FINANCIAL
REPORT
2011
VINCI
CONSTRUCTION

IFRS CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011

Assets

(in € thousands)	Notes	2011 Gross	2011 Depreciation, amortisation, provisions	2011 Net	2010 Net
Non-current assets					
Intangible assets	1	131,153	70,783	**60,370**	52,135
Goodwill	2	866,751	31,445	**835,306**	791,146
Concession fixed assets	3	5,086	3,875	**1,211**	1,413
Property, plant and equipment	4	3,136,042	2,017,592	**1,118,450**	1,007,299
Investment property	5	27,774	8,673	**19,101**	5,157
Investments in equity-accounted companies	6	481,284	562	**480,722**	451,205
Other non-current financial assets	7-14	205,567	25,533	**180,034**	178,982
Deferred tax assets (non-current)	20	128,094		**128,094**	109,798
Total non-current assets		**4,981,751**	**2,158,463**	**2,823,288**	**2,597,135**
Current assets					
Inventories and work in progress	8-10	356,029	40,146	**315,883**	324,431
Trade and other operating receivables	10	7,553,523	274,318	**7,279,205**	6,485,316
Other current assets	10	383,093	160	**382,933**	240,688
Current tax assets	10	45,934		**45,934**	46,351
Deferred tax assets (current)	20	131,425		**131,425**	132,270
Current financial assets	14	2,976	42	**2,934**	3,122
Cash management financial assets	9-14	1,579,673	1,516	**1,578,157**	1,421,141
Cash and cash equivalents	9-14	1,783,750		**1,783,750**	1,592,599
Total current assets		**11,836,403**	**316,182**	**11,520,221**	**10,245,918**
TOTAL ASSETS		**16,818,154**	**2,474,645**	**14,343,509**	**12,843,053**

IFRS CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011

Equity and liabilities

(in € thousands)	Notes	2011	2010
Equity			
Share capital		148,806	148,806
Share premium		54,333	54,333
Consolidated reserves		810,963	716,636
Net income for the period		416,819	416,941
Interim dividend		(122,579)	(62,313)
Equity attributable to owners of the parent		**1,308,342**	**1,274,403**
Non-controlling interests		296,825	269,336
Total equity		**1,605,167**	**1,543,739**
Non-current liabilities			
Provisions for retirement and other employee benefits	11	152,060	141,565
Non-current provisions	12	120,062	113,383
Borrowings and financial debt	14	477,862	261,855
Other non-current liabilities		93,084	61,013
Deferred tax liabilities (non-current)	20	50,235	47,706
Total non-current liabilities		**893,303**	**625,522**
Current liabilities			
Current provisions	12-10	1,422,067	1,338,549
Trade payables	10	4,477,448	3,986,780
Other current payables	10-13	5,231,898	4,571,505
Current tax liabilities	10	98,607	115,446
Deferred tax liabilities (current)	20	16,846	10,954
Current borrowings	14	598,173	650,558
Total current liabilities		**11,845,039**	**10,673,792**
TOTAL EQUITY AND LIABILITIES		**14,343,509**	**12,843,053**

CONSOLIDATED IFRS INCOME STATEMENT

For the period from 1 January to 31 December 2011

(in € thousands)	Notes	2011	2010
Revenue	**15**	**14,107,159**	**13,118,181**
Revenue from ancillary activities	17	69,688	70,417
Operating income		**14,176,847**	**13,188,598**
Purchases consumed		(3,140,135)	(3,097,070)
Subcontracting and other external expenses		(6,948,072)	(6,301,309)
Employment costs		(2,929,396)	(2,705,462)
Taxes and levies		(169,535)	(161,865)
Other operating income and expenses		6,223	9,489
Net depreciation, amortisation and provision expenses		(371,533)	(354,843)
Operating income from ordinary activities	**17**	**624,399**	**577,538**
(as % of revenue)		4.43 %	4.40 %
Share-based payment expense	18	(36,696)	(26,271)
Goodwill impairment expense		(8,020)	(1,751)
Profit/(loss) of equity-accounted companies	6	58,068	62,997
Operating income		**637,751**	**612,513**
(as % of revenue)		4.52 %	4.67 %
Cost of gross financial debt		(19,125)	(18,535)
Financial income from cash investments		27,114	21,665
Cost of net financial debt		**7,989**	**3,130**
Other financial income	19	83,147	121,101
Other financial expenses	19	(106,447)	(103,280)
Income tax expense	20	(171,951)	(166,775)
Net income for the period		**450,489**	**466,689**
Attributable to non-controlling interests		33,670	49,748
Net income for the period attributable to owners of the parent		**416,819**	**416,941**
(as % of revenue)		2.95 %	3.18 %
Number of shares		18,600,811	18,600,811
Basic earnings per share (in €)		**22.41**	**22.42**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Consolidated IFRS financial statements at 31 December 2011

(in € thousands)	2011	2010
Net income for the period (including non-controlling interests)	**450,489**	**466,689**
Financial instruments: change in fair value of cash-flow hedges	(7,747)	1,386
Currency translation differences	3,080	46,679
Income and expenses recognised directly in equity	**(4,667)**	**48,065**
Total comprehensive income for the period	**445,822**	**514,754**
of which:		
Attributable to owners of the parent	416,203	460,361
Attributable to non-controlling interests	29,619	54,393

IFRS CASH FLOW STATEMENT

Consolidated financial statements at 31 December 2011

(in € thousands)	31/12/11	31/12/10
Consolidated net income for the period (including non-controlling interests)	450,489	466,689
Depreciation and amortisation	301,868	287,609
Net increase/(decrease) in provisions	21,145	81,267
Share-based payments (IFRS 2) and other restatements	(17,329)	(6,935)
Gain or loss on disposals	(11,281)	(47,414)
Change in fair value of foreign exchange derivative financial instruments	(82)	(1,435)
Share of profit or loss of equity-accounted companies and dividends received from unconsolidated companies	(60,837)	(63,693)
Cost of net financial debt	(7,989)	(3,130)
Current and deferred tax expense	171,950	166,774
Cash flows (used in)/from operations before tax and financing costs	**847,934**	**879,732**
Changes in working capital requirement and current provisions	294,609	(260,611)
Income taxes paid	(175,434)	(97,348)
Net financial interest paid	10,718	634
Dividends received from associates	35,460	34,776
Cash flows (used in)/from operating activities	**1,013,287**	**557,183**
Purchases of property, plant and equipment, and intangible assets	(380,581)	(354,420)
Proceeds from sales of property, plant and equipment, and intangible assets	46,265	52,115
Purchases of non-current financial assets	(98,826)	(159,496)
Proceeds from sales of non-current financial assets	905	48,701
Net effect of changes in scope of consolidation	(10,835)	77,821
Change in financial receivables under PPPs and concessions	(23,686)	(19,551)
Dividends received from unconsolidated entities	2,769	696
Other	23,860	(41,457)
Net cash flows (used in)/from investing activities	**(440,129)**	**(395,591)**
Non-controlling interests in share capital increases	1	63
Dividends paid by VINCI Construction	(364,762)	(276,591)
Dividends paid to non-controlling interests	(16,264)	(12,660)
Proceeds from new borrowings	28,185	23,560
Change in borrowings	168,938	(114,015)
Change in cash management assets and current financial debts	(235,560)	308,864
Net cash flows (used in)/from financing activities	**(419,462)**	**(70,779)**
Change in net cash	**153,696**	**90,813**
Net cash and cash equivalents at beginning of period	1,099,988	1,038,231
Other changes	17,738	(29,056)
Net cash and cash equivalents at end of period	**1,271,422**	**1,099,988**
Net cash and cash equivalents at end of period	***1,271,422***	***1,099,988***
Cash management financial assets	*1,578,157*	*1,421,141*
Loans and collateralised receivables and other financial assets	*7,093*	*42,606*
Non-current financial debt	*(467,842)*	*(251,993)*
Other current borrowings (excluding overdrafts)	*(84,312)*	*(156,308)*
Fair value of derivatives, net	*(11,246)*	*(10,895)*
Net financial surplus at the end of the period	***2,293,272***	***2,144,539***

CHANGE IN EQUITY

Equity (consolidated statements at 31 December 2011)

(in € thousands)	Share capital	Share premium	Consolidated reserves	Currency translation reserves	Net income for the period	Net income recognised directly in equity	Attributable to owners of the parent	Non-controlling interests	Total
31 December 2009	**148,806**	**54,333**	**597,954**	**(81,268)**	**385,287**	**(3,870)**	**1,101,242**	**233,398**	**1,334,640**
Allocation of net income of previous period			385,287		(385,287)				
Dividend payments			(214,278)				**(214,278)**	(12,660)	**(226,938)**
Interim dividend			(62,313)				**(62,313)**		**(62,313)**
Net income for the period					416,941		**416,941**	49,748	**466,689**
Financial instruments: changes in fair value						1,615	**1,615**	(229)	**1,386**
Share-based payments (IFRS 2)			(9,679)				**(9,679)**		**(9,679)**
Currency translation differences			(46)	41,851			**41,805**	4,874	**46,679**
Changes in consolidation scope and miscellaneous			343	(1,273)			**(930)**	(5,795)	**(6,725)**
31 December 2010	**148,806**	**54,333**	**697,268**	**(40,690)**	**416,941**	**(2,255)**	**1,274,403**	**269,336**	**1,543,739**
Allocation of net income of previous period			416,941		(416,941)				
Dividend payments			(242,183)				**(242,183)**	(16,264)	**(258,447)**
Interim dividend			(122,579)				**(122,579)**		**(122,579)**
Net income for the period					416,819		**416,819**	33,670	**450,489**
Financial instruments: changes in fair value						(4,462)	**(4,462)**	(3,285)	**(7,747)**
Share-based payments (IFRS 2)			(4,897)				**(4,897)**		**(4,897)**
Currency translation differences			82	3,764			**3,846**	(766)	**3,080**
Changes in consolidation scope and miscellaneous			(13,271)	666			**(12,605)**	14,134	**1,529**
31 December 2011	**148,806**	**54,333**	**731,361**	**(36,260)**	**416,819**	**(6,717)**	**1,308,342**	**296,825**	**1,605,167**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

A. Accounting policies and measurement methods

1. GENERAL PRINCIPLES

In application of Regulation (EC) No. 1606/2002 of 19 July 2002, the Group's consolidated financial statements for the year ended 31 December 2011 have been prepared under the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2011.
The accounting policies used at 31 December 2011 are the same as those used in preparing the consolidated financial statements at 31 December 2010, except for the Standards and Interpretations adopted by the European Union applicable as from 1 January 2011 (see Note A.1.1. "New Standards and Interpretations applicable from 1 January 2011").

1.1. New Standards and Interpretations applicable from 1 January 2011

The new Standards and Interpretations applicable from 1 January 2011 have no material impact on VINCI Construction's financial statements at 31 December 2011. These are mainly:

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

1.2. Standards and Interpretations adopted by the IASB but not yet applicable at 31 December 2011

The Group has not applied early the following Standards and Interpretations of which application is not mandatory at 1 January 2011:

Standards on consolidation methods:

- IFRS 10 "Consolidated Financial Statements";
- IFRS 11 "Joint Arrangements";
- IFRS 12 "Disclosure of Interests in Other Entities";
- IAS 27 Revised "Consolidated and Separate Financial Statements";
- IAS 28 Revised "Interests in Associates and Joint Ventures".

Other Standards:

- IFRS 7 Amended "Disclosures–Transfers of Financial Assets";
- IFRS 9 "Financial Instruments";
- IFRS 13 "Fair Value Measurement";
- IAS 1 Amended "Presentation of Items of Other Comprehensive Income";
- IAS 12 Amended "Deferred Tax: Recovery of Underlying Assets";
- IAS 19 Amended "Employee Benefits".

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

2. CONSOLIDATION METHODS

2.1. Consolidation scope

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

Jointly controlled operations and assets are recognised on the basis of the Group's share of the assets, liabilities, income and expenses. This mainly relates to construction work carried out as a member of a consortium or partnership, which represents a major part of the Group's revenue and balance sheet accounts.

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

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

Number of companies by reporting method:

	31 december 2011			31 december 2010		
	Total	France	Foreign	**Total**	France	Foreign
Controlled companies	**724**	373	351	**679**	368	311
Equity method	**248**	19	229	**244**	36	208
Total	**972**	**392**	**580**	**923**	**404**	**519**

2.2. Intragroup transactions

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

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

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

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

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

2.4. Foreign currency transactions

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

2.5. Business combinations

Business combinations completed between 1 January 2004 and 31 December 2009 have been recognised applying the provisions of the previous version of IFRS 3.
Business combinations completed from 1 January 2010 onwards are recognised in accordance with IFRS 3 Revised. This Standard is applied prospectively. It therefore does not affect business combinations made before 1 January 2010.
In application of this revised Standard, the Group recognises the identifiable assets and liabilities assumed at their fair value at the dates when control was acquired. The cost of a business combination is the fair value, at the date of exchange, of the assets given, liabilities assumed, and/or equity instruments issued by the acquirer in exchange for control of the acquiree. Contingent price adjustments are measured at fair value at each balance sheet date. After twelve months have elapsed from the acquisition date, any subsequent changes to this fair value are recognised in profit or loss.
Expenses that are directly attributable to the acquisition, such as professional fees for due diligence and other related fees, are expensed as they are incurred.
Non-controlling interests in the acquiree are measured either at their share of the acquiree's net identifiable assets, or at their fair value. This option is applied on a case-by-case basis for each acquisition.
The cost of acquisition is allocated by recognising the acquiree's identifiable assets and liabilities assumed at their fair value at that date, except for assets or asset groups classified as held for sale under IFRS 5, which are recognised at their fair value less costs to sell. The positive difference between the cost of acquisition and the fair value of the identifiable assets and liabilities acquired constitute goodwill. Where applicable, the cost of acquisition can include the fair value of non-controlling interests if VINCI Construction has opted to apply the full goodwill method.
The Group has twelve months from the date of acquisition to finalise the accounting for business combinations.
In the case of a business combination achieved in stages, previously acquired shareholdings in the acquiree are measured at fair value at the date of acquisition of control. Any resulting gain or loss is recognised in profit or loss.

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

In accordance with IAS 27 Revised, acquisitions or disposals of non-controlling interests, with no change of control, are considered as transactions with the Group's shareholders. Under this approach, the difference between the consideration paid to increase the percentage shareholding in an already-controlled entity and the supplementary share of equity thus acquired is recorded under consolidated equity. Similarly, a decrease in the Group's percentage interest in an entity that continues to be controlled is booked in the accounts through equity, with no impact on profit or loss.

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

Discontinued operations

Whenever discontinued operations (halted or sold), or operations classified as held for sale are:

- a business line or a geographical area of business that is material for the Group and that forms part of a single disposal plan; or
- a subsidiary acquired exclusively with a view to resale;

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

Assets classified as held for sale

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

3. MEASUREMENT RULES AND METHODS

3.1. Use of estimates

The preparation of financial statements under the IFRSs requires estimates to be used and assumptions to be made that affect the amounts shown in those financial statements.
These estimates assume the operation is a going concern and are made on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates.
The consequence of the financial crisis in the eurozone, in particular financial market volatility, access to finance and economic growth, makes it difficult to assess the outlook for business in the medium term. The consolidated financial statements for the period have therefore been prepared with reference to the immediate environment, in particular as regards the estimates given below.

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

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

3.1.2. Values used in impairment tests

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

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

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

3.1.4. Measurement of retirement benefit obligations

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

3.1.5. Measurement of provisions

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

- the estimates made on a statistical basis from expenses incurred in previous years, for after-sales-service provisions;
- the estimates of forecast profit or loss on construction contracts, which serve as a basis for the determination of losses on completion (see Note A.3.4. "Construction contracts");
- the discount rates used to determine the present value of these provisions.

3.1.6. Measurement of financial instruments at fair value

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

3.2. Revenue

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

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

If applicable, it includes revenue in respect of the construction by third parties of new PPP assets, of which the consideration received is shown under financial receivables in the balance sheet.

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

3.3. Revenue from ancillary activities

This comprises rental income, sales of equipment, materials and merchandise, study work and fees other than that recorded under revenue by concession operating companies.

3.4. Construction contracts

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

3.5. Concession contracts

Under the terms of IFRIC 12, a concession operator has a twofold activity:

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

In return for its activities, the operator receives consideration from either:

- the grantor: the financial asset model applies. The operator has an unconditional contractual right to receive payments from the grantor, irrespective of the amount of use made of the infrastructure.

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

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

3.6. Share-based payments

The measurement and recognition methods for share subscription and purchase plans, the Plans d'Epargne Groupe – Group Savings Schemes – and performance share plans are defined by IFRS 2 Share-based Payment. The granting of share options, VINCI performance shares and offers to subscribe to the VINCI Group Savings Scheme represent a benefit granted to their beneficiaries and therefore constitute supplementary remuneration borne by VINCI Construction. Because such transactions do not give rise to monetary transactions, the benefits granted in this way are recognised as expenses in the period in which the rights are acquired, with a corresponding increase in equity. Benefits are measured on the basis of the fair value at the grant date of the equity instruments granted.
Benefits granted under share option plans, performance share plans and the Group Savings Scheme are implemented as decided by VINCI's Board of Directors after approval by the Shareholders' General Meeting, and are not, in general, systematically renewed. As their measurement is not directly linked to the business lines' operations, VINCI has considered it appropriate not to include the corresponding expense in the operating income from ordinary activities, which is an indicator of business lines' performance, but to report it on a separate line, labelled "Share-based payment expense (IFRS 2)", in operating income.

3.6.1. Share subscription or purchase option plans

Options to subscribe to or purchase shares have been granted to Group employees and senior executives. For some of these plans, definitive vesting of share subscription or purchase option plans is conditional on performance conditions (stock market performance or financial criteria) being met. The fair value of options is determined, at grant date, using the Monte Carlo valuation model, taking account of the impact of the market performance condition if applicable. The Monte Carlo model allows a larger number of scenarios to be modelled, by including in particular the valuation of assumptions about beneficiaries' behaviour on the basis of observation of historical data.

3.6.2. Performance share plans

Performance shares subject to vesting conditions have been granted to Group employees and senior executives. As these are plans under which the final vesting of the shares may be dependent on the realisation of financial criteria, the fair value of the shares has been estimated, at grant date, taking account of the likelihood of the financial criteria being met, as recommended by IFRS 2.
The number of performance shares measured at fair value in the calculation of the IFRS 2 expense is adjusted at each balance sheet date for the impact of the change in the likelihood of the financial criteria being met.

3.6.3. Group Savings Scheme

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

3.7. Cost of net financial debt

The cost of net financial debt comprises:

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

Investments of cash and cash equivalents are measured at fair value through profit or loss.

3.8. Other financial income and expense

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

3.9. Income tax

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

In accordance with IAS 12, deferred tax is recognised on the temporary differences between the carrying amount and the tax base of assets and liabilities. It is calculated using the latest tax rates enacted or substantially enacted at the date of closing the accounts. The effects of a change in the tax rate from one period to another are recognised in the income statement in the period in which the change occurs.

Deferred tax relating to items recognised directly under equity, in particular share-based payment expenses (under IFRS 2), is also recognised under equity.

Whenever subsidiaries have distributable reserves, a deferred tax liability is recognised in respect of the probable distributions that will be made in the foreseeable future. Moreover, shareholdings in equity-accounted companies give rise to recognition of a deferred tax liability in respect of all the differences between the carrying amount and the tax base of the shares.

Net deferred tax is determined on the basis of the tax position of each entity or group of entities included in the tax group under consideration and is shown under assets or liabilities for its net amount per taxable entity.

Deferred tax is reviewed at each balance sheet date to take account in particular of the impact of changes in tax law and the prospects for recovery.

Deferred tax assets are only recognised if their recovery is probable.

Deferred tax assets and liabilities are not discounted.

3.10. Earnings per share

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

3.11. Other intangible assets

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

3.12. Goodwill

Goodwill is the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date(s) of acquisition, recognised on first consolidation.
Goodwill in fully consolidated subsidiaries is recognised under goodwill in consolidated assets. Goodwill relating to equity-accounted companies is included in the line-item "Investments in equity-accounted companies".
Goodwill is not amortised but is tested for impairment at least annually and whenever there is an indication that it may be impaired. Whenever goodwill is impaired, the difference between its carrying amount and its recoverable amount is recognised in operating income in the period and is not reversible.
Negative goodwill is recognised directly in profit or loss in the year of acquisition.
Following adoption of IFRS 3 Revised, an option is available to measure non-controlling interests at acquisition date either at fair value (the full goodwill method), or for the portion of the net assets acquired that they represent (the partial goodwill method). The choice can be made for each business combination.

3.13. Concession intangible assets

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

3.14. Grants related to assets

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

3.15. Property, plant and equipment

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

Constructions:
- Structure..between 20 and 50 years
- General technical installations..between 5 and 20 years

Site equipment and technical installations ....between 3 and 12 years
Vehicles..between 3 and 5 years
Fixtures and fittings..between 8 and 10 years
Office furniture and equipment..between 3 and 10 years

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

3.16. Finance leases

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

3.17. Investment property

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

3.18. Impairment of non-financial non-current assets

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

3.19. Investments in equity-accounted companies

The Group's consolidated equity-accounted investments are initially recognised at cost of acquisition, including any goodwill arising. Their carrying amount is then increased or decreased to recognise the Group's share of the entity's profits or losses after the date of acquisition. Whenever losses are greater than the value of the Group's net investment in the equity-accounted company, these losses are not recognised unless the Group has entered into a commitment to recapitalise the company or has made payments on its behalf.
If there is an indication that an investment may be impaired, its recoverable value is tested as described in Note A.3.18. "Impairment of non-financial non-current assets". Impairment losses shown by these impairment tests are recognised as a deduction from the carrying amount of the corresponding investments.
In order to present operational performance in the best way possible, the profit or loss of equity-accounted companies is reported on a specific line, between the lines "Operating income from ordinary activities" and "Operating income".
These shareholdings are those in companies in which the Group has significant influence and jointly controlled entities.

3.20. Other non-current financial assets

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

3.20.1. Available-for-sale securities

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

At the balance sheet date, available-for-sale securities are measured at their fair value. The fair value of shares in listed companies is determined on the basis of the stock market price at that balance sheet date.

For unlisted securities, if their fair value cannot be determined reliably, the securities continue to be measured at their original cost, i.e. their cost of acquisition plus transaction costs.

Changes in fair value are recognised directly in equity.

Whenever there is an objective indication that this asset is impaired, the corresponding loss is recognised in profit or loss and may not be reversed.

- For securities quoted on an active market, a long-lasting or material decline in fair value below their cost is an objective indication of their impairment.

The factors considered by the Group in assessing the long-lasting or material nature of a decline in fair value are generally the following:

  - the impairment is long-lasting whenever the closing stock market price has been lower than the cost of the security for more than 18 months;
  - the impairment is material whenever, at the balance sheet date, there has been a 30% fall in the spot price compared with the cost of the financial asset.

- For unlisted securities, the factors considered are the decrease in value of the share of equity held and the absence of prospects for profit.

3.20.2. Loans and receivables at amortised cost

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

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

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

3.21. Inventories and work in progress

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

3.22. Trade and other operating receivables

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

An estimate of the likelihood of non-recovery is made at each balance sheet date in the light of payment delays and guarantees obtained and an impairment loss is recognised if necessary.

3.23. Other current financial assets

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

3.24. Cash management financial assets

"Cash management financial assets" comprises investments in monetary and bond securities, and units in UCITS, made with a short-term management objective, that do not satisfy the IAS 7 criteria for recognition as cash (see Note A. 3.25. "Cash and cash equivalents"). As the Group adopts fair value as being the best reflection of the performance of these assets, they are measured and recognised at their fair value, and changes in fair value are recognised through profit or loss.
Purchases and sales of cash management financial assets are recognised at their transaction date.
Their fair value is determined using commonly used valuation models or, for non-listed cash management assets, at the present value of future cash flows. In assessing the fair value of listed instruments, the Group uses the market price at the balance sheet date or the net asset value of UCITS.

3.25. Cash and cash equivalents

This item comprises current accounts at banks and cash equivalents corresponding to short-term, liquid investments subject to negligible risks of fluctuations of value. Cash equivalents comprise in particular monetary UCITS (in accordance with the AMF classification), and certificates of deposit with maturities not exceeding three months at the origin. Bank overdrafts are not included in cash and are reported under current financial liabilities.
The Group has adopted the fair value method to assess the return on its financial instruments. Changes in fair value are recognised directly in profit or loss.

3.26. Non-current provisions

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

3.26.1. Provisions for retirement benefit obligations

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

For defined benefit plans financed under external management arrangements (i.e. pension funds or insurance policies), the surplus or shortfall of the fair value of the assets compared with the present value of the obligations is recognised as an asset or liability in the balance sheet, after deduction of cumulative actuarial gains and losses and any past service cost not yet recognised in profit or loss. However, surplus assets are only recognised in the balance sheet if they meet the criteria laid down in IFRIC 14.
Past service cost corresponds to the benefits granted either when an entity adopts a new defined benefit plan or when it changes the level of benefit of an existing plan. Whenever new rights to benefit are acquired as from the adoption of the new plan or the change of an existing plan, the past service cost is recognised immediately in profit or loss. Conversely, whenever adoption of a new plan or a change in a plan gives rise to the acquisition of rights after its implementation date, past service costs are recognised as an expense on a straight-line basis over the average period remaining until the corresponding rights are fully vested.

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

For defined benefit plans, the expense recognised under operating income comprises the current service cost, the amortisation of past service cost, the amortisation of any actuarial gains and losses and the effects of any reduction or winding up of the plan. The interest cost (cost of discounting) and the expected yield on plan assets are recognised under other financial income and expense.
Commitments relating to lump-sum payments on retirement for manual construction workers, which are met by contributions to an outside multi-employer insurance scheme (CNPO), are considered as being under defined contribution plans and are recognised as an expense as and when contributions are payable.
That part of provisions for retirement benefit obligations that matures within less than one year is shown under current liabilities.

3.26.2. Other non-current provisions

These comprise provisions for other employee benefits, measured in accordance with IAS 19, and those provisions that are not directly linked to the operating cycle, measured in accordance with IAS 37. These are recognised whenever, at the balance sheet date, the Group has a legal or constructive present obligation towards third parties arising from a past event, whenever it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation and whenever a reliable estimate can be made of the amount of the obligation. These provisions are measured at their present value, corresponding to the best estimate of the outflow of resources required to settle the obligation.
Provision expense or reversals result from the changes in these assessments at each balance sheet date.
The part at less than one year of other employee benefits is reported under "other current liabilities". The part at less than one year of provisions not directly linked to the operating cycle is reported under "current provisions".

3.27. Current provisions

Current provisions are provisions directly linked to each business line's own operating cycle, whatever the expected time of settlement of the obligation. They are recognised in accordance with IAS 37 (see above). They also include the part at less than one year of provisions not directly linked to the operating cycle.
Provisions for after-sales service cover Group entities' commitments under statutory warranties relating to completed projects, in particular ten-year warranties on building projects in France. They are estimated statistically on the basis of expenses incurred in previous years or individually on the basis of specifically identified events.
Provisions for losses on completion of contracts and construction project liabilities are made mainly when end-of-contract projections, based on the most likely estimated outcome, indicate a loss, and when work needs to be carried out in respect of completed projects under completion warranties.
Provisions for disputes connected with operations mainly relate to disputes with customers, subcontractors, joint contractors or suppliers.
Restructuring provisions include the cost of plans and measures for which there is a commitment whenever these have been announced before the period end.
Provisions for other current liabilities mainly comprise provisions for late-delivery penalties, for individual dismissals and for other risks related to operations.

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

3.28.1. Bond loans, other loans and financial debt

These are recognised at amortised cost using the effective interest method. The effective interest rate is determined after taking account of redemption premiums and issuance expenses. Under this method, the interest expense is measured actuarially and reported under the cost of gross financial debt.
The benefit of a loan at a significantly below-market rate of interest, which is in particular the case for project finance granted by public-sector organisations, is treated as a government grant and recognised as a reduction of the debt and the related investments, in accordance with IAS 20.
Financial instruments that comprise both a liability component and an equity component are recognised in accordance with IAS 32. The carrying

amount of the compound instrument is apportioned between its liability component and its equity component, the equity component being defined as the difference between the fair value of the compound instrument and the fair value of the liability component. The liability component corresponds to the fair value of a liability with similar characteristics but without an equity component. The value attributed to the separately recognised equity component is not altered during the term of the instrument. The liability component is measured using the amortised cost method over its estimated term. Issuance costs are allocated proportionately between the liability and equity components.
The part at less than one year of borrowings is included in current borrowings.

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

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

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

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

3.28.3. Put options granted to minority shareholders

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

3.29. Off-balance sheet commitments

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

B. Segment information

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

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

Management segment 1

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

Management segment 2

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

C. Notes to the balance sheet and income statement

1. INTANGIBLE ASSETS (in € thousands)

	31.12.2010	Increases	Decreases	Translation differences, change in consolidation scope and other	31.12.2011
Gross	120,629	7,928	(2,191)	4,787	131,153
Amortisation and provisions	(68,494)	(6,956)	2,150	2,517	(70,783)
Total net	**52,135**	**972**	**(41)**	**7,304**	**60,370**

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

2. GOODWILL (in € thousands)

	Gross	Impairment losses	Net
Goodwill at start of period	810,242	(19,096)	791,146
Goodwill recognised during the period	36,211		36,211
Amortisation and provisions		(8,020)	(8,020)
Translation differences and others	20,298	(4,329)	15,969
Total	**866,751**	**(31,445)**	**835,306**

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

	Net
VINCI Construction UK	202,466
Soletanche Bachy	170,628
Nuvia	139,865
Entrepose Contracting	114,458
Entrepose Services	23,497
Holding COFOR	14,724
VMA	11,115
Structures Île-de-France	10,731
GFWA PTY LTD Australia	10,718
Sogetrav	9,702
Freyssinet Menard Canada	9,407

Impairment tests on goodwill and other non-financial assets (in € millions)

In accordance with IAS 36 Impairment of assets, goodwill and other non-financial asset have been tested for impairment at 31 December 2011.

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

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

(in € millions)	Carrying amount of goodwill at 31.12.2011	Parameters of the model applied to cash flow forecasts				Impairment losses recognised in the period	
		Growth rate (Years Y+1 to Y+5)	Growth rate (terminal value)	Pre-tax discount rate 31.12.2011	Pre-tax discount rate 31.12.2010	2011	2010
Soletanche Bachy	170.6	2.3 %	1.5 %	8.75 %	8.13 %	-	-
Entrepose Contracting	114.5	1.0 %	1.0 %	8.75 %	8.13 %	-	-
Other goodwill	550.2	0 to 8 %	0 to 5 %	8.66 to 16.24 %	8.63 to 15.2 %	8.0	2.0
TOTAL	**835.3**					**8.0**	**2.0**

3. CONCESSION FIXED ASSETS (in € thousands)

	31.12.2010	Increases	Decreases	Translation differences, change in consolidation scope and other	31.12.2011
Gross	5,086				5,086
Depreciation and provisions	(3,673)	(202)			(3,875)
Total net	**1,413**	**(202)**	**0**	**0**	**1,211**

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

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

4.1. Change in the period

	31.12.2010	Increases	Decreases	Translation differences, change in consolidation scope and other	31.12.2011
Gross	2,847,875	382,378	(206,276)	112,065	3,136,042
Depreciation and provisions	(1,840,576)	(300,920)	171,652	(47,748)	(2,017,592)
Total net	**1,007,299**	**81,458**	**(34,624)**	**64,317**	**1,118,450**

4.2. Breakdown by type of asset

	Gross	Depreciation	Net
Land	69,805	(7,502)	62,303
Constructions	272,304	(118,980)	153,324
Plant and equipment	2,514,310	(1,739,267)	775,043
Office furniture, computer equipment, fixtures and fittings	209,284	(149,887)	59,397
Non-current assets under construction	70,339	(1,956)	68,383
Total net	**3,136,042**	**(2,017,592)**	**1,118,450**

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

4.3. Investments in the period

	31.12.2011
Land	5,053
Constructions	28,397
Plant and equipment	276,740
Office furniture, computer equipment, fixtures and fittings	18,679
Non-current assets under construction	53,509
Total investments	**382,378**

4.4. Leased assets

Leased assets amounted to €97.2 million at 31 December 2011 and mainly related to assets used in operations.

5. INVESTMENT PROPERTY (in € thousands)

	31.12.2010	Increases	Decreases	Translation differences, change in consolidation scope and other	31.12.2011
Gross	12,420	776	(139)	14,717	27,774
Depreciation and provisions	(7,263)	(849)		(561)	(8,673)
Total net	**5,157**	**(73)**	**(139)**	**14,156**	**19,101**

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

6. INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES (in € thousands)

6.1. Change in the period

	31.12.2010	31.12.2011
Value of shares at start of the period	**392,699**	**451,205**
Share capital increases of associates	17,038	7,042
Group share of net income for the period	63,446	58,068
Dividends paid	(34,776)	(35,460)
Changes in consolidation scope, foreign currency translation differences and other	12,798	(133)
Total net	**451,205**	**480,722**

6.2. Financial information on equity-accounted companies

Investments in equity-accounted companies break down as follows:

	% held	31.12.2010	31.12.2011
DEME (Subsidiary of CFE in Belgium)	50.00 %	318,117	**347,933**
QDVC	49.00 %	13,257	**14,419**

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

	31.12.2010	31.12.2011
Income statement		
Revenue	1,259,238	1,299,072
Operating income	111,536	112,941
Net income for the period	62,997	58,068
Balance sheet		
Non-current assets	1,102,848	1,266,899
Current assets	822,732	829,251
Equity	(425,889)	(460,991)
Non-current liabilities	(581,167)	(782,955)
Current liabilities	(918,522)	(852,204)
Net financial debt	**(524,432)**	**(462,894)**

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

	Gross	Impairment losses	Net
Financial receivables PPP	57,321		57,321
Investments in subsidiaries and affiliates	48,070	(20,455)	27,615
Other available-for-sale financial assets	2,165	(1,254)	911
Other non-current financial assets	73,845	(3,824)	70,021
Fair value of derivative financial instruments (assets)	1		1
Retirement benefit plans – net surplus financial assets	24,165		24,165
Total net	**205,567**	**(25,533)**	**180,034**

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

	31.12.2010	31.12.2011
Inventories and work in progress	301,092	279,939
Work in progress	23,339	35,944
Total net	**324,431**	**315,883**

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

These break down as follows:

	31.12.2010	31.12.2011
Cash management financial assets	**1,421,141**	**1,578,157**
Cash equivalents	641,649	707,849
Cash	950,950	1,075,901
Cash and cash equivalents	**1,592,599**	**1,783,750**

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

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

	31.12.2010	31.12.2011
Inventories and work in progress (net)	324,431	315,883
Trade and other operating receivables	6,485,316	7,279,205
Other current assets	240,688	382,933
Current tax assets	46,351	45,934
Inventories and operating receivables (I)	**7,096,786**	**8,023,955**
Trade payables	3,986,780	4,477,448
Other current payables	4,571,505	5,231,898
Current tax payables	115,446	98,607
Operating payables (II)	**8,673,731**	**9,807,953**
Working capital requirement connected with operations (I-II)	**(1,576,945)**	**(1,783,998)**
Current provisions	**(1,338,549)**	**(1,422,067)**
Working capital requirement (after current provisions)	**(2,915,494)**	**(3,206,065)**

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

11.1. Retirement benefit obligations

At 31 December 2011, provisions for retirement benefit obligations amounted to €145,053 thousand in total (including €133,006 thousand at more than one year) compared with €136,591 thousand at 31 December 2010 (including €122,843 thousand at more than one year). They comprise provisions for lump sums on retirement and provisions for obligations for supplementary retirement benefits. The part at less than one year was €12,047 thousand at 31 December 2011 and €13,748 thousand at 31 December 2010, and is reported under other current payables.

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

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

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

Plan	31.12.2011	31.12.2010
Discount rate	5.00%	5.00%
Inflation rate	2.2%	2.1%
Rate of salary increases	0 to 4%	0 to 4%
Rate of pension increases	2 to 2.2%	1.9 to 2%
Probable average remaining working life of employees	1 to 20 years	10 to 15 years

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

Plan	31.12.2011	31.12.2010
Discount rate	5.10%	5.50%
Inflation rate	2.5 to 3.4% (*)	3.4%
Rate of salary increases	2.7 to 4.5%	2.6 to 4.2%
Rate of pension increases	3.4 to 3.8%	3.1 to 5%
Probable average remaining working life of employees	7 to 13 years	7 to 15 years

(*) Inflation rates: CPI: 2.5 %; RPI: 3.4 %.

The preferred method used to determine the expected return on plan assets is the building block method, which breaks the expected return down to the main asset classes: money market investments, investments in bonds and investments in equities. The target allocation of funds is then applied to calculate a weighted average return on assets. In the specific case of funds invested in an insurance company's "general account" funds, the expected yield has been determined by also taking account of the specific features of each contract, in particular regarding past and forecast net yields.

Plan assets are valued at their fair value at 31 December 2011. The book value at 31 December 2011 is used for assets invested with insurance companies. On the basis of these assumptions, the retirement benefit obligations, the part provided for, and the retirement benefit expenses recognised break down as follows:

Reconciliation of obligations and provisions in the balance sheet

	31.12.2011			31.12.2010		
(in € millions)	France	Foreign	Total	France	Foreign	Total
Present value of retirement benefit obligations	(385.3)	(301.1)	(686.4)	(194.3)	(440.9)	(635.2)
Fair value of plan assets	166.9	276.1	443.0	5.0	401.6	406.6
Surplus (or deficit)	**(218.4)**	**(25.0)**	**(243.4)**	**(189.3)**	**(39.3)**	**(228.6)**
Provisions recognised in balance sheet	**(128.0)**	**(17.1)**	**(145.1)**	**(126.2)**	**(10.4)**	**(136.6)**
Assets recognised in balance sheet		24.2	24.2		20.6	20.6
Items not recognised in balance sheet						
Actuarial gains and losses	80.3	32.1	112.4	52.1	49.5	101.6
Past service cost	10.1		10.1	11.0		11.0
Assets not recognised in balance sheet						

The actuarial pension expense for the financial year amounts to €32.4 million.

11.2. Other employee benefits

At 31 December 2011, provisions for other employee benefits amounted to €21,358 thousand (including €19,054 thousand at more than one year) against €21,260 thousand at 31 December 2010 (including €18,722 thousand at more than one year). The part at less than one year was €2,304 thousand at 31 December 2011 and €2,538 thousand at 31 December 2010, and is reported under other current liabilities.
Provisions for other employee benefits are measured using the projected unit credit method and mainly relate to obligations to pay long-service bonuses.

11.3. Individual entitlement to training

The Act of 4 May 2004 gives employees of French businesses the right to a minimum of 20 hours of training a year, which can be carried forward and accumulated over a period of six years. Expenditure under this individual right to training is considered as an expense for the period and does not give rise to the recognition of a provision, other than in exceptional cases. The Group's employees had acquired rights to 263,000 hours of such training at 31 December 2011.

12. OTHER PROVISIONS (in € thousands)

	31.12.2010	Provisions taken	Reversals	Reversals of unused provisions	Other changes	31.12.2011
Warranties given to customers	360,779	157,895	(80,758)	(16,418)	(4,187)	417,311
Losses on completion	276,766	105,503	(119,467)	(329)	(1,193)	261,280
Disputes	265,528	102,436	(57,314)	(18,872)	6,095	297,873
Restructuring	8,030	6,501	(5,020)	(308)	(188)	9,015
Other current provisions	297,085	132,370	(125,129)	(6,778)	(3,965)	293,583
Discounting of current provisions	(1,263)					(1,263)
Reclassification of the part at less than one year of non-current provisions	131,624				12,644	144,268
Current provisions	**1,338,549**	**504,705**	**(387,688)**	**(42,705)**	**9,206**	**1,422,067**
Provisions in respect of subsidiaries	28,945	1,711	(6,030)		354	24,980
Other non-current provisions	217,696	58,420	(39,437)	(3,182)	7,487	240,984
Discounting of non-current provisions	(1,634)					(1,634)
Reclassification of the part at less than one year of non-current provisions	(131,624)				(12,644)	(144,268)
Non-current provisions	**113,383**	**60,131**	**(45,467)**	**(3,182)**	**(4,803)**	**120,062**
TOTAL	**1,451,932**	**564,836**	**(433,155)**	**(45,887)**	**4,403**	**1,542,129**

13. OTHER CURRENT PAYABLES (in € thousands)

Other current payables break down as follows:

	31.12.2010	31.12.2011
Trade receivables - Advances received on work	858,066	895,944
Deferred income	1,042,290	1,456,462
Operating current accounts	844,314	780,157
Tax, employment and social benefit liabilities	1,176,329	1,378,889
Payables related to non-current assets	20,849	37,986
Other current liabilities	613,372	668,109
Provisions for retirement benefit and other employee benefits at less than one year	16,285	14,351
OTHER CURRENT PAYABLES	**4,571,505**	**5,231,898**

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

At the balance sheet date the Group had a net cash surplus of €2,293,272 thousand breaking down as follows:

	31.12.2010	31.12.2011
Other loans and borrowing (a)	(251,993)	(467,842)
Fair value of derivative financial instruments (non-current liabilities)	(9,862)	(10,020)
Non-current financial debt	**(261,855)**	**(477,862)**
Part at less than one year of long-term borrowing (a)	(62,489)	(68,695)
Cash management current accounts, liabilities	(54,682)	(5,603)
Other current financial liabilities	(39,136)	(10,014)
Fair value of derivative financial instruments (current liabilities)	(1,639)	(1,533)
Bank overdrafts	(492,612)	(512,328)
Current borrowings	**(650,558)**	**(598,173)**
FINANCIAL DEBT	**(912,413)**	**(1,076,035)**
Fair value of derivative financial instruments (assets)	606	306
Loans and collateralised receivables and other financial assets		63
Long-term loans to consolidated subsidiaries, part at less than one year	42,606	7,031
Cash management financial assets	1,421,141	1,578,157
Cash and cash equivalents	1,592,599	1,783,750
NET FINANCIAL SURPLUS	**2,144,539**	**2,293,272**

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

Cash management financial assets include investments with VINCI of €1,491.3 million, attracting interest at rates close to market rates.

Including net cash (see cash flow statement) for:	31.12.2010	31.12.2011
UCITS - Cash equivalents	641,649	707,849
Cash	950,950	1,075,901
Bank overdrafts	(492,612)	(512,328)
NET CASH	**1,099,987**	**1,271,422**

Details of long-term loans and financial debt (in € millions)	31.12.2010	31.12.2011
Bank loans and other financial debt	139.4	214.4
Finance lease debt restated	69.1	63.3
VINCI Group loans	105.9	258.8
LONG-TERM LOANS AND FINANCIAL DEBT (a)	**314.4**	**536.5**

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

15. REVENUE (in € millions)

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

	31.12.2011	31.12.2010
Revenue for the period	**14,107**	**13,118**
. Revenue of companies consolidated for the first time	(86)	70
. Revenue of companies no longer consolidated		
. Impact of foreign exchange fluctuations		(74)
Revenue at constant consolidation scope and exchange rates	**14,021**	**13,115**

At constant consolidation scope and exchange rates, revenue was 6.9 % down against the previous period.

REVENUE BY GEOGRAPHICAL AREA (by destination)	31.12.2011	31.12.2010
. France (including overseas territories (DOM-TOM))	7,729	6,904
. Europe excluding France	3,572	3,401
. Africa	1,390	1,516
. North and South America	559	561
. Middle-East	213	258
. Asia	348	343
. Oceania	296	136
Total	**14,107**	**13,118**

REVENUE BY ACTIVITY	31.12.2011	31.12.2010
. Building	6,046	5,290
. Civil engineering and earth-moving	5,601	5,454
. Hydraulic engineering	903	931
. Roads	695	645
. Facility Management and other services	306	292
. Property development	157	118
. Public works and environment	131	152
. Provision of services and other	269	237
Total	**14,107**	**13,118**

16. SEGMENT INFORMATION (in € millions)

2011

(in € millions)		Revenue	Operating income from ordinary activities	% of revenue
Management segment 1	VINCI Construction France, CFE, Sogea-Satom, VINCI Construction Dom Tom, VINCI Construction Grands Projets, VINCI Construction Terrassement, Dodin Campenon Bernard and Filiales Europe Centrale	9,960	432	4.3%
Management segment 2	Soletanche Freyssinet, VINCI Construction UK, Entrepose Contracting	4,201	182	4.3%
Holding company and other activities			10	
Eliminations		(54)		
TOTAL		**14,107**	**624**	**4.4%**

2010

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

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

	31.12.2011	31.12.2010
Revenue	14,107,159	13,118,181
Revenue from ancillary activities	69,688	70,417
Revenue and other operating income	**14,176,847**	**13,188,598**
Purchases (raw materials, supplies, goods)	(3,140,135)	(3,097,070)
Subcontracting and other external expenses	(6,948,072)	(6,301,309)
Employment costs	(2,929,396)	(2,705,462)
Taxes and levies	(169,535)	(161,865)
Other operating income and expenses	6,223	9,489
Operating depreciation and amortisation expense	(301,868)	(287,609)
Net operating provision charges		
. Impairment losses property, plant and equipment, and intangible assets	(2,388)	(54,906)
. Impairment of assets	16,357	21,839
. Retirement and other benefit obligations	(8,302)	4,716
. Current and non-current provisions	(75,332)	(38,883)
Operating income from ordinary activities	**624,399**	**577,538**

Revenue from ancillary activities amounted to €69.7 million at 31 December 2011. This mainly comprises sales of equipment, materials and merchandise for €37.2 million, study work, engineering and professional fees invoiced in connection with construction contracts for €9.8 million, and rental income for €17.1 million.

18. SHARE-BASED PAYMENT EXPENSE (in € millions)

The expense relating to benefits granted to employees has been assessed at €36.7 million before tax in respect of 2011, of which €6.2 million was in respect of share option plans, €6.7 million in respect of the Group Savings Schemes and €23.8 million in respect of the performance share plans.

18.1. Group Savings Schemes

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

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

The estimated number of shares subscribed to at the end of the subscription period is obtained by an analytical formula, based on linear regression methods, applied to historical observations of the plans between 2002 and 2011, taking account of the cost of restrictions on the availability of units in the savings fund.

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

18.2. Share subscription and purchase options

On 2 May 2011, VINCI's Board of Directors set up a new share option plan with effect from 2 May 2011.
On 9 July 2010, VINCI's Board of Directors set up a new share option plan with effect from 9 July 2010.
On 31 August 2009, VINCI's Board of Directors set up a share option plan with effect from 15 September 2009.
The fair values of the options have been calculated at their respective grant dates by an external actuary using a binomial valuation model of the "Monte Carlo" type.
The validity period of the options included in the model is the contractual validity period adjusted to take account of behavioural assumptions (employee turnover, early exercise) based on past observations.
The main assumptions used to determine the fair values of the options granted, in accordance with IFRS 2, were:

Plan	02.05.11	09.07.10	15.09.09
Volatility (*)	26.93%	34.22%	32.91%
Expected return on share	8.29%	7.24%	8.01%
Risk-free rate of return (**)	2.62%	1.59%	2.38%
Dividend distribution rate hoped-for (***)	4.05%	4.99%	4.21%
Fair value of the option (in euros)	7.66	4.43	5.65

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

18.3. Performance shares

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

	2011 Plan	2010 Plan	2009 Plan
Price of VINCI share on date plan was announced (in euros)	44.87	35.44	37.43
Fair value of performance share at grant date (in euros)	36.90	28.30	31.17
Fair value of share price at grant date (in %)	82.25%	79.85%	83.29%
Original maturity (in years) - vesting period	2 years	2 years	2 years
Risk-free interest rate (*)	1.81%	0.97%	1.75%

(*) Two-year government bond rate in the eurozone.

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

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

	31.12.2011	31.12.2010
Dividends received	2,769	696
Foreign exchange gains and losses	(6,055)	(1,727)
Effect of discounting to present value	(9,113)	(10,196)
Gains or losses on disposal of securities and write-back from reserves	5,509	34,925
Other financial income and expense, net	(16,410)	(5,877)
Other financial income and expenses, net	**(23,300)**	**17,821**

20. INCOME TAX EXPENSE (in € thousands)

20.1. Breakdown of net tax expense

	31.12.2011	31.12.2010
Current and deferred tax	(171,951)	(166,775)
Effective tax rate	30.47 %	29.23 %

20.2. Effective tax rate

Profit before tax and profit or loss of associates	**564,372**
Theoretical tax rate	34.43 %
Theoretical tax charge	**(194,313)**
Goodwill impairment expense	(552)
Profits taxed at reduced and other rates	9,754
Tax rate differential between current and previous year	(1,327)
Tax rate differences (foreign countries)	46,176
Creation (use) of carryforward losses not having given rise to deferred tax	(12,888)
Fixed-sum and other additional taxes	(16,422)
Permanent differences and miscellaneous	(2,379)
Tax charge recognised	**(171,951)**
Effective tax rate	30.47 %

20.3. Analysis of deferred tax assets and liabilities

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

Assets	Liabilities	Net
259,519	67,081	192,438

20.4. Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €108.9 million at 31 December 2011.

21. CONSTRUCTION CONTRACTS (in € millions)

21.1. Financial information on construction contracts

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

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

(in € millions)	31.12.2011	31.12.2010
Construction contracts in progress - assets	1,123	817
Construction contracts in progress - liabilities	(962)	(679)
Construction contracts in progress	**161**	**138**
Costs incurred plus profits recognised, less losses recognised to date	31,409	36,655
Less invoices issued	(31,248)	(36,517)
Construction contracts in progress before advances received from customers	**161**	**138**
Advances received from customers	(598)	(646)
Construction contracts in progress, net	**(437)**	**(508)**

21.2. Commitments made and received in connection with construction contracts

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

(in € millions)	Commitments made	Commitments received
Performance guarantees and performance bonds	2,371	353
Retention payments	1,776	524
Deferred payments to subcontractors	1,225	299
Bid bonds	68	
Total	**5,440**	**1,176**

Moreover, in connection with the construction of the future South Europe Atlantic high-speed rail link between Tours and Bordeaux, the Group has in particular provided a joint and several guarantee and an independent first-demand guarantee in favour of LISEA under which the Group guarantees contract performance of the design and construction joint venture (GIE COSEA).

22. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are:

- remuneration and similar benefits paid to members of the governing and management bodies;
- transactions with companies in which VINCI Construction exercises significant influence or joint control.

These transactions are conducted on the basis of market prices.

22.1. Remuneration of members of the Management Committee

The share falling to VINCI Construction of remuneration paid to members of the Management Committee in 2011 amounted to €3,375,870.

22.2. Other

The information on equity-accounted companies is given in Note C.6.2. “Financial information on equity-accounted companies”.

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

(in € millions)	Commitments made	Commitments received
Joint and several guarantees of partnerships	1.7	
Tax and customs bonds	15.8	
Operating leases	298.7	
Collateral securities	50.4	1.0
Other commitments	579.1	52.8
Total	**945.7**	**53.8**

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

24. DISPUTES AND ARBITRATIONS

The companies comprising the VINCI Construction group are sometimes involved in litigation arising from the normal course of business. The related risks are assessed by VINCI Construction and the subsidiaries involved on the basis of their knowledge of the cases, and provisions are taken in consequence.

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

- On 12 February 2010, the *Conseil Régional d'Île-de-France* – the regional authority for the Greater Paris Region – applied to the Paris Court of First Instance (*Tribunal de Grande Instance*) for a ruling against 15 enterprises, of which several are members of the VINCI Construction Group, and 11 natural persons, some of whom are or have been VINCI Construction Group employees, ordering them to pay €358 million plus interest from 7 July 1997 to the *Conseil Régional d'Île-de-France*. In March 2011, the pre-trial judge (*Juge de la Mise en État*) ordered the Ile de France regional authority to clarify and split its application into as many sub-files as there were tenders, which has not yet been done, and at the beginning of December 2011 set a timetable for the examination of the various procedural issues relating to the admissibility of the application. This application by the regional authority was further to a judgement by the Paris Appeal Court on 27 February 2007 against various natural persons finding them guilty of operating a cartel and to the decision on 9 May 2007 by the competition authority (the *Conseil de la Concurrence*) and the ruling of the Paris Appeal Court of 3 July 2008 imposing penalties on the enterprises for anti-competitive practices between 1991 and 1996 in connection with the programme to renovate secondary educational establishments in the Ile-de-France region. An appeal against the Paris Appeal Court's decision of 3 July 2008 was made before the Court of Cassation (*Cour de Cassation*) and rejected by a ruling on 13 October 2009. At 31 December 2011, the Group has treated this risk as a contingent liability that it is not in a position to measure.
- King County (headquarters in Seattle) is in dispute with a consortium in which VINCI Construction Grands Projets has a 60% share in connection with the construction of a tunnel called Brightwater Central. As a result of geological difficulties encountered on the site, which resulted in delays and extra costs, the consortium sought application of the contract whereas King County considers that the construction consortium had defaulted on its obligations, which the consortium disputes. The parties have launched a mediation procedure while the consortium has followed the contractual dispute resolution procedure. King County has however decided to take the case before the Seattle Court. The construction consortium is claiming initial compensation of approximately $100 million, while King County is claiming an amount of the order of $130 million from the consortium. In view of the current situation, the Group considers that this dispute will not have a material effect on its financial situation.
- SNCF filed a suit with the Paris Administrative Court (*Tribunal Administratif de Paris*) on 14 March 2011 against eight construction companies, including several Group subsidiaries, seeking payment of compensation of €59.4 million in principal for damages it claims to have incurred on conclusion, in 1993, of contracts relating to the construction of civil engineering structures at the Magenta and Saint-Lazare Condorcet railway stations. This application follows a ruling made by the competition authorities (*Conseil de la Concurrence*)[1] on 21 March 2006. In view of the current situation, the Group considers that this dispute will not have a material effect on its financial situation.

The main disputes that ended in 2011 were the following:

- On 23 May 2004, part of the shell structure (superstructures) of Roissy airport's 2E terminal collapsed. The passageway shells (superstructures) of this terminal had been built by a consortium of several companies that have become subsidiaries of VINCI Construction. The cost of reconstruction work was assumed by the insurance company that insured this building for the principal. Following the filing of the court-appointed experts' report, the parties involved and their insurers decided to make an out-of-court settlement in respect of the indirect financial consequences of the incident, which will therefore not have an unfavourable impact on the Group's financial situation.

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

[1] Now known as the Autorité de la Concurrence.

25. MAIN CONSOLIDATED AND EQUITY-ACCOUNTED COMPANIES AT 31 DECEMBER 2011

1/ Parent

	Consolidation method	Percentage holding
VINCI Construction	**CC**	**100.0**

2/ Controlled companies

VINCI Construction France	**CC**	**100.0**
Bateg	CC	100.0
Botte Fondations	CC	100.0
Bourdarios	CC	100.0
Campenon Bernard Construction	CC	100.0
Campenon Bernard Sud-Est	CC	100.0
Chantiers Modernes BTP	CC	100.0
Dumez Île-de-France	CC	100.0
Dumez Méditerranée	CC	100.0
Dumez Sud	CC	100.0
EMCC	CC	100.0
GTM Bâtiment	CC	100.0
GTM Sud	CC	100.0
GTM TP Île-de-France	CC	100.0
Lainé Delau	CC	100.0
Les Travaux du Midi	CC	100.0
Petit	CC	100.0
Sicra Île-de-France	CC	100.0
Sobea Environnement	CC	100.0
Société d’ingénierie et de réalisation de construction	CC	100.0
Sogea Atlantique BTP	CC	100.0
Sogea Caroni	CC	100.0
Sogea Centre	CC	100.0
Sogea Nord-Ouest	CC	100.0
Sogea Nord-Ouest TP	CC	100.0
Sogea Picardie	CC	100.0
Sogea Sud	CC	100.0
Sogea Sud-Ouest Hydraulique	CC	100.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

2/ Controlled companies (continued)

	Consolidation method	Percentage holding
Sogea Travaux publics et Industries en Île-de-France	CC	100.0
VINCI Environnement	CC	100.0
Compagnie d'entreprises CFE (Belgium)	CC	46.8
BPC, Amart, Nizet Entreprises, Van Wellen, CLE, Engema, BPI, Vanderhoydoncks, CFE Polska, CFE Hungary, Cli Sa	CC	46.8
CFE Nederland	CC	46.8
Sogea-Satom	**CC**	**100.0**
Sogea-Satom and its subsidiaries (various African countries)	CC	100.0
VINCI Construction Dom-Tom	**CC**	**100.0**
Dumez-GTM Calédonie	CC	100.0
GTM Guadeloupe	CC	100.0
Nofrayane (French Guyana)	CC	100.0
SBTPC (Réunion)	CC	100.0
Sogea Mayotte	CC	100.0
Sogea Réunion	CC	100.0
Soletanche Freyssinet	**CC**	**100.0**
Bachy Soletanche Group Ltd (Hong Kong)	CC	100.0
Bachy Soletanche Ltd (UK)	CC	100.0
Bachy Soletanche Singapour Pte Ltd	CC	100.0
Cimesa (Mexico)	CC	80.0
CSM Bessac SAS (France)	CC	100.0
Freyssinet Australia	CC	100.0
Freyssinet France	CC	100.0
Freyssinet International et Cie	CC	100.0
Freyssinet Korea	CC	100.0
Menard	CC	100.0
Nicholson Construction Company Inc (USA)	CC	100.0
Nuvia Ltd (UK)	CC	100.0
Soletanche Bachy Chile	CC	98.9
Soletanche Bachy France	CC	100.0
Soletanche Bachy Pieux SAS (France)	CC	100.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

2/ Controlled companies (continued)

	Consolidation method	Percentage holding
Terre Armée Internationale	CC	100.0
The Reinforced Earth Cy - RECO (USA)	CC	100.0
VINCI PLC (UK)	**CC**	**100.0**
Taylor Woodrow Construction	CC	100.0
VINCI Construction UK	CC	100.0
VINCI Investment Ltd	CC	100.0
VINCI Construction Grands Projets	**CC**	**100.0**
Entrepose Contracting	**CC**	**75.3**
Entrepose Projets	CC	75.3
Entrepose Services	CC	75.3
Geocean	CC	75.3
Spiecapag	CC	75.3
Filiales Europe centrale (Central European subsidiaries)	**CC**	**100.0**
Prumstav a.s (Czech Republic)	CC	100.0
SMP CZ a.s (Czech Republic)	CC	100.0
Warbud (Poland)	CC	99.7
VINCI Construction Terrassement	**CC**	**100.0**
Dodin Campenon Bernard	**CC**	**100.0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

3/ Equity-accounted companies

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

In accordance with our appointment by your Chairman, we hereby report to you for the year ended 31 December 2011 on:

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

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

1. Opinion on the consolidated financial statements

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

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

2. Justification of our assessments

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

As stated in Note A.3.1, the VINCI Construction Group uses estimates prepared on the basis of information available at the time of preparing its consolidated financial statements, in a context of financial crisis in the eurozone, of which the consequences, in particular on the volatility of the financial markets, on access to finance and on economic growth, make the assessment of enterprises' medium-term prospects difficult. These estimates relate in particular to :

- construction contracts: as stated in Note A.3.1.1 to the consolidated financial statements entitled "Measurement of construction contract profit or loss using the stage of completion method", the Group recognises income from its long-term contracts using the stage of completion method. We have assessed the assumptions used and reviewed your Group's calculations.
- impairment tests on non-financial assets: as stated in Note A.3.12 to the consolidated financial statements entitled "Goodwill", the VINCI Construction Group tests goodwill for impairment at least annually. We have examined how these impairment tests are performed and the cash flow forecasts and assumptions used.

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

3. Specific verification

We have also verified in accordance with the professional standards applicable in France and as required by law, the information in the Group Management Report.

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

Paris La Défense and Neuilly-sur-Seine, 26 March 2012

The Statutory Auditors

KPMG Audit
Department of KPMG

Patrick-Hubert Petit
Partner

DELOITTE & ASSOCIES

Mansour Belhiba
Partner

5 cours Ferdinand de Lesseps
92851 Rueil-Malmaison Cedex – France
Tel.: + 33 1 47 16 39 00
Fax: + 33 1 47 16 46 26
www.vinci-construction.com

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