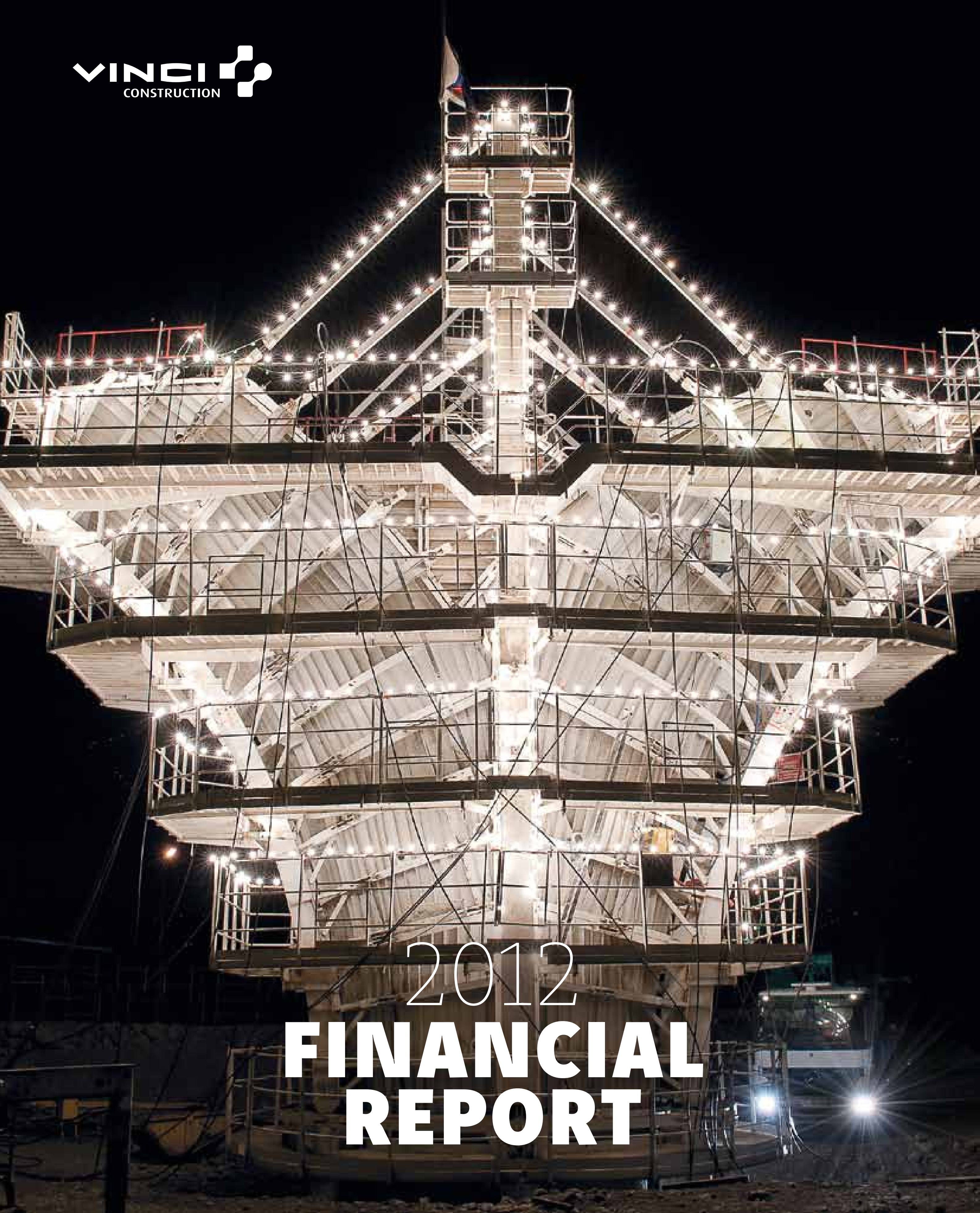
VINCI CONSTRUCTION



2012 FINANCIAL REPORT

IFRS CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2012

Assets

(in € thousands)	Notes	2012 gross	2012 depreciation, amortisation and provisions	2012 net	2011 net
Non-current assets					
Intangible assets	1	142,607	82,399	60,208	60,370
Goodwill	2	914,838	37,473	877,365	835,306
Concession fixed assets	3	5,086	4,070	1,016	1,211
Property, plant and equipment	4	3,386,509	2,172,823	1,213,686	1,118,450
Investment property	5	10,373	8,004	2,369	19,101
Investments in companies accounted for under the equity method	6	557,451	562	556,889	480,722
Other non-current financial assets	7-14	263,149	20,985	242,164	180,034
Deferred tax assets (non-current)	20	143,308		143,308	128,094
Total non-current assets		**5,423,321**	**2,326,316**	**3,097,005**	**2,823,288**
Current assets					
Inventories and work in progress	8-10	419,888	43,555	376,333	315,883
Trade and other operating receivables	10	8,312,127	281,428	8,030,699	7,279,205
Other current assets	10	376,922	92	376,830	382,933
Current tax assets	10	52,845		52,845	45,934
Deferred tax assets (current)	20	138,179		138,179	131,425
Current financial assets	14	4,528	42	4,486	2,934
Cash management financial assets	9-14	1,903,033	1,516	1,901,517	1,578,157
Cash and cash equivalents	9-14	1,526,421		1,526,421	1,783,750
Total current assets		**12,733,943**	**326,633**	**12,407,310**	**11,520,221**
TOTAL ASSETS		**18,157,264**	**2,652,949**	**15,504,315**	**14,343,509**

IFRS CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2012

Equity and liabilities

(in € thousands)	Notes	2012	2011
Equity			
Share capital		148,806	148,806
Share premium		54,333	54,333
Consolidated reserves		790,506	810,963
Net income		399,322	416,819
Interim dividend			(122,579)
Equity attributable to owners of the parent		**1,392,967**	**1,308,342**
Non-controlling interests		303,061	296,825
Total equity		**1,696,028**	**1,605,167**
Non-current liabilities			
Provisions for retirement and other employee benefits	11	168,988	152,060
Non-current provisions	12	156,145	120,062
Borrowings and financial debt	14	734,649	477,862
Other non-current liabilities		131,789	93,084
Deferred tax liabilities (non-current)	20	62,000	50,235
Total non-current liabilities		**1,253,571**	**893,303**
Current liabilities			
Current provisions	12-10	1,453,605	1,422,067
Trade payables	10	4,698,550	4,477,448
Other current payables	10-13	5,827,923	5,231,898
Current tax liabilities	10	140,361	98,607
Deferred tax liabilities (current)	20	18,853	16,846
Current financial debt	14	415,424	598,173
Total current liabilities		**12,554,716**	**11,845,039**
TOTAL EQUITY AND LIABILITIES		**15,504,315**	**14,343,509**

CONSOLIDATED IFRS INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012

(in € thousands)	Notes	2012	2011
Revenue	**15**	**15,336,701**	**14,107,159**
Revenue from ancillary activities	17	99,588	69,688
Revenue from operations		15,436,289	14,176,847
Purchases consumed		(3,288,726)	(3,140,135)
Subcontracting and other external expenses		(7,812,376)	(6,948,072)
Employment costs		(3,145,832)	(2,929,396)
Taxes and levies		(195,747)	(169,535)
Other operating income and expense		8,503	6,223
Net depreciation, amortisation and provision expense		(382,245)	(371,533)
Operating income from ordinary activities	**17**	**619,866**	**624,399**
(% of revenue)		*4.04%*	*4.43%*
Share-based payment expense	18	(39,045)	(36,696)
Goodwill impairment expense		(6,991)	(8,020)
Profit/(loss) of companies accounted for under the equity method	6	65,285	58,068
Operating income		**639,115**	**637,751**
(% of revenue)		*4.17%*	*4.52%*
Cost of gross financial debt		(28,806)	(19,125)
Financial income from cash investments		34,443	27,114
Cost of net financial debt		**5,637**	**7,989**
Other financial income	19	80,464	83,147
Other financial expense	19	(92,340)	(106,447)
Net income tax expense	20	(194,411)	(171,951)
Net income		**438,465**	**450,489**
Attributable to non-controlling interests		39,143	33,670
Net income attributable to owners of the parent		**399,322**	**416,819**
(% of revenue)		*2.60%*	*2.95%*
Number of shares		18,600,811	18,600,811
Basic earnings per share (in €)		**21.47**	**22.41**

IFRS CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012

(in € thousands)	2012	2011
Net income for the period (including non-controlling interests)	**438,465**	**450,489**
Financial instruments: change in fair value of cash-flow hedges	(5,169)	(7,747)
Currency translation differences	24,595	3,080
Income and expenses recognised directly in equity	**19,426**	**(4,667)**
Total comprehensive income for the period	**457,891**	**445,822**
of which:		
Attributable to owners of the parent	420,171	416,203
Attributable to non-controlling interests	37,720	29,619

IFRS CASH FLOW STATEMENT

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(in € thousands)	31/12/2012	31/12/2011
Consolidated net income for the period (including non-controlling interests)	438,465	450,489
Depreciation and amortisation	322,876	301,868
Net provision expense	31,063	21,145
Share-based payments (IFRS 2) and other adjustments	(29,041)	(17,329)
Gains or losses on disposals	(7,616)	(11,281)
Change in fair value of foreign exchange derivative financial instruments	(2,195)	(82)
Share of profit or loss of companies accounted for under the equity method and dividends received from unconsolidated companies	(66,005)	(60,837)
Cost of net financial debt	(5,637)	(7,989)
Current and deferred tax expense	194,411	171,950
Cash flows (used in)/from operations before tax and financing costs	**876,321**	**847,934**
Changes in working capital requirement and current provisions	80,019	294,609
Income taxes paid	(157,145)	(175,434)
Net financial interest paid	10,787	10,718
Dividends received from companies accounted for under the equity method	31,579	35,460
Cash flows (used in)/from operating activities	**841,561**	**1,013,287**
Purchases of intangible assets and property, plant and equipment	(456,617)	(380,581)
Proceeds from sales of intangible assets and property, plant and equipment	53,757	46,265
Purchases of non-current financial assets	(234,669)	(98,826)
Proceeds from sales of non-current financial assets	592	905
Net effect of changes in scope of consolidation	32,588	(10,835)
Change in financial receivables under PPPs and concessions	(16,846)	(23,686)
Dividends received from unconsolidated companies	720	2,769
Other	(74)	23,860
Net cash flows (used in)/from investing activities	**(620,549)**	**(440,129)**
Increases and decreases in share capital	(1,355)	1
Dividends paid by VINCI Construction	(220,049)	(364,762)
Dividends paid to non-controlling interests	(10,676)	(16,264)
Proceeds from new borrowings	131,657	28,185
Change in borrowings	127,492	168,938
Change in cash management assets and other current financial debts	(334,002)	(235,560)
Net cash flows (used in)/from investing activities	**(306,933)**	**(419,462)**
Change in net cash	**(85,921)**	**153,696**
Net cash and cash equivalents at beginning of period	1,271,422	1,099,988
Other changes	(16,133)	17,738
Net cash and cash equivalents at end of period	**1,169,368**	**1,271,422**
Net cash and cash equivalents at end of period	***1,169,368***	***1,271,422***
Cash management financial assets	*1,901,517*	*1,578,157*
Loans and collateralised receivables and other financial assets	*164*	*7,093*
Non-current financial debt	*(733,822)*	*(467,842)*
Other current financial debt (excluding overdrafts)	*(56,280)*	*(84,312)*
Fair value of derivatives, net	*(2,805)*	*(11,246)*
Net financial surplus at the end of the period	***2,278,142***	***2,293,272***

EQUITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

(in € thousands)	Share capital	Share premium	Consolidated reserves	Currency translation reserves	Net income	Amounts recognised directly in equity	Total attributable to owners of the parent	Non-controlling interests	Total
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 payment (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**
Allocation of net income of previous period			416,819		(416,819)				
Dividend payments			(220,049)				(220,049)	(10,676)	(230,725)
Net income for the period					399,322		399,322	39,143	438,465
Financial instruments: changes in fair value			(528)			(255)	(783)	(4,386)	(5,169)
Share-based payment (IFRS 2)			(13,626)				(13,626)		(13,626)
Currency translation differences			520	21,112			21,632	2,963	24,595
Changes in consolidation scope and miscellaneous			(101,700)	(171)			(101,871)	(20,808)	(122,679)
31 December 2012	**148,806**	**54,333**	**812,797**	**(15,319)**	**399,322**	**(6,972)**	**1,392,967**	**303,061**	**1,696,028**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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 2012 have been prepared under the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2012.
The accounting policies used at 31 December 2012 are the same as those used in preparing the consolidated financial statements at 31 December 2011, except for the Standards and Interpretations adopted by the European Union applicable as from 1 January 2012 (see Note A.1.1 "New Standards and Interpretations applicable from 1 January 2012").

1.1. New Standards and Interpretations applicable from 1 January 2012

The new Standards and Interpretations applicable from 1 January 2012 have no material impact on VINCI Construction's financial statements at 31 December 2011. These are mainly:
- Amendment to IFRS 7 "Disclosures – Transfers of Financial Assets";
- Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets".

1.2. Standards and Interpretations adopted by the IASB but not yet applicable at 31 December 2012

The Group has not applied early the following Standards and Interpretations of which application is not mandatory at 1 January 2012.

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:
- IAS 1 Amended "Presentation of Items of Other Comprehensive Income";
- IFRS 7 Amended "Disclosures – Offsetting Financial Assets and Financial Liabilities";
- IFRS 13 "Fair Value Measurement";
- IAS 19 Amended "Employee Benefits";
- IAS 32 Amended "Offsetting Financial Assets and Financial Liabilities".

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

The amended version of IAS 19 "Employee Benefits" must be applied to accounting periods starting on or after 1 January 2013. It features several changes in the way that post-employment benefits are recognised, including the following:
- All post-employment benefits granted to Group employees must be recognised in the consolidated balance sheet. The corridor method and the ability to amortise past service cost against income over the average vesting period will no longer be possible (see Note A.3.26.1 "Provisions for retirement benefit obligations");
- Calculating the expected return on pension plan assets will now involve the discount rate used for calculating obligations with respect to defined benefit plans;
- The impacts of plan amendments must be recognised in operating income;

▸ Remeasurement impacts must be recognised in other comprehensive income: actuarial gains and losses, plan asset outperformance/underperformance (i.e. the difference between the return on plan assets and remuneration calculated using the discount rate applied to the actuarial liability) and changes in the asset capping effect.

A detailed analysis of the impact of the amended version of IAS 19 on the 2012 consolidated financial statements is underway.

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 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 2012			31 December 2011		
	Total	France	Foreign	**Total**	France	Foreign
Controlled companies	**735**	372	363	**724**	373	351
Equity method	**265**	15	250	**248**	19	229
Total	**1,000**	**387**	**613**	**972**	**392**	**580**

2.2. Intragroup transactions

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

▸ for the full amount if the transaction is between two controlled subsidiaries;

▸ 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 expense" 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 have been 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 12 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 the full goodwill method has been selected.
The Group has 12 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 selling 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 12 months. 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 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 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 economic and financial crisis in Europe, 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 percentage of completion method

The Group uses the percentage of completion method to recognise revenue and profit or loss on construction contracts, applying general revenue recognition rules on the basis of the percentage of completion.
The percentage of completion and the revenue to be recognised are determined on the basis of a large number of estimates made by monitoring 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.

The main actuarial assumptions (expected volatility, expected return on shares, etc.) adopted by the Group are described for each plan in Note D.18 "Share-based payments".

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 D.11 "Retirement and other employee benefit obligations". The Group considers that the actuarial assumptions used are appropriate and justified in the current conditions. Obligations may, however, change if assumptions change.

3.1.5. Measurement of provisions

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

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

3.1.6. Measurement of financial instruments at fair value

To measure the fair value of financial instruments that are not quoted on a market, the Group uses 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 revenue, after elimination of intragroup transactions, from:

- fully consolidated companies;
- jointly controlled operations and assets on the basis of the Group's share. This relates to the Group's 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 percentage of completion method defined by IAS 11. For the Group, the percentage 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 percentage 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 percentage 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 remuneration from either:
- the grantor: the financial asset model applies. The operator has an unconditional contractual right to receive payments from the concession 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 (design, construction etc.). Such financial assets are recognised in the balance sheet under "Loans and receivables", in an amount corresponding to 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 public-private partnership (PPP) contracts.
- users: the intangible asset model applies. The operator has a right to receive tolls (or other payments) from users in consideration for the financing and construction of the infrastructure. This model does not apply to the Group.

3.6. Share-based payment

The measurement and recognition methods for share subscription and purchase plans, the Group savings plans 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 stock option plans, performance share plans and the Group Savings Plan 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 the 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 historical observations.

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

In France, VINCI issues new shares reserved for its employees three times a year with a subscription price that includes a discount 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 employees; its fair value is determined using the Monte Carlo valuation model at the date on which the subscription price is announced to employees. As certain restrictions apply to the sale or transfer of shares acquired by VINCI Construction employees under these plans, 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.
Outside France, in accordance with authorisations given to the Board of Directors by the Shareholders' General Meeting, VINCI has set up Group savings plans for the employees of certain foreign subsidiaries in 14 countries. These plans have different characteristics from those for employees in France, partly to ensure that the plans' value is consistent across all countries despite varying tax and regulatory arrangements. Details of the plans are set out in the relevant Note to the financial statements.

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 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 comprises mainly 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 managing interest rate or exchange rate risk.

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 substantively enacted at the accounts closing date. 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 companies accounted for under the equity method 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 companies accounted for under the equity method is included in the line-item "Investments in companies accounted for under the equity method".
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:

▸ 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 into 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 generated by 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 companies accounted for under the equity method

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 companies accounted for under the equity method 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 financial instruments (assets and liabilities)").

3.20.1. Available-for-sale securities

Available-for-sale securities comprise 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 current market 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 generating profits.

3.20.2. Loans and receivables at amortised cost

Loans and receivables at amortised cost mainly comprise receivables connected with shareholdings, current account advances to companies accounted for under the equity method or unconsolidated entities, and guarantee deposits, collateralised loans and receivables and other loans and receivables. The item 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 and an impairment loss is recognised if necessary. The likelihood of non-recovery is assessed in the light of payment delays and guarantees obtained.

3.23. Other current financial assets

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

3.24. Cash management financial assets

Cash management financial assets comprise 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.
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.

3.26. 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.
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 that which 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 or loss comprises the current service cost, the amortisation of past service cost, the amortisation of any actuarial gains and losses and the effects of any reduction or winding up of the plan. The interest cost (cost of discounting) and the expected yield on plan assets are recognised under other financial income and expenses.
Commitments relating to lump-sum payments on retirement for manual construction workers, which are met by contributions to an outside multiemployer 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.
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 set aside 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. Bonds, 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 instruments to hedge its exposure to market risks (interest rates, foreign currency exchange rates and equity). IAS39 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 situations:

- a fair value hedge enables the exposure to the risk of a change in the fair value of an asset, a liability or unrecognised firm commitments attributable to changes in financial variables (interest rates, exchange rates, share prices, commodity prices etc.) to be hedged;
- a cash-flow hedge allows exposure to fluctuations in future cash flows associated with a recognised asset or liability, or a highly probable forecast transaction, to be hedged;
- a hedge of a net investment denominated in a foreign currency hedges the 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. Acquisitions of companies

During 2012, Entrepose Contracting took control of Geostock, a company specialising in underground storage. Control was acquired in stages. Entrepose Contracting already had significant influence over Geostock through a 25% equity stake, and acquired an additional 25% stake in June 2012, giving it joint control. In November 2012, Entrepose Contracting acquired another 40% of the capital, taking its stake to 90% and giving it sole control of Geostock. The provisional allocation of the total €57.7 million purchase price, paid in cash, led to €23.1 million of goodwill being recognised.
The Group bought out non-controlling interests in the Entrepose Contracting group on 29 November 2012. As a result, the Group now owns 100% of Entrepose Contracting. This transaction, which involved a cash payment of €128 million, was recognised as a transaction between shareholders in the Group's consolidated financial statements.

C. Segment information

Based on the Group's internal organisation, segment information is presented by management segment.
The main activities and/or areas of operation of segments are:

Management segment 1

- VINCI Construction France: operates in mainland France in the building, civil engineering, hydraulic engineering and services sectors, through a network of local operations.
- Compagnie d'Entreprise 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.
- Central Europe subsidiaries: operate in Poland, the Czech Republic and Slovakia in the building, civil engineering and hydraulic engineering 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 performance of complex industrial projects in the energy sector.
- VINCI Construction Grands Projets: designs and performs major civil engineering and building projects worldwide.
- VINCI Construction Terrassement: mainly involved in earthworks for road and rail infrastructure.
- Dodin Campenon Bernard: works on major civil engineering projects in France.

D. Notes to the balance sheet and income statement

1. INTANGIBLE ASSETS

(in € thousands)	31/12/2011	Increases	Decreases	Translation differences, change in consolidation scope and other	31/12/2012
Gross	131,153	8,571	(3,710)	6,593	142,607
Amortisation and provisions	(70,783)	(8,153)	2,172	(5,635)	(82,399)
Net	**60,370**	**418**	**(1,538)**	**958**	**60,208**

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	866,751	(31,445)	835,306
Goodwill recognised during the period	19,304		19,304
Amortisation and provisions		(7,231)	(7,231)
Translation differences and other	28,783	1,203	29,986
Total	**914,838**	**(37,473)**	**877,365**

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

	Net
VINCI Construction UK	207,230
Soletanche Bachy	170,628
Nuvia	143,063
Entrepose Contracting	114,458
Entrepose Services	23,497
Geostock	21,651
Holding Cofor	11,124
VMA	11,115
Structures Île-de-France	10,731
GFWA PTY LTD Australia	10,728

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 2012. Cash-generating units (CGUs) are identified in line with operational reporting and their recoverable amounts are based on a value in use calculation. The value in use of each CGU is determined by discounting the forecasted operating cash flows before tax (operating income plus depreciation and amortisation plus non-current provisions less operating investments less change in operating WCR), at the rates below.

For the other CGUs, forecast cash flows are generally determined on the basis of the latest three-year forecasts 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 31/12/2012	Parameters of the model applied to cash flow forecasts				Impairment losses recognised in the period	
		Growth rate (years n+1 to n+5)	Growth rate (terminal value)	Discount rate 31/12/2012	Discount rate 31/12/2011	2012	2011
Soletanche Bachy	170.6	2.7%	1.5%	10.6%	11.4%	–	–
Entrepose Contracting	114.5	6.8%	1.0%	11.2%	11.6%	–	–
Other goodwill	592.3	-3% to 5%	1% to 5%	8.2% to 16.7%	8.66% to 16.24%	(7.0)	(8.0)
Total	**877.4**					**(7.0)**	**(8.0)**

3. CONCESSION FIXED ASSETS

(in € thousands)	31/12/2011	Increases	Decreases	Translation differences, change in consolidation scope and other	31/12/2012
Gross	5,086				5,086
Depreciation and provisions	(3,875)	(195)			(4,070)
Net	**1,211**	**(195)**	**0**	**0**	**1,016**

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

4.1. Change in the period

(in € thousands)	31/12/2011	Increases	Decreases	Translation differences, change in consolidation scope and other	31/12/2012
Gross	3,136,042	431,066	(220,438)	39,839	3,386,509
Depreciation and provisions	(2,017,592)	(324,357)	194,841	(25,715)	(2,172,823)
Net	**1,118,450**	**106,709**	**(25,597)**	**14,124**	**1,213,686**

4.2. Breakdown by type of asset

(in € thousands)	Gross	Depreciation	Net
Land	74,405	(8,153)	66,252
Constructions	286,477	(134,773)	151,704
Plant and equipment	2,740,328	(1,865,821)	874,507
Office furniture, computer equipment, fixtures and fittings	230,117	(162,590)	67,527
Non-current assets in progress	55,182	(1,486)	53,696
Total net	**3,386,509**	**(2,172,823)**	**1,213,686**

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

(in € thousands)	31/12/2012
Land	3,409
Constructions	15,789
Plant and equipment	342,245
Office furniture, computer equipment, fixtures and fittings	33,426
Non-current assets in progress	36,197
Total investments	**431,066**

4.4. Leased assets

Leased assets amounted to €120 million at 31 December 2012 and mainly related to assets used in operations.

5. INVESTMENT PROPERTY

(in € thousands)	31/12/2011	Increases	Decreases	Translation differences, change in consolidation scope and other	31/12/2012
Gross	27,774	746	(50)	(18,097)	10,373
Depreciation and provisions	(8,673)	(48)	50	667	(8,004)
Net	**19,101**	**698**	**0**	**(17,430)**	**2,369**

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 COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

6.1. Change in the period

(in € thousands)	2011	2012
Value of shares at start of the period	**451,205**	**480,722**
Increases in capital of associates	7,042	12,144
Group share of net income for the period	58,068	65,285
Dividend payments	(35,460)	(31,579)
Changes in consolidation scope, foreign currency translation differences and other	(133)	30,317
Net	**480,722**	**556,889**

6.2. Financial information on companies accounted for under the equity method

Investments in companies accounted for under the equity method break down as follows:

(in € thousands)	% held	31/12/2011	31/12/2012
DEME (subsidiary of CFE in Belgium)	50.00%	**347,933**	**375,420**
QDVC	49.00%	**14,419**	**11,247**

The main financial data on companies accounted for under the equity method are as follows (Group share):

(in € thousands)	31/12/2011	31/12/2012
Income statement		
Revenue	1,299,072	1,310,215
Operating income	112,941	106,502
Net income	58,068	65,285
Balance sheet		
Non-current assets	1,266,899	1,530,820
Current assets	829,251	887,473
Equity	(460,991)	(497,735)
Non-current liabilities	(782,955)	(1,028,598)
Current liabilities	(852,204)	(891,960)
Net financial debt	**(462,894)**	**(546,063)**

7. OTHER NON-CURRENT FINANCIAL ASSETS

(in € thousands)	Gross	Impairment losses	Net
Financial receivables - PPPs	43,890		43,890
Investments in subsidiaries and affiliates	54,750	(17,964)	36,786
Other available-for-sale financial assets	835	(234)	601
Other non-current financial assets	128,294	(2,787)	125,507
Retirement benefit plans - net surplus financial assets	35,380		35,380
Total net	**263,149**	**(20,985)**	**242,164**

8. INVENTORIES AND WORK IN PROGRESS

(in € thousands)	31/12/2011	31/12/2012
Inventories	279,939	345,766
Work in progress	35,944	30,567
Total net	**315,883**	**376,333**

9. CASH MANAGEMENT FINANCIAL ASSETS, CASH AND CASH EQUIVALENTS

These break down as follows:

(in € thousands)	31/12/2011	31/12/2012
Cash management financial assets	**1,578,157**	**1,901,517**
Cash equivalents	707,849	549,351
Cash	1,075,901	977,070
Cash and cash equivalents	**1,783,750**	**1,526,421**

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

10. WORKING CAPITAL REQUIREMENT (SURPLUS)

(in € thousands)	31/12/2011	31/12/2012
Inventories and work in progress (net)	315,883	376,333
Trade and other operating receivables	7,279,205	8,030,699
Other current assets	382,933	376,830
Current tax assets	45,934	52,845
Inventories and operating receivables (I)	**8,023,955**	**8,836,707**
Trade payables	4,477,448	4,698,550
Other current liabilities	5,231,898	5,827,923
Current tax liabilities	98,607	140,361
Operating payables (II)	**9,807,953**	**10,666,834**
Working capital requirement connected with operations (I-II)	**(1,783,998)**	**(1,830,127)**
Current provisions	**(1,422,067)**	**(1,453,605)**
Working capital requirement (after current provisions)	**(3,206,065)**	**(3,283,732)**

11. RETIREMENT AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

11.1. Retirement benefit obligations

At 31 December 2012, provisions for retirement benefit obligations amounted to €159,272 thousand in total (including €146,816 thousand at more than one year) compared with €145,053 thousand at 31 December 2011 (including €133,006 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 €12,456 thousand at 31 December 2012 and €12,047 thousand at 31 December 2011, 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	31/12/2012
Discount rate	5.0%	3.5%
Inflation rate	2.2%	2.0%
Rate of salary increases	0% - 4%	0% - 4%
Rate of pension increases	2% - 2.2%	2.0%
Probable average remaining working life of employees	1 - 20 years	1 - 22 years

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

Plan	31/12/2011	31/12/2012
Discount rate	5.1%	4.4%
Inflation rate	2.5% - 3.4%	1.8% - 2.6% (*)
Rate of salary increases	2.7% - 4.5%	2.6% - 4.0%
Rate of pension increases	3.4% - 3.8%	2.5% - 3.6%
Probable average remaining working life of employees	7 -13 years	5-16 years

(*) Inflation rates: CPI 1.8%, RPI 2.6%..

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 2012. 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 on the balance sheet

(in € millions)	31/12/2012			31/12/2011		
	France	Foreign	Total	France	Foreign	Total
Present value of retirement benefit obligations	(449.6)	(331.1)	(780.7)	(385.3)	(301.1)	(686.4)
Fair value of plan assets	192.8	307.5	500.3	166.9	276.1	443.0
Surplus (or deficit)	**(256.8)**	**(23.6)**	**(280.4)**	**(218.4)**	**(25.0)**	**(243.4)**
Provisions recognised on the balance sheet	**(142.1)**	**(17.1)**	**(159.3)**	**(128.0)**	**(17.1)**	**(145.1)**
Assets recognised on the balance sheet		35.4	35.4		24.2	24.2
Items not recognised on the balance sheet	**(114.6)**	**(41.9)**	**(156.5)**	**(90.4)**	**(32.1)**	**(122.5)**
Actuarial gains and losses	(105.5)	(41.9)	(147.4)	(80.3)	(32.1)	(112.4)
Past service cost	(9.1)		(9.1)	(10.1)		(10.1)
Assets not recognised on the balance sheet						

The actuarial pension expense for the financial year amounts to €34.1 million.

11.2. Other employee benefits

At 31 December 2012, provisions for other employee benefits amounted to €24,901 thousand (including €22,171 thousand at more than one year) against €21,358 thousand at 31 December 2011 (including €19,054 thousand at more than one year). The part at less than one year was €2,730 thousand at 31 December 2012 and €2,304 thousand at 31 December 2011, 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 89,000 hours of such training in 2012.

12. OTHER PROVISIONS

(in € thousands)	31/12/2011	Provisions taken	Reversals	Reversals of unused provisions	Other changes	31/12/2012
Warranties given to customers	417,311	103,089	(90,891)	(17,763)	(6,627)	405,119
Losses on completion	261,280	135,727	(193,950)	(1,660)	1,777	203,174
Disputes	297,873	156,275	(92,939)	(23,958)	7,806	345,057
Restructuring costs	9,015	9,440	(11,360)	(691)	(407)	5,997
Other current liabilities	293,583	182,322	(103,597)	(16,034)	17,232	373,506
Discounting of current provisions	(1,263)		410			(853)
Reclassification of the part at less than one year of non-current provisions	144,268				(22,663)	121,605
Risques courants	**1,422,067**	**586,853**	**(492,327)**	**(60,106)**	**(2,882)**	**1,453,605**
Liabilities in respect of subsidiaries	24,980	1,051	(252)	(114)	4,864	30,529
Other non-current liabilities	240,984	70,469	(57,147)	(6,648)	1,197	248,855
Discounting of non-current provisions	(1,634)					(1,634)
Reclassification of the part at less than one year of non-current provisions	(144,268)				22,663	(121,605)
Non-current provisions	**120,062**	**71,520**	**(57,399)**	**(6,762)**	**28,724**	**156,145**
Total	**1,542,129**	**658,373**	**(549,726)**	**(66,868)**	**25,842**	**1,609,750**

13. OTHER CURRENT PAYABLES

Other current payables break down as follows:

(in € thousands)	31/12/2011	31/12/2012
Trade receivables - Advances received on work	895,944	964,522
Prepaid income	1,456,462	1,760,906
Operating current accounts	780,157	922,369
Tax, employment and social benefit liabilities	1,378,889	1,440,709
Payables relating to non-current assets	37,986	21,217
Other current liabilities	668,109	703,014
Provisions for retirement benefit and other employee benefits at less than one year	14,351	15,186
Other current payables	**5,231,898**	**5,827,923**

14. NET FINANCIAL SURPLUS AND FINANCING RESOURCES

At the balance sheet date the Group had a net cash surplus of €2,278,142 thousand, breaking down as follows:

(in € thousands)	31/12/2011	31/12/2012
Other loans and borrowings (a)	(467,842)	(733,822)
Fair value of derivative financial instruments (non-current liabilities)	(10,020)	(827)
Non-current financial debt	**(477,862)**	**(734,649)**
Part at less than one year of long-term financial debt (a)	(68,695)	(44,600)
Cash management current accounts, liabilities	(5,603)	(6,209)
Other current financial liabilities	(10,014)	(5,471)
Fair value of derivative financial instruments (current liabilities)	(1,533)	(2,092)
Bank overdrafts	(512,328)	(357,052)
Current financial debt	**(598,173)**	**(415,424)**
Financial debt	**(1,076,035)**	**(1,150,073)**
Fair value of derivative financial instruments (assets)	306	114
Loans and collateralised receivables and other financial assets	63	48
Long-term loans to consolidated subsidiaries, part at less than one year	7,031	115
Cash management financial assets	1,578,157	1,901,517
Cash and cash equivalents	1,783,750	1,526,421
Net financial surplus	**2,293,272**	**2,278,142**

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

Cash management financial assets include investments with VINCI of €1,758.3 million, attracting interest at rates close to market rates.

Including net cash (see cash flow statement) for:	31/12/2011	31/12/2012
UCITS - Cash equivalents	707,849	549,351
Cash	1,075,901	977,070
Bank overdrafts	(512,328)	(357,052)
Net cash	**1,271,422**	**1,169,369**

Details of long-term loans and financial debt (in € millions)	31/12/2011	31/12/2012
Bank loans and other financial debt	214.4	239.8
Finance lease debt restated	63.3	44.5
VINCI Group loans	258.8	494.1
Long-term loans and financial debt (a)	**536.5**	**778.4**

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

15. REVENUE

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

(in € millions)	31/12/2012	31/12/2011
Revenue for the period	**15,337**	**14,107**
· Revenue of companies consolidated for the first time	*(70)*	*134*
· Revenue of companies no longer consolidated		
· Impact of foreign exchange fluctuations		*216*
Revenue at constant consolidation scope and exchange rates	**15,267**	**14,457**

At constant consolidation scope and exchange rates, revenue was 5.6% up against the previous period.

REVENUE BY GEOGRAPHICAL AREA (by destination)	31/12/2012	31/12/2011
· France (including overseas territories)	8,419	7,729
· Europe excluding France	3,715	3,572
· Africa	1,388	1,390
· North and South America	718	559
· Middle East	145	213
· Asia	438	348
· Oceania	512	296
Total	**15,337**	**14,107**

REVENUE BY ACTIVITY	31/12/2012	31/12/2011
· Building	6,484	6,046
· Civil engineering and earthworks	6,148	5,601
· Hydraulic engineering	899	903
· Roads	874	695
· Facilities management and other services	349	306
· Property development	181	157
· Public works and environment	128	131
· Provision of services and other	274	269
Total	**15,337**	**14,107**

16. SEGMENT INFORMATION

2012

(in € millions)		Revenue	Operating income from ordinary activities	% of revenue
Management segment 1	VINCI Construction France, CFE, Sogea-Satom, VINCI Construction Dom-Tom and Central Europe subsidiaries	**9,439**	**395**	4.2%
Management segment 2	Soletanche Freyssinet, VINCI Construction UK, Entrepose Contracting, VINCI Construction Grands Projets, VINCI Construction Terrassement and Dodin Campenon Bernard	**5,958**	**155**	2.6%
Holding company and other activities			69	
Eliminations		(61)		
Total		**15,337**	**620**	**4.0%**

2011

(in € millions)		Revenue	Operating income from ordinary activities	% of revenue
Management segment 1	VINCI Construction France, CFE, Sogea-Satom, VINCI Construction Dom-Tom and Central Europe subsidiaries	8,872	394	4.4%
Management segment 2	Soletanche Freyssinet, VINCI Construction UK, Entrepose Contracting, VINCI Construction Grands Projets, VINCI Construction Terrassement and Dodin Campenon Bernard	5,289	221	4.2%
Holding company and other activities			10	
Eliminations		(54)		
Total		**14,107**	**624**	**4.4%**

17. OPERATING INCOME FROM ORDINARY ACTIVITIES

(in € thousands)	31/12/2012	31/12/2011
Revenue	15,336,701	14,107,159
Revenue from ancillary activities	99,588	69,688
Revenue from operations	**15,436,289**	**14,176,847**
Purchases (raw materials, supplies, goods)	(3,288,726)	(3,140,135)
Subcontracting and other external expenses	(7,812,376)	(6,948 ,072)
Employment costs	(3,145,832)	(2,929,396)
Taxes and levies	(195,747)	(169,535)
Other operating income and expense	8,503	6,223
Operating depreciation and amortisation expense	(322,876)	(301,868)
Net operating provision charges		
· Impairment losses on property, plant and equipment and intangible assets	(654)	(2,388)
· Impairment of assets	(8,309)	16,357
· Retirement and other benefit obligations	(6,494)	(8,302)
· Current and non-current provisions	(43,912)	(75,332)
Operating income from ordinary activities	**619,866**	**624,399**

Revenue from ancillary activities amounted to €99.6 million in 2012. This mainly comprises sales of equipment, materials and merchandise for €65.2 million, study work, engineering and professional fees invoiced in connection with construction contracts for €10.6 million, and rental income for €16.9 million.

18. SHARE-BASED PAYMENT EXPENSE

The expense relating to benefits granted to employees has been assessed at €39 million before tax in respect of 2012, of which €6.3 million was in respect of share option plans, €5.1 million in respect of group savings plans, €26.5 million in respect of performance share plans and €1.1 million in respect of Castor International.

18.1. Group savings plans

VINCI's Board of Directors defines the conditions for subscribing to the Group savings plans in accordance with the authorisations granted to it by the Shareholders' General Meeting.

In France, VINCI issues new shares reserved for employees three times a year at a subscription price that includes a discount against the average stock market price over 20 trading days. This discount was 10% up to the plan for the third four-month period of 2012, and was reduced to 5% in the plan for the first four-month period of 2013. Subscribers benefit from an employer contribution with an annual maximum of €3,500 per person. This maximum figure has been reduced to €2,500 from the plan for the first four-month period of 2013. The benefits granted to employees of the Group under savings plans are recognised in profit or loss and are valued in accordance with IFRS 2 on the basis of the following assumptions:

- length of subscription period: four months
- lock-up period: five years from the end of the subscription period.

The estimated number of shares subscribed to at the end of the subscription period is calculated based on a linear regression method applied to historical observations of the plans between 2002 and 2012, 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 12 April 2012, VINCI's Board of Directors set up a new share option plan with effect from 12 April 2012.
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.
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 IFRS2, were:

Plan	12/04/2012	02/05/2011	09/07/2010
Volatility (*)	27.65%	26.93%	34.22%
Expected return on shares	6.95%	8.29%	7.24%
Risk-free rate of return (**)	1.29%	2.62%	1.59%
Anticipated dividend payout rate (***)	5.26%	4.05%	4.99%
Fair value of the option *(in €)*	4.02	7.66	4.43

(*) Volatility estimated applying a multi-criteria approach.
(**) Five-year French government bond yield.
(***) 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:

	2012 plan	2011 plan	2010 plan
Price of VINCI share on date plan was announced *(in €)*	36.37	44.87	35.44
Fair value of performance share at grant date *(in €)*	28	36.90	28.30
Fair value of share at grant date *(in %)*	77%	82.25%	79.85%
Original maturity (in years) – vesting period	2 years	2 years	2 years
Risk-free interest rate (*)	0.36%	1.81%	0.97%

(*) Two-year eurozone government bond yield.

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 IFRS2 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 EXPENSE

(in € thousands)	31/12/2012	31/12/2011
Dividends received	720	2,769
Foreign exchange gains and losses	(5,613)	(6,055)
Impact of discounting to present value	(9,829)	(9,113)
Gains and losses on disposal of securities and releases of reserves	4,976	5,509
Other financial income and expenses, net	(2,130)	(16,410)
Other financial income and expenses, net	**(11,876)**	**(23,300)**

20. INCOME TAX EXPENSE

20.1. Breakdown of net tax expense

(in € thousands)	31/12/2012	31/12/2011
Current and deferred tax	(194,411)	(171,951)
Effective tax rate	34.25%	30.47%

20.2. Effective tax rate

Pre-tax income and income from companies accounted for under the equity method	**567,591**
Theoretical tax rate	34.43%
Theoretical tax charge	**(195,422)**
Goodwill impairment expense	(2,267)
Income taxed at reduced and other rates	8,378
Tax rate differential between current and previous year	(627)
Tax rate differences (foreign countries)	46,504
Creation (use) of carryforward losses not having given rise to deferred tax	(41,150)
Fixed-sum and other additional taxes	166
Permanent differences and miscellaneous	(9,993)
Tax charge recognised	**(194,411)**
Effective tax rate	34.25%

20.3. Analysis of deferred tax assets and liabilities

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

Assets	Liabilities	Net
281,487	80,853	200,634

20.4. Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €134 million at 31 December 2012.

21. CONSTRUCTION CONTRACTS

21.1. Financial information on construction contracts

Costs incurred plus recognised profits less recognised losses and intermediate invoicing are 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)	31/12/2012	31/12/2011
Construction contracts in progress – assets	971	1,123
Construction contracts in progress – liabilities	(1,196)	(962)
Construction contracts in progress	**(225)**	**161**
Costs incurred plus profits recognised less losses recognised to date	32,375	31,409
Invoices issued	(32,600)	(31,248)
Construction contracts in progress before advances received from customers	**(225)**	**161**
Advances received from customers	(693)	(598)
Construction contracts in progress, net	**(918)**	**(437)**

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. These break down as follows:

(in € millions)	Commitments given	Commitments received
Performance guarantees and performance bonds	1,995	250
Retention payments	1,693	368
Deferred payments to subcontractors and suppliers	1,248	399
Progress payment guarantees	1,077	106
Bid bonds	84	
Tax and customs bonds	22	
Total	**6,119**	**1,123**

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. RELATED PARTY TRANSACTIONS

Related party transactions 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 2012 amounted to €3,836,711.

22.2. Other

The information on companies accounted for under the equity method is given in Note D.6.2 "Financial information on companies accounted for under the equity method".

23. CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS MADE AND RECEIVED

(in € millions)	Commitments given	Commitments received
Tax and customs bonds	1.5	
Operating leases	316.0	
Collateral security	16.0	3.0
Other commitments	370.0	59.0
Total	**703.5**	**62.0**

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. NOTE ON LITIGATION

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'Ile-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 companies, of which several are members of the VINCI Group, and 11 natural persons, some of whom are or have been VINCI Group employees, ordering them to pay a sum corresponding to the damage it claims to have suffered. The total amount claimed is €232 million plus interest from 7 July 1997. In March 2011, the judge ordered the regional authority to make its claim more precise and divide it into sub-dossiers, one for each contract. In an order dated 31 May 2012, the judge decided to divide the proceedings in order to deal with the defendant's strike-out applications first, and with the substantive issues second, ordering the parties to attend a case management hearing. 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) (1) 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. At 31 December 2012, the Group continued to treat this risk as a contingent liability that it is not in a position to measure.

▸ King County, the county seat of which is Seattle, Washington, is in dispute with a consortium in which VINCI Construction Grands Projets has a 60% share, the purpose of which is to perform a contract for the construction of two underground tunnels known as "Brightwater Central". Because of particularly difficult geotechnical conditions and changes to the initial contract terms, it was not possible to complete the work as set out in the contract, and this resulted in delays and cost overruns. As a result, King County decided to complete one of the tunnels using another company that had a tunnel boring machine using a technology different to that of the tunnel boring machine that the consortium was contractually obliged to use. King County initiated proceedings before the King County Superior Court in Seattle in order to obtain compensation for the cost of completing the work, and for damage that it claims to have suffered. The consortium, meanwhile, is claiming compensation for the cost overruns arising from the work. A hearing took place before a jury which, on 20 December 2012, decided that the consortium should pay $155 million to King County and that King County should pay $26 million to the consortium. The King County Superior Court must now deliver its judgment to formalise the jury's decision. It will be possible to appeal against this judgment before the Washington State Court of Appeals. The Group, noting the jury's findings, considers that in view of the current situation, this dispute is unlikely to have a material effect on its financial situation.

▸ SNCF initiated proceedings in the Paris Administrative Court on 14 March 2011 against eight construction companies, including several Group subsidiaries, seeking €59.4 million for damages it claims to have suffered as a result of contracts formed in 1993 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 (the 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.

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) that are likely to have, or have had in the last 12 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 2012

	Consolidation method	Percentage holding
1/ Parent		
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 Industrie	CC	100.0
Campenon Bernard Sud-Est	CC	100.0
Chantiers Modernes Construction (*)	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 Bâtiment et Génie Civil Lyon	CC	100.0
GTM Normandie Centre	CC	100.0
GTM Sud	CC	100.0
GTM Sud-Ouest TPGC	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
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 Île-de-France Hydraulique (**)	CC	100.0

(*) Transfer of business from Chantiers Modernes BTP to Chantiers Modernes Construction.
(**) Transfer of business from Sobea Environnement to Sogea Île-de-France Hydraulique.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

	Consolidation method	Percentage holding
2/ Controlled companies		
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
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, VMA	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 Guiana)	CC	100.0
SBTPC (Reunion Island)	CC	100.0
Sogea Mayotte	CC	100.0
Sogea Réunion	CC	100.0
Soletanche Freyssinet	**CC**	**100.0**
Agra Foundations	CC	100.0
Bachy Soletanche Group Ltd. (Hong Kong)	CC	100.0
Bachy Soletanche Ltd. (United Kingdom)	CC	100.0
Bachy Soletanche Singapore Pte Ltd.	CC	100.0
Cimesa (Mexico)	CC	100.0
Freyssinet Australia	CC	100.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

	Consolidation method	Percentage holding
2/ Controlled companies		
Freyssinet France	CC	100.0
Freyssinet International et Cie	CC	100.0
Freyssinet UK	CC	100.0
March Construction Ltd	CC	55.0
MCCF	CC	100.0
Menard	CC	100.0
Nicholson Construction Company Inc. (United States)	CC	100.0
Nuvia Ltd. (United Kingdom)	CC	100.0
Roger Bullivant	CC	100.0
Soletanche Bachy France	CC	100.0
Soletanche Bachy Pieux SAS (France)	CC	100.0
The Reinforced Earth Company - RECo (United States)	CC	100.0
Terre Armée Internationale	CC	100.0
VINCI PLC (United Kingdom)	**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**	**100.0**
Entrepose Projets	CC	100.0
Entrepose Services	CC	100.0
Geocean	CC	100.0
Spiecapag	CC	100.0
Cofor	CC	95.0
Geostock	CC	90.0
Central Europe 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

	Consolidation method	Percentage holding
2/ Controlled companies		
VINCI Construction Terrassement	**CC**	**100.0**
Dodin Campenon Bernard	**CC**	**100.0**

3/ Companies accounted for under the equity method		
Compagnie d'Entreprises CFE (Belgium)		
DEME (Dredging Environmental and Marine Engineering)	EM	23.4
Rent A Port	EM	21.1
Soletanche Freyssinet		
Freyssinet SA (Spain)	EM	50.0
Grupo Rodio Kronsa (Spain)	EM	50.0
VINCI Construction Grands Projets		
QDVC (Qatar)	EM	49.0

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

For the attention of the sole shareholder,
In accordance with our appointment as Statutory Auditors by your Chairman, we hereby report to you for the year ended 31 December 2012 on:
- the audit of the accompanying consolidated financial statements of VINCI Construction SAS;
- the justification of our assessments; and
- the specific verification required by law.

The consolidated financial statements have been approved by the Chairman. 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 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 of examining, by sampling or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also consists of assessing the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion, which follows.
In our opinion, the consolidated financial statements for the period 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 economic and financial crisis in Europe, where the medium-term outlook for business is difficult to assess due to the impacts on financial market volatility, access to financing and economic growth. These estimates relate in particular to:
- construction contracts: as indicated in Note A.3.1.1 entitled "Measurement of construction contract profit or loss using the percentage of completion method", the Group recognises income from its long-term contracts using the percentage of completion method. We have assessed the assumptions used and reviewed the calculations made by your group;
- impairment tests on non-financial assets: as indicated in Note A.3.12 entitled "Goodwill", the VINCI Construction group carries out impairment tests on goodwill at least once a year. 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 therefore contributed to the formation of our opinion, given in the first part of this report.

3. Specific verification

We have also verified the information in the group's management report, in accordance with professional standards applicable in France and as required by law. 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, 27 March 2013
The Statutory Auditors

KPMG Audit
Department of KPMG SA
Patrick-Hubert PETIT
Partner

Deloitte & Associés

Mansour BELHIBA
Partner

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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