we will develop and enhance our supply chain strategy to mitigate potential risks and develop greater levels of service to our customers.

ZERO DEFECTS

In 2011 we developed a zero defects scheme with Taylor Woodrow, the Civil Engineering Division of VINCI Construction UK Limited. In 2012 we will be rolling this programme out across the business as a whole, with a view once again to maximising value for our customers.

BUILDING INFORMATION MODELLING (BIM)

VINCI Construction UK has a long history of expertise in 4D Building Information Modelling (BIM). But now we will increase our internal capacity and use of BIM, which will help to improve the efficiency and speed with which we work.

VINCI Construction UK is at the heart of the construction industry's efforts to tackle climate change.

DEDICATED

With our expertise in **renewable** and low-carbon technologies, **sustainable** buildings and urban development, VINCI Construction UK is dedicated to achieving a cleaner, **low-carbon** future...

VINCI Construction UK and the low-carbon economy

VINCI Construction UK is at the heart of the construction industry's efforts to tackle climate change. With our expertise in renewable and low-carbon technologies, sustainable buildings and urban development, VINCI Construction UK is dedicated to achieving a cleaner, low-carbon future, and in meeting the regulatory challenges set by the UK Government's Climate Change Act.

In 2011, we continued to develop our leadership role in this area, helping customers respond to these challenges through innovations in building design, Building Information Modelling (BIM) and facilities management. We also continued to develop opportunities in the renewable and low-carbon energy markets.

VINCI Construction UK has set up a joint venture with VINCI Environnement, enabling us to bid for energy from waste projects on an Engineering, Procurement and Construction (EPC) basis.

ZERO CARBON BUILDINGS

The Climate Change Act requires that the UK reduces carbon emissions by 80% by 2050, compared to 1990 levels. As part of these national targets, a new regulatory framework has been laid out for the construction industry – in particular, the UK Building Regulations which determine the timescales for carbon emissions reductions for new buildings.

According to the new regulations, all new buildings have to be zero carbon within the next eight years – housing by 2016 and all other buildings, such as offices, hospitals and schools, by 2019. Zero carbon refers to zero annual carbon emissions relating to heating, lighting, hot water and building services. This presents a very clear framework in which to operate, and a set of ambitious, legally-binding targets.

At VINCI Facilities we have expert advisers whose job it is to help customers reduce their energy consumption and meet the challenges and targets set out in the UK Buildings Regulations. Likewise, at the Technology Centre we have BREEAM assessors, a Low Carbon Consultant, and staff with expertise in EPCs, DECs and a range of energy modelling techniques. They look at the way buildings are made, heated, cooled and lit to help prepare them for long-term efficiency.

NUCLEAR

In 2011, in joint venture with Balfour Beatty, VINCI Construction UK and VINCI Construction Grands Projets submitted tenders to EDF for the main civil engineering works for Hinkley Point 'C' Nuclear Power Station. The joint venture also submitted a tender for civil engineering work on the proposed Horizon power station at Wylfa, Anglesey.

In collaboration with Nuvia, we continued to work on the construction of the SDP and BTF facilities at Sellafield. We also initiated a joint venture with Nuvia and other VINCI Group companies to pursue a major projects framework at the Sellafield site.

On top of this, we won a significant contract with Magnox Limited for the construction of a weather envelope for the decommissioned reactors at Bradwell Nuclear Power Station.

ENERGY FROM WASTE

Elsewhere, VINCI Construction UK has set up a joint venture with VINCI Environnement, enabling us to bid for energy from waste projects on an Engineering, Procurement and Construction (EPC) basis. We are currently bidding for nine projects in the sector, and are the preferred bidder on three schemes for local authorities in Cornwall, North Yorkshire and Hertfordshire, with a total value of £500 million.

RENEWABLES

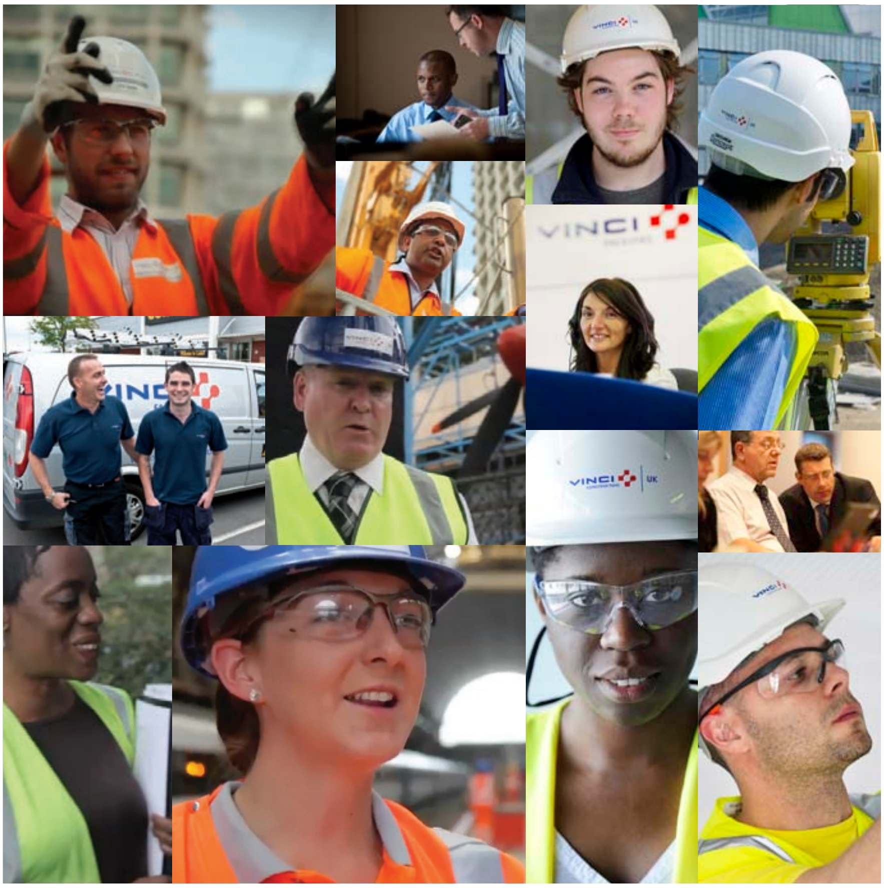
In the renewables sector, VINCI Construction UK formed a joint venture with Freyssinet and VINCI Construction Grands Projets to develop opportunities for the design and construction of offshore wind turbine foundations in UK coastal waters.

The joint venture will exploit patented technology developed by GBF, a consortium of Gifford, BMT and Freyssinet, which enables the assembly of turbines on land, thereby reducing the requirement for offshore work and associated risks. The consortium is actively pursuing major projects in 2012 and beyond with a number of offshore wind power concession holders.

The expansion of offshore wind farms is critical to the achievement of the UK's renewable energy targets. VINCI Construction UK is delighted to be playing a key role in this market area and in the national low-carbon economy.

The Divisions will continue to target work with customers with whom they have longstanding relationships.

STRATEGIC



VINCI Construction UK recorded **strong performance** across the majority of Divisions, increasing total turnover to approximately £1.1 billion.

Divisional Performance

Despite the difficult economic conditions in the UK and the year-on-year decline in construction output, throughout 2011 VINCI Construction UK recorded strong performance across the majority of Divisions, increasing total turnover to approximately £1.1 billion. Here we set out the year's highlights in each of our key areas of operation.

CIVIL ENGINEERING

During the year, turnover for the Taylor Woodrow Civil Engineering Division increased by 15% from £179 million in 2010 to £206 million in 2011, with a significant contribution coming from our King's Cross contracts.

Other key highlights include:

- New contracts won totalling £337 million in value, with a further increase in turnover projected to £265 million for 2012;
- £232 million for Phase 2 of the Nottingham Tram project, and contracts for Crossrail with a total value of £77 million;
- £1 billion of tenders submitted, with success on around one third;
- Revised tenders submitted as part of the BBV joint venture for new build nuclear power stations at Hinkley Point and Wylfa.

Key objectives include:

- building on Taylor Woodrow's reputation for rail capability, using collaborative relationships with other specialist parts of the VINCI Group (Eurovia Travaux Ferroviaires, Cegelec) to compete across a wide range of Network Rail, Transport for London and Crossrail projects;
- working with select waste management companies to gain competitive advantage in the energy from waste sector;
- leveraging the capabilities of the entire VINCI Group to win more complex projects in nuclear new build and decommissioning.

BUILDING

The Building Division increased activity to £636 million in 2011, up from £617 million in 2010. This figure is forecast to increase further in 2012.

Key highlights include:

- £3 billion of tenders submitted, with a much-improved hit-rate of 1:3 (up from 1:5 in 2010) £300 million of orders pending award in 2012;
- Strong performance in the Health, Education and Retail sectors, which together contributed over 75% of awards in 2011;
- Increase in level of new opportunities from £2.8 billion in November 2010 to over £4.2 billion in November 2011, reflecting greater business development and increased market presence;
- Over £175 million of new orders delivered via the P21+ framework, and increased opportunities with National Frameworks generally;
- Increase in significant opportunities in Special Projects; our Special Projects unit now has a future opportunity listing of £1.8 billion;
- Well-established divisional presence in four main geographic regions in the UK; strong relationships with customers, supply chains, consultants and residents in these areas, plus excellent local market intelligence;
- Achieved advanced positions on Special Projects, including New Covent Garden Market, Swansea University, Kent Institute of Medicine and Surgery, Stoke and Stafford Fire Stations and Battersea Care Home.

In order to strengthen our structure and provide a better platform for future development and growth, in 2011 we made a number of operational changes across the Building Division.

To provide more focus to our operations in the South of England, Building South was consolidated into three elements: London, Major Projects and the South East. This will provide a more streamlined business to drive growth in the future.

Building on our strong market presence in the East of England, we created a new regional operation called Building East. This incorporates Haymills in East Anglia and VINCI Construction UK operations in the Northern Home Counties.

The commercial office fit-out sector is anticipated to increase in 2013-14, as existing leases come to an end. In 2011 we established a commercial office fit-out business to take advantage of potential market opportunities in this area. We also recruited an experienced fit-out director to lead this new business development.

In 2011, the Air business was moved into the Building Division. Under this arrangement, we will continue to offer an independent Airport team, with all its specialism and expertise, to our main clients in this area, BAA Airports Limited and Gatwick Airport Limited.

Key highlights include:

- £34 million re-development of Gatwick's Pier 2; involved the re-configuration of the live Aircraft Pier, completed ahead of time and exceeding client expectations;
- a new £19 million 18-lane security facility at Gatwick's South Terminal, successfully completed and delivered to deadline;
- £20 million refurbishment of Heathrow's T3 Baggage Hall, Immigration Hall, T4 Arrivals and T4 staff car park continued to transform the passenger areas at this world-class facility.

In 2012, the Building Division's focus will be to increase the average size of projects undertaken from under £5 million to approaching £10 million, while maintaining a hit-rate of 1:3. We will also continue to place high priority on current and future frameworks.

FACILITIES

VINCI Facilities is a leading provider of facilities management and maintenance services to the public and private sector. The Facilities Division increased activity to £226 million in 2011, up from £220 million in 2010.

Key highlights include:

- PFI health sector contracts for Queen Elizabeth Hospital (£65 million, 20 years) and Coventry and Walsgrave Hospitals (£270 million, 26 years);
- a facilities management contract with Bradfield School (£10 million, 25 years);
- divisional reorganisation to better align the structure of our core markets;
- maintaining our strong position in the facilities management retail sector, adding New Look to our existing portfolio of Dixons, Gap, TKMaxx, Total and Esprit;
- growth in social housing market share, with contracts being won with Cyntra Housing, the Sanctuary Group, Mid Suffolk Homes, Barrow-in-Furness, Trans Pennine Homes and Wandsworth Homes;
- increased focus on central and local government outsourcing, including contract extension with the Highways Agency; new facilities management contracts with Transport for London and London Underground.

TECHNOLOGY CENTRE

The Technology Centre secured £6 million of fees in 2011. It generated a profit of £284,000 and achieved a record order book of £2 million.

Key highlights include:

- increase in cladding testing activity;
- project wins with Crossrail;
- significant operational improvements, leading to an increase in quantity and quality of profit.
- The Technology Centre was also reorganised during the year and given an enhanced remit to make VINCI Construction UK leaner, fitter, faster, more efficient and cost-effective through the deployment of its technical expertise.

In 2012, the Technology Centre plans to grow external fees, with a projected associated profit of £1 million by 2015.

The Prince's Trust's Get into Construction scheme, a national programme to support young people into work or training.

INVOLVED

For years we have sought to conduct our business in a way that is ethically viable and **socially responsible.**

VINCI Construction UK in the Community

At VINCI Construction UK, we have always been committed to making a positive impact in the communities where we operate.

For years we have sought to conduct our business in a way that is ethically viable and socially responsible. Indeed, community engagement is critical to our development as a sustainable business and to our reputation as a world leader in construction.

In 2011, we developed a focused and formalised programme of company-wide community initiatives. Along with internationalisation and collaboration, community engagement will continue to be one our key focus areas in 2012.

VINCI Construction UK supports The Prince's Trust's Get into Construction scheme, a national programme to support young people into work or training.

STAND OUT, MAKE A DIFFERENCE

Early in the year, VINCI Construction UK launched a pioneering community and employee engagement initiative called Stand Out, Make a Difference (SOMAD). Based on a long-term partnership with The Construction Youth Trust, The Prince's Trust and The Duke of Edinburgh's Award, this new scheme is designed to engage local communities, create professional opportunities for young people and contribute to the personal development of our staff.

Throughout 2011, SOMAD had a palpable effect on local communities and the lives of disadvantaged young people. And with the programme's unique trinity of charitable partnerships, VINCI Construction UK has placed itself among key influencers from the world of corporate community involvement.

GET INTO CONSTRUCTION

As part of SOMAD, VINCI Construction UK supports The Prince's Trust's Get into Construction scheme, a national programme to support young people into work or training. The scheme gives young people from disadvantaged backgrounds vital experience of working in the construction industry. Opening doors where they might otherwise remain closed, the programme offers young participants unique personal and professional opportunities. Around 80% of the candidates involved so far say that Get into Construction has transformed their lives.

In May 2011, 15 young people were selected to take part in an intensive four-week training course designed to equip them with experience, skills and insight to help kick-start their construction careers.

Conducted at the UPP Clifton Campus Student Accommodation project in Nottingham, the course gave participants the chance to roll up their sleeves and sample numerous construction trades in a live site environment. As a result of the programme, one candidate received a formal commendation and 12 people now have training or work contracts within the VINCI Construction UK supply chain.

VINCI FACILITIES MAKES A DIFFERENCE

In 2011 VINCI Facilities donated 60 days to SOMAD projects in local communities around the country. This included five SOMAD projects in partnership with Flagship Housing Group. Flagship are delighted with the community support that we have delivered and look forward to working with us in 2012 to deliver more to the communities in Suffolk and Norfolk.

OTHER INITIATIVES

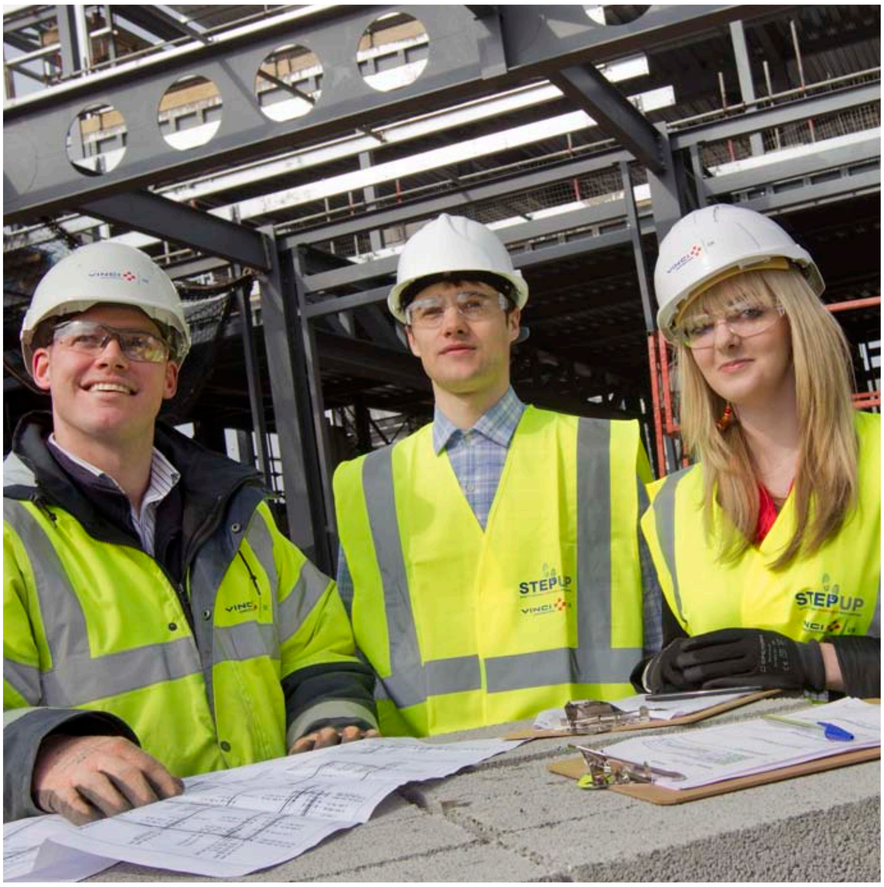
In our South West Region we established a Budding Brunel's Plus programme which, as with Get into Construction, has a particular focus on promoting professional construction careers to disadvantaged young people.

During 2011, around 40 members of staff signed up for the Gold Duke of Edinburgh Business Award, which includes the investment of more than 3,000 hours of community support for local organisations and charities across the UK.

And elsewhere, Building North launched a £50,000 charity appeal in aid of Medequip4kids to assist with fitting out the Women's and Children's unit we are constructing at Oldham Hospital.

In 2011 Step-UP was extended to include programmes relating to subcontractor engagement, training and management systems.

ENGAGED



From an operational perspective, our goal is to make VINCI Construction UK an **effective, safe and sustainable** place to work.

Internal Operations

In 2011 we rolled out a number of initiatives designed to enhance and improve our people practices, health and safety procedures and our use of resources.

PEOPLE

Towards the end of 2010, our first group-wide employee survey was undertaken. The high response rate gave the management strong feedback on a range of issues on which to concentrate during 2011. As a result of the feedback, and in response to the dynamic environment in which we operate, our people strategy for 2011 focused on:

- Raising awareness of our benefits package;
- Improving internal communication;
- Overhauling the company Learning & Development offering. This was re-launched in October 2011 as The Academy.

We achieved Investors in People accreditation for our Air and Technology Divisions, bringing the total number of employees working within an Investors in People (IiP) environment to more than 95% of our people. In addition, we have embarked on achieving Investors in Diversity to gain accreditation for the work undertaken across VINCI Construction UK. We also achieved National Construction Skills Academy status for our project at Tottenham Court Road.

In mid-2011, our employee engagement score conducted during a 'pulse survey' showed further improvement over the benchmark of 74% set in December 2010. Participation rates for our annual employee survey also improved dramatically in 2011, rising by 10% to 65% of the staff population. Staff absences and voluntary resignation also went down, demonstrating that we have an engaged workforce that feels valued and supported.

HEALTH & SAFETY ACHIEVEMENTS

2011 saw a reduction of VINCI Construction UK's Accident Frequency Rate (AFR) by over 30%. The AFR is now 0.18 reportable injuries per 100,000 hours. Taylor Woodrow Civil Engineering has an AFR of 0.06, and VINCI Construction UK's Air business has an AFR of 0.09.

Step-UP is our behavioural suite of Health & Safety programmes. Introduced in 2008 as a two day behavioural change course, in 2011 Step-UP was extended to include programmes relating to subcontractor engagement, training and management systems. In 2011, the Building Division held a number of interactive Health & Safety seminars to encourage adoption of its Step-UP behavioural awareness programme for staff, subcontractors and a major client.

Table 1 Summary of performance against 2011 objectives & targets		
Objective	**Target**	**Progress – 2011**
Prevent environmental incidents and negative regulatory intervention. Ensure all environmental near misses (close calls) and incidents are reported.	Zero Environmental Incidents	One waste incident in Building Midlands and three minor incidents relating to noise.
Reduce energy consumption and related carbon dioxide emissions	Achieve a 10% CO2 emissions reduction based on 2010 baseline	Achieved. Currently 25% reduction based on 2010 emissions data (excluding MRTs/ commercial vehicles and normalised by turnover).
Ensure all timber is procured from legal and sustainable sources.	Timber Procurement (100% from FSC, PEFC sources)	Missed. However, achieved over 90% compliance.
Minimise the amount of waste we send to landfill.	Divert 80% of waste from landfill	Achieved, current performance is >90% diversion from landfill.
Minimise waste in the construction process of our activities	Construction waste to be <9m3 per 100k (UKCG target)	Achieved, our average construction waste was <8m3 per 100k turnover in 2011
Ensure all staff have basic level of environmental awareness. Key staff to be competent in managing environmental risks.	Staff to have an awareness of carbon and energy Missed.	Waste compliance and environmental reporting workshops delivered regionally. Further training planned in 2012 via a 1-day environmental course and e-learning modules.
Reduce water use	Benchmark water	Achieved. Part of EPI reporting.

ENVIRONMENTAL HIGHLIGHTS

At VINCI Construction UK we are required to report on our energy and diesel consumption and CO_2 emissions. We take these requirements seriously and insist that every project and fixed office sends in a monthly return to the environment team to track our progress.

In 2011, VINCI Facilities and the Technology Division certified to BS EN 16001, and we are currently transferring our certification to the international energy management standard. By committing to these standards and developing a range of training and education programmes we can demonstrate real progress.

We are also working with Action Sustainability, a specialist procurement consultancy, to embed sustainability and low carbon principles within our procurement process.

Across the company, in 2011 we achieved good performance against our environmental targets and objectives, as shown in the table opposite.

Other environmental highlights for the year include:

- data submitted to the Environment Agency on behalf of all VINCI UK Companies for the Carbon Reduction Commitment (CRC EES). VINCI Construction UK is acting as the Primary Member in the scheme for all UK operations, including Eurovia, Bachy Soletanche, VINCI Construction Grands Projets and VINCI Park. UK emissions were over 50,000t CO2(e), of which over 28,000t CO2(e) were from VINCI Construction UK's activities;
- a deal set up with EDF Energy for all sites where we pay for electricity directly; this framework deal provides SmartMetering for our sites via an Automatic Meter Reading which helps monitor the CRC emissions;
- STARK were commissioned to undertake the smart metering for electricity, gas and water in all fixed premises (subject to Landlord's permission where necessary);
- provisionally achieved Bronze status under the Mayor of London Green procurement awards, following an audit in August 2011.

To continue to be successful, we recognise the need to remain at the forefront of setting new standards.

RESPONSIBLE

VINCI Construction UK is built on **strong values**; values that underpin our corporate culture and guide our activities.

Governance

Governance structures at VINCI Construction UK are designed in such a way as to be responsive to the social, legal, environmental and economic conditions in which we operate.

Our Directors are responsible for ensuring that we run our business responsibly and in a sustainable manner, in the best long-term interests of all our stakeholders. Our business is founded on a model that combines long-term programmes of work and shorter-term individual contracts.

This enables us to resist fluctuations in the economy and readily adapt to market trends. We create sustainable value for our clients through the actions and attributes of our people, all of which are based on the humanistic principles set out in the VINCI Group manifesto. Our business model and our values provide the framework within which our decision-making takes place.

To continue to be successful, we recognise the need to remain at the forefront of setting new standards for the delivery and operation of the built environment. These standards will reflect the carbon agenda, our social responsibility, our commitment to employee engagement and the highest standards of health and safety, certainty of cost, value for money and customer satisfaction.

WE INSIST THAT NEGOTIATION AND EXECUTION OF CONTRACTS MUST NOT INVOLVE BEHAVIOUR OR ACTS THAT COULD BE DEEMED ACTIVE OR PASSIVE CORRUPTION, COLLUSION IN INFLUENCE TRAFFICKING OR FAVOURITISM.

CODE OF ETHICS

VINCI Construction UK is built on strong values; values that underpin our corporate culture and guide our activities. For most of us, these values are implicit and unwritten. But as part of a global organisation that hires several thousand new employees every year, it is important to set them out.

Our Code of Ethics serves as a reminder that belonging to the VINCI Group involves more than just strict compliance with applicable laws and regulations. In the Code, we set out the principles of business ethics that must guide our conduct under all circumstances and in all areas. We state clearly that VINCI Construction UK expects each and every one of its employees to demonstrate exemplary conduct based on integrity, fairness and respect for the dignity and individual rights of employees.

BRIBERY ACT

As part of our Code of Ethics, we comply with the Bribery Act and other governance regulations relating to corruption. In line with this regulation, we insist that negotiation and execution of contracts must not involve behaviour or acts that could be deemed active or passive corruption, collusion in influence trafficking or favouritism.

No VINCI Construction UK employee may directly or indirectly award undue benefits of any nature, by any means, to a third party with a view to obtaining or maintaining a commercial transaction or favourable treatment.

BUSINESS RISKS

The continued success of the Group depends upon the Management's ability to identify and manage risks which are inherent in the type of activity we are engaged in. These risks fall into specific areas, all of which have the potential to impact on the success of the Group.

Financial Risk

The principal financial risks that we run are associated with our ability to properly estimate the costs of carrying out the contracts in which we engage, the risk of properly incurring and controlling those costs, the ability to recover costs under the payment terms of all contracts, the financial standing of our clients, sub-contractors and suppliers in terms of their ability to discharge their obligations to us. The Group controls these risks in a number of ways. The Group is highly selective in the type of work that it tenders for in terms of the project size, location, complexity and contract duration.

These criteria are examined for each business unit and are specific to them to ensure that their capabilities are used to best effect. The Group specialises in certain types of building and civil engineering projects in line with the areas where we have proven expertise.

Tenders are controlled in accordance with a tender control policy and are authorised by directors according to their value and type. Over a certain level of value, tenders are approved by the Chief Operating Officer and the Chief Executive. In accordance with VINCI procedures, tenders over set amounts are submitted to the VINCI Risk Committee in Paris for approval.

Health and Safety

The Group recognises the importance of the health and safety of all those employed in its offices and sites and operates policies to ensure that the risks associated with accidents and health are properly managed and controlled.

The Environment

The Group recognises the importance of minimising the impact on the environment and is pro-actively managing this. New procedures were adopted in 2007 to measure and manage outputs and to set targets for reduction.

Human Resources

The Group's employees are its most important resource. It is essential to the future success of the business that a skilled and motivated workforce is retained.

Community Involvement

Community relations are encouraged as an outward sign of the commitment that the Group has to the communities in which it works, over and above those defined by law or expected by our shareholders. Our staff regularly participate in initiatives which help to form strong community links, as well as advancing the image of construction and encouraging young people into the industry.

The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

DIRECTORS

The present directors of the Company are listed at the beginning of this annual report.

The following changes have occurred in the composition of the Board during the period under review and subsequent to the year end:

A M Ridley-Barker	appointed 1/01/11
D A L Joyce	resigned 1/12/11
C G Cocking	resigned 31/12/11
J R Chadwick	resigned 31/12/11

INDEMNITY PROVISIONS

No qualifying third party provision is in force for the benefit of any director of the Company.

GOING CONCERN

The Group has considerable financial resources together with long term contracts with a number of customers and suppliers across different geographic areas and construction activities. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

EMPLOYEES

The Group has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Should an employee become disabled while in the Group's employment they are guaranteed consideration for alternative positions within the Group which are within their capabilities. It is the Group's policy to offer training and development opportunities to all employees on the basis of the assessment of training needs.

COMMUNICATION AND INVOLVEMENT

The Directors recognise the importance of good communications with the Group's employees and informing and consulting with them on a regular basis of the performance and objectives of the Group. This is mainly through regular meetings, personal appraisals and e-mail communications.

When practical, employees have the opportunity to participate in VINCI share savings schemes.

HEALTH AND SAFETY

Health and safety issues figure prominently at Board level to ensure, as far as possible, the prevention of health risks or accidents to employees, contractors, sub-contractors, members of the public or any other persons who may come into contact with the Group's activities. Health and safety consultative committees operate at all levels and an annual report is produced highlighting trends and statistics in this vital area. The Group is proud of, but not complacent about, its safety record.

PAYMENT OF CREDITORS

Whilst the Group dœs not follow any external code or standard payment practice, Group policy with regard to the payment of suppliers is to agree terms and conditions with suppliers, ensure that suppliers are aware of those terms and providing suppliers meet their obligations, abide by the agreed terms of payment. The average creditor days was 43 (2010: 50).

DONATIONS

Donations to various United Kingdom charities during the year amounted to £38,950 (2010: £11,957).

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

APPROVAL

The Report of the Directors was approved by the Board on 20th March 2012 and signed on its behalf by:

A M Ridley-Barker
Director
Company Registration Number 2295904
VINCI CONSTRUCTION UK LIMITED
Astral House
Imperial Way
Watford
Hertfordshire
WD24 4WW

Statement of directors' responsibilities in respect of the Directors' Report and financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Members of VINCI Construction UK Limited

We have audited the financial statements of VINCI Construction UK Limited for the year ended 31 December 2011 set out on pages 34 to 64. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

S J Wardell
(Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
Altius House
1 North Fourth Street
Milton Keynes
Buckinghamshire
MK9 1NE
20th March 2012

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31ST DECEMBER 2011

	Notes	2011 £000	2010 £000
Turnover: continuing operations	2	1,068,120	1,015,761
Cost of sales		(976,586)	(906,874)
Gross profit		91,534	108,887
Administrative expenses		(80,592)	(84,664)
Other operating income		-	390
Share of profit of associates		-	84
Operating profit before exceptional operating item		10,942	24,697
Exceptional operating item	3	-	7,576
Operating profit: continuing operations	4	10,942	32,273
Profit/(loss) on disposal of fixed assets	4	385	(50)
Profit on sale of investments	5	5,018	-
Interest receivable and similar income	7	1,683	1,773
Interest payable and similar charges	7	(740)	(608)
Profit on ordinary activities before taxation		17,288	33,388
Tax on profit on ordinary activities	8	(5,696)	(8,398)
Profit for the year	20,21	11,592	24,990

Consolidated Statement of Total Recognised Gains and Losses

FOR THE YEAR ENDED 31ST DECEMBER 2011

	2011	2010
	£000	£000
Profit for the financial year	11,592	24,990
Actuarial losses	(609)	(314)
Total recognised gains and losses relating to the year	10,983	24,676

A statement of historical cost profits and losses has not been prepared as there is no difference between the historical cost profits and losses and those reported above.

Consolidated Balance Sheet

AT 31ST DECEMBER 2011

	Notes	2011 £000	2011 £000	2010 £000	2010 £000
Fixed assets					
Intangible assets	10		84,760		115,831
Tangible assets	11		822		2,713
Investments	12		155		167
			85,737		118,711
Current assets					
Stocks	13	1,240		1,372	
Debtors: due within one year	14	208,535		220,256	
Debtors: due after more than one year	15	7,750		6,814	
Cash at bank and in hand		243,527		202,312	
		461,052		430,754	
Creditors: amounts falling due within one year	16	(425,110)		(412,404)	
Net current assets			35,942		18,350
Total assets less current liabilities			121,679		137,061
Creditors: amounts falling due after more than one year	17		(69,854)		(97,554)
Provisions for liabilities	18		(515)		-
Net assets excluding pension (liability)/asset			51,310		39,507
Pension (liability)/asset:					
Total of defined benefit schemes with net (liabilities)/assets	6		(277)		173
Net assets			51,033		39,680
Capital and reserves					
Called up share capital	19		12,487		12,487
Profit and loss account	20		38,546		27,193
Shareholders' funds	21		51,033		39,680

The financial statements were approved by the Board on 20th March 2012 and signed on its behalf by:

A M Ridley-Barker
Director
Company registered number 2295904

Company Balance Sheet

AT 31ST DECEMBER 2011

	Notes	2011 £000	2011 £000	2010 £000	2010 £000
Fixed assets					
Intangible assets	10		197		208
Tangible assets	11		489		811
Investments in group undertakings	12		90,448		119,917
			91,134		120,936
Current assets					
Stocks	13	1,225		1,280	
Debtors: due within one year	14	151,211		121,655	
Debtors: due after more than one year	15	5,740		5,592	
Cash at bank and in hand		132,990		148,354	
		291,166		276,881	
Creditors: amounts falling due within one year	16	(291,991)		(274,974)	
Net current (liabilities)/assets			(825)		1,907
Total assets less current liabilities			90,309		122,843
Creditors: amounts falling due after more than one year	17		(67,469)		(96,009)
Provisions for liabilities	18		(1,017)		(731)
Net assets excluding pension (liability)/ asset			21,823		26,103
Pension (liability)/asset:					
Total of defined benefit scheme with net (liabilities)/assets	6		(277)		173
Net assets			21,546		26,276
Capital and reserves					
Called up share capital	19		12,487		12,487
Profit and loss account	20		9,059		13,789
Shareholders' funds	21		21,546		26,276

The financial statements were approved by the Board on 20th March 2012 and signed on its behalf by:

A M Ridley-Barker
Director
Company registered number 2295904

Accounting Policies

AT 31ST DECEMBER 2011

Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention. The accounting policies adopted comply with UK Financial Reporting Standards and Statements of Standard Accounting Practice and are consistent with those of the previous period.

The Company is a wholly owned subsidiary of VINCI PLC. The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of VINCI PLC, within which this Company is included, can be obtained from Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31st December 2011. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the Group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet.

Where a group company is party to a joint arrangement which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Cash Flow Statement

Under FRS1 the Group and Company are exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Group and Company in its own published consolidated statement.

Goodwill and negative goodwill

Purchased goodwill (both positive and negative) arising on consolidation in respect of acquisitions before 1st January 1998, when FRS 10 'Goodwill and intangible assets' was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisition since 1st January 1998 is capitalised. Negative goodwill arising on an acquisition is recognised immediately in the profit and loss account. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of twenty years. Any impairment charge is included within operating profits.

On the subsequent disposal or termination of a business acquired since 1st January 1998, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably. Fair values are restricted to an amount that does not create, or increase, any negative goodwill.

Concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of between 5 and 20 years.

Accounting Policies (continued)

AT 31ST DECEMBER 2011

Investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit. The principal anticipated useful lives on a straight line basis are:-

Freehold buildings	- twenty five years
Leasehold buildings	- the shorter of twenty five years and remaining life of lease
Plant and machinery	- from two to fifteen years
Computer systems and fixtures & fittings	- from three to ten years
Motor vehicles	- from three to five years

Impairment of fixed assets and goodwill

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible assets and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversals of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Accounting Policies (continued)

AT 31ST DECEMBER 2011

Leases

Where assets are financed by leasing agreements which give risks and rewards approximating to ownership ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the normal accounting policy. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight line basis over the lease terms.

Post retirement benefits

The Group participates in the VINCI PLC pension scheme. The assets of the Scheme are held separately from those of the Group. The Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

In 2009 the VINCI NHS Pension Scheme (VNHSPS) was transferred into the Group. The Group's net obligation in respect of this defined benefit pension plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

All actuarial gains and losses are recognised in the balance sheet.

VINCI PLC also operates a defined contribution scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account in respect of the defined contribution pension plan is the cost relating to the accounting period.

Stocks and work in progress

Stocks are stated at the lower of costs and estimated net realisable value.

Long term contracts

Long term contracts are those extending in excess of 12 months and of any shorter duration which are material to the activity of the period.

Amounts recoverable on contracts are included in debtors and are valued, inclusive of profit, at work executed at contract prices plus variations less payments on account. Profit on long term contracts is recognised once the outcome can be assessed with reasonable certainty. The margin on each contract is the lower of the margin earned to date and forecast at completion. Full provision is made for anticipated future losses and such losses are included in creditors. Where contract payments received exceed amounts recoverable these amounts are included in creditors.

Amounts recoverable normally included claims only where there is a firm agreement with the client, but when assessing anticipated losses on major contracts a prudent and reasonable estimate of claims is taken into account.

Accounting Policies (continued)

AT 31ST DECEMBER 2011

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

Turnover

Turnover is the total amount receivable by the Group in the ordinary course of business with outside customers for goods supplied and services provided excluding VAT and trade discounts. On long term contracts the estimated sales value of work performed in the year is included.

Share-based payment transactions

The share option programme allows Group employees to acquire shares of the ultimate parent company; these awards are granted by the ultimate parent. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Dividends on shares presented within equity

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Cash and liquid reserves

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash).

Notes to the Accounts

AT 31ST DECEMBER 2011

1. Principal joint arrangements

The Group is a participant (50% unless otherwise stated) in the following joint arrangements which have been accounted for under FRS 9 as joint arrangements, and not entities. All of these arrangements are managed by Supervisory Boards consisting of Directors from each of the participating companies:

a) The BBMV Joint Venture (participation between 5% and 50% on various projects) was established to undertake station improvement and tunnelling projects to Crossrail Limited. Annual accounts are prepared to 31st December and the principal place of business is Corporation Street, Rugby, Warwickshire, CV21 2DW.

b) The Hochtief VINCI Joint Venture was established to undertake the design and build of a 5.6km dual carriageway. Annual accounts are prepared to 31st December and the principal place of business is Epsilon, Windmill Hill Business Park, Whitehill Way, Swindon, SN5 6NX.

c) The King's Cross Joint Venture was established to undertake construction work at King's Cross Station, London. Annual accounts are prepared to 31 December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

d) The M6 DFBO Joint Venture (33.3% participant) was established to undertake the design, build and operational maintenance of a section of the M6 motorway. Annual accounts are prepared to 31 December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

e) The Taylor Woodrow Construction BAM Nuttall joint venture was established to undertake station improvement projects. Annual accounts are prepared to 31st December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

f) The Channel Tunnel Rail Link (CTRL) Joint Venture was established to undertake construction work on a number of sections of the track in Kent. Annual accounts are prepared to 31st December and the principal place of business is Epsilon, Windmill Hill Business Park, Whitehill Way, Swindon, SN5 6NX.

g) The A6 Clapham Bypass Joint Venture was established to undertake the design and building of 5km of dual carriageway. Annual accounts are prepared to 31st December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

h) The Integrated Health Projects Joint Venture was established to undertake the design and construction of building projects to the NHS. Annual accounts are prepared to 31st December and the principal place of business is Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

2. Turnover

The principal activities of the Group are industrial and commercial building contracting, civil engineering, structural engineering, facilities management and other ancillary activities. The Directors regard the whole of the activities of the Group as a single class of business. Substantially all of the turnover arose in the United Kingdom.

3. Exceptional operating item

	2011	2010
	£000	£000
Release of provision made on acquisition following legal settlement	-	7,576

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

4. Operating profit: continuing operations

This is stated after charging/(crediting):

		2011	2010
		£000	£000
Operating leases	- other assets	4,582	3,963
	- plant and machinery	46,573	29,408
Depreciation of tangible assets		715	1,004
*Auditors' remuneration – audit of these financial statements		263	229
(Profit)/loss on disposal of fixed assets		(385)	50
Amortisation of goodwill		4,971	6,444

*Amounts receivable by the Group's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Group's parent, VINCI PLC.

5. Profit on Sale of Investments

The profit on sale of investments of £5,018,000 arises on transfer of the following subsidiaries from the company to its parent, VINCI PLC:

- Fifehead Limited
- Gordon Durham Holdings Limited
- C & B Holdings Limited
- Weaver Plc
- Rosser & Russell Maintenance Limited

The investments were transferred at their net book value. This differs to the amounts of the net assets shown in the historical cost balance sheets of the individual subsidiaries resulting in a profit on disposal in these consolidated financial statements.

6. Employee Benefits

(i) Staff costs during the year amounted to:

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Wages and salaries	135,095	134,369	109,326	84,123
Social security costs	13,113	10,434	10,690	6,614
Reorganisation and restructuring costs	1,343	1,643	1,068	1,306
Other pension costs (Note (ii))				
- defined contribution scheme	6,879	6,287	5,614	4,211
- defined benefit scheme	2,431	2,342	2,307	2,002
Share based payments	837	547	496	229
	159,698	155,622	129,501	98,485

The average number of employees during the year was as follows:

	Group		Company	
	2011	2010	2011	2010
	No.	No.	No.	No.
Management	111	107	75	63
Administration	1,296	1,247	851	699
Operations	2,295	2,232	2,072	1,695
	3,702	3,586	2,998	2,457

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

6. **Employee Benefits (continued)**

(ii) Pensions

Defined contribution pension scheme

The Group and Company operate a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group and Company to the scheme.

Defined benefit pension scheme

The Group and Company is a member of a larger group pension scheme providing benefits based on final pensionable pay. Because the Group and Company are unable to identify their share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

The latest full actuarial valuation was carried out at 31st December 2007 and was updated for FRS 17 purposes to 2010 and 2011 by a qualified independent actuary. It has been agreed that an employer contribution rate of 23 % of pensionable pay will apply in future years.

Additionally, 98 employees are members of the VINCI NHS Pension Scheme (VNHSPS) which commenced in December 2003. The Actuary's latest financial valuation has an effective date of 31st December 2009. This disclosed that the market value of the scheme's assets at that date was £2.0m and that the value of the assets was sufficient to cover 85% of the benefits that had accrued to members after allowing for expected future increases in earnings. The actuaries to the scheme calculated the long term funding rate to be 28% of pensionable earnings.

The information disclosed below is in respect of the Group VINCI NHS defined benefit plan:

	Group and Company 2011 £000	Group and Company 2010 £000
Present value of partly funded defined benefits obligations	3,357	2,525
Fair value of plan assets	(3,080)	(2,698)
Net liability/(asset)	277	(173)

6. Employee Benefits (continued)

Movements in present value of defined benefits obligation	Group and Company 2011 £000	Group and Company 2010 £000
At 1st January	2,525	1,808
Current service cost	269	239
Interest cost	155	115
Actuarial losses	372	353
Benefits paid	(28)	(46)
Contributions by members	64	56
At 31st December	3,357	2,525

Movements in fair value of plan assets	Group and Company 2011 £000	Group and Company 2010 £000
At 1st January	2,698	1,946
Expected return on plan assets	176	123
Actuarial (losses)/gains	(237)	39
Contributions by employer	407	580
Contributions by members	64	56
Benefits paid	(28)	(46)
At 31st December	3,080	2,698

Expense/(credits) recognised in the profit and loss account	Group and Company 2011 £000	Group and Company 2010 £000
Current service cost	269	239
Interest on defined benefit pension plan obligation	155	115
Expected return on defined benefit pension plan assets	(176)	(123)
	248	231

The net expense is recognised in the following line items in the profit and loss account:

Administrative expenses	269	239
Financial income	(21)	(8)
	248	231

Cumulative actuarial (losses)/gains reported in the Group statement of recognised income and expenses since the acquisition of Taylor Woodrow Construction on 1st January 2009 are £(606,000) (2010: £3,000).

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

6. Employee Benefits (continued)

The fair value of the plan assets and the expected return on those assets were as follows:

	Group and Company 2011 Fair value £000	Group and Company 2011 Expected return %	Group and Company 2010 Fair value £000	Group and Company 2010 Expected return %
Equities	1,612	7.0	1,412	6.9
Government debt	576	5.6	504	5.5
Corporate bonds	544	5.6	496	5.5
Other	348	5.6	286	5.4
	3,080		2,698	
Actual return on plan assets	(61)		162	

There are no investments in the Group's equity, financial instruments or property included in the fair value of the plan assets. The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance of the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages):	Group and Company 2011 %	Group and Company 2010 %
Discount rate - benefit obligations	5.1	5.5
Expected rate of return on plan assets	6.0	6.1
Future salary increases	3.5	3.2
Inflation	3.4	3.4

Life expectancy (years)	31.12.11		31.12.10	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	20.7	23.6	20.9	23.3
Member age 45 (life expectancy at 65)	21.8	24.6	22.7	25.1

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

6. Employee Benefits (continued)

	Group and Company 2011 £000	Group and Company 2010 £000	Group and Company 2009 £000	Group 2008 £000
Present value of defined benefit obligation	3,357	2,525	1,808	1,422
Fair value of plan asset	(3,080)	(2,698)	(1,946)	(1,415)
Liability/(asset)	277	(173)	(138)	7

Experience adjustments	Group and Company 2011 £000	%	Group and Company 2010 £000	%	Group and Company 2009 £000	%	Group 2008 £000	%
Experience adjustments on plan liabilities	(86)	3	(122)	5	-	-	(23)	1
Experience adjustments on plan assets	(237)	8	39	1	106	5	(98)	7
	(323)		(83)		106		(121)	

(iii) Directors' remuneration

	2011 £000	2010 £000
Emoluments	1,553	1,416
Payments in lieu of pension contributions	48	-
Pensions costs	249	177
	1,850	1,593

Two of the directors (2010: 2) are accruing retirement benefits under the Group defined benefit scheme.
Directors' emoluments disclosed above include the following:

	2011 £000	2010 £000
Highest paid Director	408	372

The annual pension accruing to the highest paid director under the group defined benefit scheme is £Nil (2010: £Nil).

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

6. **Employee Benefits (continued)**

(iv) Share based payments - Group

The terms and conditions of grants are as follows:

Date of Grant and number of employees entitled	Number of Instruments	Vested Conditions	Contractual life of options
Equity settled award to 5 employees on March 16th 2005	30,000	vested	expiry 16.03.12
Equity settled award to 24 employees on May 16th 2006	54,000	vested	expiry 16.05.12
Equity settled award to 23 employees on September 15th 2009	50,945	see below	expiry 15.09.16
Equity settled award to 28 employees on July 9th 2010	61,964	see below	expiry 09.07.17

In respect of the 2009 and 2010 schemes, the share options are only definitely allocated at the end of a vesting period of three years. The number of share options effectively allocated at the end of the vesting period is determined on the basis of changes in a performance indicator during the first two year period. Once vested, the share options must be held for a minimum of one year during which time they may not be disposed of.

	Weighted average exercise price 2011 (€)	Number of options 2011	Weighted average exercise price 2010 (€)	Number of options 2010
Outstanding at the beginning of period	35.97	247,665	34.89	200,205
2010 issue	-	-	36.70	61,964
Transfers out	(39.69)	(41,290)	-	-
Exercised during the period	(25.13)	(17,252)	(24.20)	(14,504)
Outstanding at the end of period	36.15	189,123	35.97	247,665

The options outstanding at the year end have an exercise price in the range of 24 euros to 41 euros and a weighted average contractual life of 3.27 years.

The total expenses recognised for the period arising from share based payments are as follows:

	2011 £000	2010 £000
Equity settled share based payment expense	837	547

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

6. Employee Benefits (continued)

Share based payments - Company

The terms and conditions of grants are as follows:

Date of Grant and number of employees entitled	Number of Instruments	Vested Conditions	Contractual life of options
Equity settled award to 5 employees on March 16th 2005	30,000	vested	expiry 16.03.12
Equity settled award to 14 employees on May 16th 2006	32,000	vested	expiry 16.05.12
Equity settled award to 10 employees on September 15th 2009	22,150	see below	expiry 15.09.16
Equity settled award to 10 employees on July 9th 2010	22,130	see below	expiry 09.07.17

In respect of the 2009 and 2010 schemes, the share options are only definitely allocated at the end of a vesting period of three years. The number of share options effectively allocated at the end of the vesting period is determined on the basis of changes in a performance indicator during the first two year period. Once vested, the share options must be held for a minimum of one year during which time they may not be disposed of.

	Weighted average exercise price 2011 (€)	Number of options 2011	Weighted average exercise price 2010 (€)	Number of options 2010
Outstanding at the beginning of period	34.51	151,036	33.13	143,410
2010 issue	-	-	36.70	22,130
Exercised during the period	(25.13)	(17,252)	(24.20)	(14,504)
Outstanding at the end of period	35.72	133,784	34.51	151,036

The options outstanding at the year end have an exercise price in the range of 24 euros to 41 euros and a weighted average contractual life of 2.38 years.

The total expenses recognised for the period arising from share based payments are as follows:

	2011 £000	2010 £000
Equity settled share based payment expense	496	229

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes formula.

6. Employee Benefits (continued)

The main assumptions used to determine the fair values of the options in question were:

Plan	July 2010	Sept 2009	May 2006	March 2005
Volatility (1)	34.22%	32.91%	24.19%	23.55%
Expected return on share	7.24%	8.01%	6.50%	6.30%
Risk-free interest rate (2)	1.59%	2.38%	3.68%	3.17%
Dividend growth rate hoped - for (3)	4.99%	4.21%	2.75%	3.52%
Fair value of the option (€)	4.43	5.64	7.74	5.93

(1) Volatility assumed using a multi-criteria approach based on the mean reversion model applied to a five year series of daily implied volatilities of the VINCI share;

(2) Rate at 5 years of French government bonds;

(3) Average return expected by financial analysts over the three years following the grant date adjusted by a theoretical annual growth rate beyond that period.

Performance Shares - Group and Company

Employees have been granted a maximum number of performance shares as follows:

Date of grant	Group		Company	
	No. of Employees	No. of Shares	No. of Employees	No. of Shares
2nd May 2011	26	30,732	23	27,186
9th July 2010	28	24,780	10	8,850
15th September 2009	24	21,264	12	10,632
2nd January 2008	19	22,800	15	18,000
2nd January 2007	20	27,000	15	22,000

These shares are subject to the following vesting conditions:

- The shares are only definitively allocated at the end of a period of two years, which can be extended to three years by the VINCI board.
- The number of shares effectively allocated at the end of the vesting period is determined on the basis of changes in a performance indicator during the period.
- The vested shares must be held for a minimum period of two years during which they may not be disposed of.

The main assumptions used to determine the fair values of these performance shares are as follows:

	Fair value at grant date €	Volatility %	Risk-free interest rate %
2nd May 2011	44.87	26.93	1.81
9th July 2010	35.44	34.22	0.97
15th September 2009	37.40	32.88	1.75
2nd January 2008	28.20	26.51	4.07
2nd January 2007	24.50	21.79	3.76

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

7. Net interest receivable

		2011		2010
		£000		£000
Interest payable				
Bank interest	(734)		(574)	
Foreign exchange losses	(6)		(34)	
		(740)		(608)
Interest receivable				
Bank interest	1,492		1,571	
Expected return on pension assets	21		8	
Foreign exchange gains	54		3	
Discounting current/non-current receivables	116	1,683	191	1,773
		943		1,165

8. Tax on profit on ordinary activities

Current tax

	2011	2010
	£000	£000
UK Corporation tax on profits for the year	5,026	7,269
Adjustments in respect of previous periods	570	(160)
Total current tax	5,596	7,109
Deferred tax		
Origination and reversal of timing differences	343	1,442
Share options	(222)	(153)
Changes in the tax rates and laws	(21)	-
Total deferred tax	100	1,289
Tax on profit on ordinary activities	5,696	8,398

Notes to the Accounts (continued)

8. Tax on profit on ordinary activities (continued)

Current tax reconciliation

	2011 £000	2010 £000
Profit on ordinary activities before taxation	17,288	33,388
Theoretical tax at UK corporation tax rate 26.5% (2010: 28%)	4,581	9,349
Effects of:		
Expenditure not tax deductible	424	1,627
Adjustment in respect of prior years	570	(160)
Depreciation for the year in excess of capital allowances	23	(50)
Amounts relating to joint ventures	-	(24)
Short term timing differences	(118)	(512)
Utilisation of tax losses	-	(2,899)
Group relief surrendered/(claimed) not paid	688	(222)
Overseas losses not recognised	758	-
Profit on transfer of subsidiaries	(1,330)	-
Actual current taxation charge	5,596	7,109

On 23rd March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26% from 1st April 2011 and a further reduction to 25% with effect from 1st April 2012. These changes became substantially enacted on 29th March 2011 and 5th July 2011 respectively and therefore the effect of these rate reductions creates a reduction in the deferred tax liability which has been included in the figures above.

The Chancellor proposed changes to further reduce the main rate of corporation tax by 1% per annum to 23% by 1st April 2014, but these changes have not yet been substantially enacted and therefore are not included in the figures above. The overall effect of the further reductions from 25% to 23%, if these applied to the deferred tax balance at 31st December 2011, would be to further reduce the deferred tax liability by £41,200.

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

9. Acquisition of subsidiaries

On 23rd October 2010 the Group acquired the controlling interest in Taylor Woodrow Towell LLC, a company registered in the Sultanate of Oman (the Group previously owned 50% of this entity). The acquisition had the following effect on the Group's assets and liabilities.

	Acquiree's book values £000	Fair value adjustments £000	Acquisition amounts £000
50% of the acquiree's net assets at the acquisition date:			
Trade and other receivables	152	-	152
Trade and other payables	(12)	-	(12)
Net identifiable assets and (liabilities)	140	-	140
Negative goodwill on acquisition			(11)
			129
Consideration paid (including legal and professional fees) satisfied in cash			(129)
Cash acquired			-
Net cash outflow			129

10. Intangible assets

Group	Goodwill £000
Cost	
At 1st January 2011	130,303
Transfer out	(30,887)
Balance at 31st December 2011	99,416
Amortisation:	
At 1st January 2011	14,472
Transfer out	(4,787)
Amortisation for the year	4,971
Balance at 31st December 2011	14,656
Net book value:	
At 31st December 2011	84,760
At 31st December 2010	115,831

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

10. Intangible assets (continued)

Goodwill in respect of acquisitions made prior to January 1998 is not treated as an intangible asset and was eliminated at the time of acquisition against Group reserves. The cumulative amount of such goodwill was:

	2011	2010
	£000	£000
Positive goodwill eliminated against reserves	1,903	1,903

Company	Brand Name
	£000
Cost	
At 1st January 2011 and 31st December 2011	223
Amortisation:	
At 1st January 2011	15
Amortisation for the year	11
Balance at 31st December 2011	26
Net book value:	
At 31st December 2011	197
At 31st December 2010	208

11. Tangible assets

Group	Freehold land	Short term leasehold	Plant and machinery	Computer systems, fixtures & fittings	Motor vehicles	Total
Cost:	£000	£000	£000	£000	£000	£000
At 1st January 2011	8	406	8,043	2,835	216	11,508
Additions	-	-	50	199	4	253
Disposals	-	-	(3,071)	(66)	(5)	(3,142)
Transfers out	(8)	(406)	(524)	(2,427)	(154)	(3,519)
At 31st December 2011	-	-	4,498	541	61	5,100

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

11. Tangible assets (continued)

Group	Freehold land	Short term leasehold	Plant and machinery	Computer systems, fixtures & fittings	Motor vehicles	Total
Depreciation:	£000	£000	£000	£000	£000	£000
At 1st January 2011	-	371	5,843	2,377	204	8,795
Provided	-	-	642	69	4	715
Disposals	-	-	(2,122)	(1)	(1)	(2,124)
Transfers out	-	(371)	(452)	(2,139)	(146)	(3,108)
At 31st December 2011	-	-	3,911	306	61	4,278
Net book value:						
At 31st December 2011	-	-	587	235	-	822
At 31st December 2010	8	35	2,200	458	12	2,713

Company	Plant and machinery	Computer systems, fixtures & fittings	Motor vehicles	Total
Cost	£000	£000	£000	£000
At 1st January 2011	3,640	314	5	3,959
Additions	46	76	-	122
Disposals	(141)	(66)	(5)	(212)
At 31st December 2011	3,545	324	-	3,869

Depreciation:	Plant and machinery	Computer systems, fixtures & fittings	Motor vehicles	Total
	£000	£000	£000	£000
At 1st January 2011	2,990	157	1	3,148
Provided	346	29	-	375
Disposals	(141)	(1)	(1)	(143)
At 31st December 2011	3,195	185	-	3,380
Net book value:				
At 31st December 2011	350	139	-	489
At 31st December 2010	650	157	4	811

Notes to the Accounts (continued)

12. Investments

Group	Investments in associated undertakings	Equity securities	Total
	£000	£000	£000
Cost:			
At 1st January 2011	175	103	278
Transfers out	(123)	-	(123)
At 31st December 2011	52	103	155
Amounts written off:			
At 1st January 2011	111	-	111
Transfers out	(111)	-	(111)
At 31st December 2011	-	-	-
Net book value			
At 31st December 2011	52	103	155
At 31st December 2010	64	103	167

The Group owns 50% of the ordinary shares of VINCI Environment UK Limited which commenced trading in 2009.

During 2011 the Group transferred interests in the following PFI joint ventures to a fellow subsidiary of its Parent Company, VINCI PLC, at cost:

Paradigm (Sheffield BSF) Holdings Limited	Holding - 40% ordinary shares
Sheffield LEP Limited	Holding - 40% ordinary shares

All of these investments are accounted for using the equity accounting method.

Summary of financial information – 100%

	Assets	Liabilities	Equity	Revenue	Profit/(loss)
	£000	£000	£000	£000	£000
2011					
VINCI Environment UK Ltd	102	(1)	101	-	-
2010					
Paradigm (Sheffield BSF) Holdings Ltd	6,778	(6,765)	13	-	-
Sheffield LEP Limited	8,026	(7,994)	32	-	(4)
VINCI Environment UK Ltd	205	(104)	101	1,626	1

The above PFI ventures involve the design, build, finance and operation of the PFI project over concession periods of between twenty-five and thirty years.

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

12. Investments (continued)

Company

	£000
Cost:	
At 1st January 2011	127,356
Additions	83
Transfers out	(29,552)
At 31st December 2011	97,887
Amounts written off:	
At 1st January 2011 and 31st December 2011	7,439
Net Book value	
At 31st December 2011	90,448
At 31st December 2010	119,917

On 1st January 2011 the company transferred its investments in the following companies to its parent company, VINCI PLC:

- Fifehead Limited
- Gordon Durham Holdings Limited
- C & B Holdings Limited
- Weaver plc
- Rosser & Russell Maintenance Limited

The investments were transferred at cost.

The parent company has invested in the following principal subsidiary and associated undertakings at 31st December 2011. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

		Principal activity
John Jones (Excavation) Limited	100% ordinary shares	Civil Engineering
VINCI Environment UK Ltd	50% ordinary shares	Civil Engineering
Taylor Woodrow Construction	100% ordinary shares	Civil Engineering
Pel Interiors Limited	100% ordinary shares	Interior fit-outs
Genflo Technology Limited	100% ordinary shares	Non-trading
Norwest Holst Soil Engineering Limited	100% ordinary shares	Non-trading
Norwest Holst International Limited	100% ordinary shares	Non-trading
VINCI Partnerships Limited	100% ordinary shares	Non-trading

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

13. Stocks and work in progress

Group	2011	2010
	£000	£000
Raw materials and consumables	1,240	1,372

Company		
Raw materials and consumables	1,225	1,280

There were no significant differences between the replacement cost and the value disclosed for the above stock.

14. Debtors: due within one year

	2011	2010
Group	£000	£000
Trade debtors	83,890	82,958
Amounts recoverable on contracts	84,976	94,240
Due from group undertakings	20,223	21,317
Other debtors	10,408	10,725
Prepayments and accrued income	9,038	10,930
Deferred tax asset (see note 18)	-	86
	208,535	220,256

	2011	2010
Company	£000	£000
Trade debtors	70,488	53,357
Amounts recoverable on contracts	61,979	61,275
Due from group undertakings	6,008	1,895
Other debtors	4,098	1,008
Prepayments and accrued income	8,638	4,120
	151,211	121,655

15. Debtors: due after more than one year

	2011	2010
Group	£000	£000
Trade debtors – contract retentions	7,750	6,814

	2011	2010
Company	£000	£000
Trade debtors – contract retentions	5,740	5,592

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

16. Creditors: amounts falling due within one year

Group	2011 £000	2010 £000
Payments on account	87,415	59,986
Trade creditors	46,171	43,435
Due to group undertakings	15,411	8,549
Taxation and social security	12,729	10,027
Other creditors	5,791	4,520
Accruals	257,593	285,887
	425,110	412,404

Company	2011 £000	2010 £000
Payments on account	69,132	32,665
Trade creditors	37,697	21,807
Due to group undertakings	3,215	54,627
Taxation and social security	8,860	2,428
Other creditors	4,990	1,581
Accruals	168,097	161,866
	291,991	274,974

17. Creditors: amounts falling due after more than one year

Group	2011 £000	2010 £000
Trade creditors	7,347	5,495
Due to group undertakings	62,507	92,059
	69,854	97,554

Company	2011 £000	2010 £000
Trade creditors	4,912	3,950
Due to group undertakings	62,557	92,059
	67,469	96,009

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

18. Provisions

Group

Analysis of deferred tax balance	Deferred tax (asset)/liability 2011 £000	2010 £000
At 1st January	(86)	(1,756)
Transfer to profit and loss account	100	1,289
Transfers out	148	-
Transfer to reserves	353	381
At 31st December	515	(86)

The deferred tax asset comprises of:	Amounts recognised 2011 £000	2010 £000
Accelerated capital allowances	(396)	(550)
Other short term timing differences	976	660
Share options	(65)	(196)
	515	(86)

The Group has tax losses of £1,017,898 as at 31st December 2011 (2010: £7,663,531) which have not been recognised as these may only be set against certain profits arising in specific divisions in future accounting periods. Consequently the Group has unrecognised deferred tax assets of £254,474 as at 31st December 2011 (2010: £2,069,153).

18. Provisions (continued)

Company

Analysis of deferred tax balance	Deferred tax (asset)/liability 2011 £000	2010 £000
At 1st January	731	(80)
Transfer to profit and loss account	16	582
Transfer to reserves	270	229
At 31st December	1,017	731

The deferred tax asset comprises of:	Amounts recognised 2011 £000	2010 £000
Accelerated capital allowances	104	204
Short term timing differences	976	721
Share options	(63)	(194)
	1,017	731

The Company has tax losses of £843,483 as at 31st December 2011 (2010: £843,483) which have not been recognised as these may only be set against certain profits arising in specific divisions in future accounting periods. Consequently the Company has unrecognised deferred tax assets of £210,871 as at 31st December 2011 (2010: £227,740).

19. Share capital

	Authorised, allotted and fully paid			
Group and Company	2011	2010	2011	2010
	No.000	No.000	£000	£000
Ordinary shares of £1 each	12,487	12,487	12,487	12,487

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

20. Reserves

Group	Profit and loss account £000
At 1st January 2011	27,193
Total profit for the year	11,592
Exchange adjustments	(114)
Actuarial losses	(609)
Equity settled transactions	837
Deferred tax recognised directly in equity	(353)
At 31st December 2011	38,546

Company	Profit and loss account £000
At 1st January 2011	13,789
Total loss for the year	(4,347)
Actuarial losses	(609)
Equity settled transactions	496
Deferred tax recognised directly in equity	(270)
At 31st December 2011	9,059

21. Reconciliation of movement in shareholders' funds

Group	2011 £000	2010 £000
Total profit for the year	11,592	24,990
Exchange adjustments	(114)	10
Actuarial losses	(609)	(314)
Equity settled transactions	837	547
Deferred tax recognised directly in equity	(353)	(381)
Net increase in shareholders' funds	11,353	24,852
Opening shareholders' funds	39,680	14,828
Closing shareholders' funds	51,033	39,680

Notes to the Accounts (continued)

AT 31ST DECEMBER 2011

21. Reconciliation of movement in shareholders' funds (continued)

Company	2011 £000	2010 £000
Total (loss)/profit for the year	(4,347)	3,801
Actuarial losses	(609)	(314)
Equity settled transactions	496	229
Deferred tax recognised directly in equity	(270)	(229)
Net (decrease)/increase in shareholders' funds	(4,730)	3,487
Opening shareholders' funds	26,276	22,789
Closing shareholders' funds	21,546	26,276

22. Capital commitments

Group	2011	2010
Capital expenditure	£000	£000
Contracted for but not provided in the accounts	-	-

23. Operating lease commitments

The Group and Company has agreed to make payments in the year ending 31st December 2012 under operating leases expiring within the following periods of 31st December:

Group	Plant & Machinery 2011 £000	Other 2011 £000	Total 2011 £000	Plant & Machinery 2010 £000	Other 2010 £000	Total 2010 £000
- within 1 year	1,064	269	1,333	2,983	240	3,223
- between 2 and 5 years	2,582	830	3,412	3,176	1,255	4,431
- over 5 years	-	693	693	-	756	756
	3,646	1,792	5,438	6,159	2,251	8,410

Company	Plant & Machinery 2011	Other 2011	Total 2011	Plant & Machinery 2010	Other 2010	Total 2010
- within 1 year	1,060	224	1,284	2,482	46	2,528
- between 2 and 5 years	2,394	607	3,001	2,923	541	3,464
	3,454	831	4,285	5,405	587	5,992

Notes to the Accounts (continued)

24. Contingent liabilities

The Company has entered into guarantees relating to bonds, in the normal course of business, from which no losses are expected to arise.

Joint banking facilities available to the Company, its parent undertaking and fellow subsidiary undertakings are secured by cross guarantee. At 31st December 2011 the net Group bank borrowings were £nil (2010 £nil)

25. Related party transactions

The Company has taken advantage of the exemption in FRS 8 from disclosing related party transactions on the grounds that the consolidated accounts of the ultimate parent undertaking are publicly available.

26. Ultimate parent undertaking

The Company is a subsidiary undertaking of VINCI PLC, incorporated in England.

The ultimate controlling party is VINCI, a company incorporated in France which also heads the largest group in which the results of the Company are consolidated. The consolidated accounts of this group can be obtained from the Company Secretary, VINCI, 1 Cours Ferdinand-de-Lesseps, 92851 Rueil-Malmaison, Cedex, France. The smallest group in which they are consolidated is that headed by VINCI PLC. Copies of VINCI PLC's consolidated accounts may be obtained from the Company Secretary, VINCI PLC, Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

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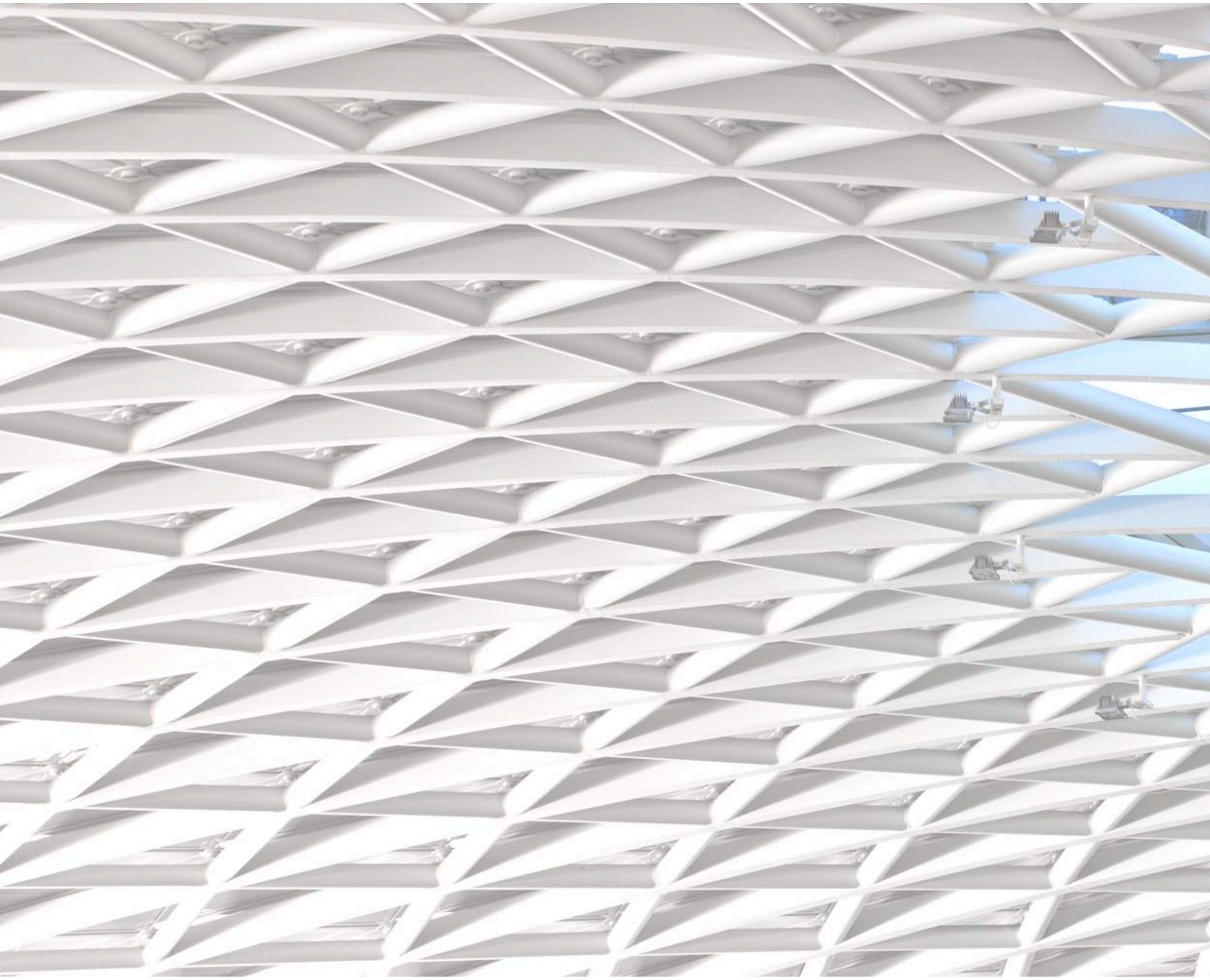

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