VINCI CONSTRUCTION

IFRS CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013

Assets

(in € thousands)	Notes	2013 gross	2013 depreciation, amortisation and provisions	2013 net	2012 net*
Non-current assets					
Intangible assets	1	134,366	84,285	50,081	60,208
Goodwill	2	876,067	56,761	819,306	877,365
Concession fixed assets	3	6,871	4,262	2,609	1,016
Property, plant and equipment	4	3,280,293	2,164,359	1,115,934	1,213,686
Investment property	5	762	490	272	2,369
Investments in companies accounted for under the equity method	6	317,335	562	316,773	553,069
Other non-current financial assets	7-14	176,439	27,282	149,157	206,870
Deferred tax assets (non-current)	20	182,396		182,396	177,157
Total non-current assets		**4,974,529**	**2,338,001**	**2,636,528**	**3,091,740**
Current assets					
Inventories and work in progress	8-10	363,967	41,725	322,242	376,333
Trade and other operating receivables	10	8,336,043	253,551	8,082,492	8,030,699
Other current assets	10	248,527	39	248,488	376,830
Current tax assets	10	75,412		75,412	52,845
Deferred tax assets (current)	20	151,206		151,206	138,179
Current financial assets	14	6,111	42	6,069	4,486
Cash management financial assets	9-14	1,880,963	1,516	1,879,447	1,901,517
Cash and cash equivalents	9-14	1,337,415		1,337,415	1,526,421
Total current assets		**12,399,644**	**296,873**	**12,102,771**	**12,407,310**
TOTAL ASSETS		**17,374,173**	**2,634,874**	**14,739,299**	**15,499,050**

** Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note A.4.*

IFRS CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013

Equity and liabilities

(in € thousands)	Notes	2013	2012*
Equity			
Share capital		148,806	148,806
Share premium		54,333	54,333
Consolidated reserves		735,732	673,020
Net income		501,488	399,486
Interim dividend		(98,770)	
Equity attributable to owners of the parent		**1,341,589**	**1,275,645**
Non-controlling interests		24,566	298,895
Total equity		**1,366,155**	**1,574,540**
Non-current liabilities			
Provisions for retirement and other employee benefits	11	302,727	289,434
Non-current provisions	12	160,755	156,145
Borrowings and financial debt	14	569,093	734,649
Other non-current liabilities		86,193	131,789
Deferred tax liabilities (non-current)	20	45,340	55,565
Total non-current liabilities		**1,164,108**	**1,367,582**
Current liabilities			
Current provisions	12-10	1,407,245	1,453,605
Trade payables	10	4,537,655	4,698,551
Other current payables	10-13	5,638,032	5,830,134
Current tax liabilities	10	127,254	140,361
Deferred tax liabilities (current)	20	16,933	18,853
Current financial debt	14	481,917	415,424
Total current liabilities		**12,209,036**	**12,556,928**
TOTAL EQUITY AND LIABILITIES		**14,739,299**	**15,499,050**

** Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note A.4.*

CONSOLIDATED INCOME STATEMENT

for the period from 1 January to 31 December 2013

(in € thousands)	Notes	2013	2012*
Revenue	**15**	**16,807,497**	**15,336,701**
Revenue from ancillary activities	17	119,845	99,588
Revenue from operations		**16,927,342**	**15,436,289**
Purchases consumed		(3,384,197)	(3,288,726)
Subcontracting and other external expenses		(9,011,827)	(7,812,374)
Employment costs		(3,291,862)	(3,145,832)
Taxes and levies		(190,033)	(195,747)
Other operating income and expense		2,905	8,503
Net depreciation, amortisation and provision expense		(372,706)	(376,490)
Operating income from ordinary activities	**17**	**679,622**	**625,623**
(% of revenue)		*4.04%*	*4.08%*
Share-based payment expense		(32,682)	(39,045)
Income/(loss) of companies accounted for under the equity method		77,071	65,496
Other recurring operating items		(2,730)	(1,401)
Recurring operating income		**721,281**	**650,673**
(% of revenue)		*4.29%*	*4.24%*
Non-recurring operating items	17	25,098	(2,015)
Operating income		**746,379**	**648,658**
(% of revenue)		*4.44%*	*4.23%*
Cost of gross financial debt		(28,332)	(28,806)
Financial income from cash investments		21,547	34,443
Cost of net financial debt		**(6,785)**	**5,637**
Other financial income		28,299	49,599
Other financial expense		(46,591)	(68,815)
Net income tax expense		(207,156)	(196,293)
Net income		**514,146**	**438,786**
Attributable to non-controlling interests		12,658	39,300
Net income attributable to owners of the parent		**501,488**	**399,486**
(% of revenue)		*2.98%*	*2.60%*
Number of shares		18,600,811	18,600,811
Basic earnings per share (in €)		**26.96**	**21.48**

** Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note A.4.*

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

IFRS consolidated financial statements for the period ended 31 December 2013

(in € thousands)	2013	2012*
Net income for the period (including non-controlling interests)	**514,146**	**438,786**
Net income recognised directly in equity	(30,587)	(31,747)
Currency translation differences	(59,602)	23,282
Income and expenses recognised directly in equity	**(90,189)**	**(8,465)**
Total comprehensive income for the period	**423,957**	**430,321**
of which:		
Attributable to owners of the parent	408,485	395,605
Attributable to non-controlling interests	15,472	34,716

** Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note A.4.*

IFRS CASH FLOW STATEMENT

Consolidated financial statements for the period ended 31 December 2013

(in € thousands)	31/12/2013	31/12/2012*
Consolidated net income for the period (including non-controlling interests)	514,146	438,786
Depreciation and amortisation	363,350	322,876
Net provision expense	17,365	29,480
Share-based payments (IFRS 2) and other adjustments	(152,135)	(29,450)
Gains or losses on disposals	52,833	(7,616)
Change in fair value of foreign exchange derivative financial instruments	524	(2,195)
Share of income/(loss) of companies accounted for under the equity method and dividends received from unconsolidated companies	(78,163)	(66,216)
Cost of net financial debt	6,785	(5,637)
Current and deferred tax expense	207,156	196,293
Cash flows (used in)/from operations before tax and financing costs	**931,861**	**876,321**
Changes in working capital requirement and current provisions	(252,295)	80,019
Income taxes paid	(234,386)	(157,145)
Net financial interest paid	(6,694)	10,787
Dividends received from companies accounted for under the equity method	31,117	31,579
Cash flows (used in)/from operating activities	**469,603**	**841,561**
Purchases of intangible assets and property, plant and equipment	(385,328)	(456,617)
Proceeds from sales of intangible assets and property, plant and equipment	65,060	53,757
Purchases of non-current financial assets	(37,954)	(234,669)
Proceeds from sales of non-current financial assets	138,275	592
Net effect of changes in scope of consolidation	62,067	32,588
Change in financial receivables under PPPs and concessions	(29,965)	(16,846)
Dividends received from non-consolidated companies	1,093	720
Other	(21,367)	(74)
Net cash flows (used in)/from investing activities	**(208,119)**	**(620,549)**
Increases and decreases in share capital	3	(1,355)
Dividends paid by VINCI Construction	(318,631)	(220,049)
Dividends paid to non-controlling interests	(10,785)	(10,676)
Proceeds from new borrowings	53 500	131 657
Change in borrowings	(57 758)	127 492
Change in cash management assets and other current financial debts	155,330	(334,002)
Net cash flows (used in)/from investing activities	**(178,341)**	**(306,933)**
Change in net cash	**83,143**	**(85,921)**
Net cash and cash equivalents at beginning of period	1,169,368	1,271,422
Other changes	(210,726)	(16 133)
Net cash and cash equivalents at end of period	**1,041,785**	**1,169,368**
Net cash and cash equivalents at end of period	***1,041,785***	***1,169,368***
Cash management financial assets	*1,879,447*	*1,901,517*
Loans and collateralised receivables and other financial assets	*144*	*164*
Non-current financial debt	*(569,045)*	*(733,822)*
Other current financial debt (excluding overdrafts)	*(185,864)*	*(56,280)*
Fair value of derivatives, net	*824*	*(2,805)*
Net financial surplus at the end of the period	***2,167,291***	***2,278,142***

** Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note A.4.*

STATEMENT OF CHANGES IN EQUITY

Notes to the consolidated financial statements for the period ended 31 December 2013

(in € thousands)

Equity	Share capital	Share premium	Consolidated reserves	Currency translation reserves	Net income	Net income recognised directly in equity	Total attributable to owners of the parent	Non-controlling interests	Total
31 December 2011*	**148,806**	**54,333**	**638,604**	**(36,260)**	**416,819**	**(6,717)**	**1,215,585**	**295,662**	**1,511,247**
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					399,486		399,486	39,300	438,786
Net income recognised directly in equity						(24,200)	(24,200)	(7,547)	(31,747)
Share-based payment (IFRS 2)			(13,626)				(13,626)		(13,626)
Currency translation differences			(8)	19,799		528	20,319	2,963	23,282
Changes in consolidation scope and miscellaneous			(101,699)	(171)			(101,870)	(20,807)	(122,677)
31 December 2012*	**148,806**	**54,333**	**720,041**	**(16,632)**	**399,486**	**(30,389)**	**1,275,645**	**298,895**	**1,574,540**
Allocation of net income of previous period			399,486		(399,486)				
Dividend payments			(318,631)				(318,631)	(10,785)	(329,416)
Net income for the period					501,488		501,488	12,658	514,146
Net income recognised directly in equity						(38,209)	(38,209)	7,622	(30,587)
Share-based payment (IFRS 2)			(22,057)				(22,057)	105	(21,952)
Currency translation differences			441	(55,244)		9	(54,794)	(4,808)	(59,602)
Changes in consolidation scope and miscellaneous			(7,151)	1,254		4044	(1,853)	(279,121)	(280,974)
31 December 2013	**148,806**	**54,333**	**772,129**	**(70,622)**	**501,488**	**(64,545)**	**1,341,589**	**24,566**	**1,366,155**

** Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note A.4.*

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A. Accounting policies and measurement methods

1. GENERAL PRINCIPLES

Pursuant to Regulation (EC) No. 1606/2002 of 19 July 2002, the Group's consolidated financial statements for the period ended 31 December 2013 have been prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2013.
The accounting policies used at 31 December 2013 are the same as those used in preparing the consolidated financial statements at 31 December 2012, except for the standards and interpretations adopted by the European Union applicable as from 1 January 2013, (see Note A.1.1. "New Standards and Interpretations applicable from 1 January 2013").

1.1. New standards and interpretations applicable from 1 January 2013

The impact of applying IAS 19 Revised from 1 January 2013 is described in note A.4 (Change in accounting method: application of IAS 19 amended "Employee Benefits").
The other new standards and interpretations mandatorily applicable from 1 January 2013 have no material impact on VINCI Construction's consolidated financial statements at 31 December 2013. These are mainly:
- IFRS 13 "Fair Value Measurement", see note A.3.1.6;
- IAS 1 Amended "Presentation of Items of Other Comprehensive Income";
- IFRS 7 Amended "Disclosures – Offsetting Financial Assets and Financial Liabilities";
- Annual improvements 2009-2011.

1.2. Standards and interpretations adopted by the IASB but not yet applicable at 31 December 2013

The Group has not applied early the following standards and interpretations of which application was not mandatory at 1 January 2013:

Standards on consolidation methods:
- IFRS 10 "Consolidated Financial Statements";
- IFRS 11 "Joint Arrangements";
- IFRS 12 "Disclosure of Interests in Other Entities";
- IAS 28 Revised "Interests in Associates and Joint Ventures";
- Amendment to IFRS 10, 11 and 12 on transition guidance.

Other standards and interpretations:
- IFRS 9 "Financial Instruments: Classification and Measurement";
- IFRS 9 "Financial Instruments: Hedge Accounting";
- Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities";
- Adjustments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets";
- Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions";
- Annual improvements 2010-2012;
- Annual improvements 2011-2013;
- IFRIC 21 "Levies".

VINCI Construction is currently analysing the impacts and practical consequences of applying these standards.

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

Changes in the scope of consolidation

	31 December 2013			31 December 2012		
	Total	France	Foreign	**Total**	France	Foreign
Controlled companies	**675**	350	325	**735**	372	363
Equity method	**70**	14	56	**265**	15	250
Total	**745**	**364**	**381**	**1,000**	**387**	**613**

2.2. Intragroup transactions

Reciprocal operations and transactions relating to assets and liabilities, income and expenses between consolidated or equity-accounted companies are eliminated in the consolidated financial statements. This is done:
- for the full amount if the transaction is between two fully consolidated companies;
- 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 for balance sheet items and at the average rate for the period for income statement items. Any resulting translation differences are recognised under translation differences in consolidated reserves. Goodwill relating to foreign entities is considered as comprising part of the assets and liabilities acquired and is therefore translated at the exchange rate in force at the balance sheet date.

2.4. Foreign currency transactions

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

2.5. Business combinations

Business combinations completed between 1 January 2004 and 31 December 2009 have been recognised applying the principles of the previous version of IFRS 3.

Business combinations completed from 1 January 2010 onwards have been recognised in accordance with IFRS 3 Revised. As a result, this standard is applied prospectively.

In application of this revised standard, the Group recognises the identifiable assets acquired 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. From the acquisition date, any subsequent changes to this fair value resulting from events taking place after control was acquired 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, goodwill can include a portion of the fair value of non-controlling interests if the full goodwill method has been selected.

The Group has 12 months from the date of acquiring control 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 impact on 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 as a transaction between shareholders, with no impact on profit or loss.

3. MEASUREMENT RULES AND METHODS APPLIED BY THE GROUP

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 consequences of the ongoing economic crisis in Europe make 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.
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 grants of stock options (offers to subscribe to or purchase shares), performance share plans and shares under the Group Savings Plan to employees. 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 fair value

The Group mainly uses fair value in measuring, on a consistent basis, the derivative instruments, cash, cash equivalents, available-for-sale financial assets, cash management financial assets and identifiable assets and liabilities acquired in business combinations on its balance sheet.
Fair value is the price that would be received from selling an asset or paid to transfer a liability in a normal transaction. It is recognised on the basis of the asset or liability's main market (or the most advantageous market if there is no main market), i.e. the one that offers the highest volume and activity levels.
To determine these fair values, the Group uses the following measurement methods:

- market-based approaches, based on observable market prices or transactions;
- revenue-based approaches, which convert future cash flows into a single present value;
- cost-based approaches, which take into account the asset's physical, technological and economic obsolescence.

The following three-level hierarchy of fair values is used:

▸ level 1: price quoted on an active market. Marketable securities and some available-for-sale financial assets and listed bond issues are measured in this way.

▸ level 2: internal model using internal measurement techniques with observable factors. These techniques are based on usual mathematical computation methods, which incorporate observable market data (forward prices, yield curves, etc.). The calculation of the fair value of most derivative financial instruments (swaps, caps, floors, etc.) traded over the counter is based on internal models commonly used by market participants to price such financial instruments.

Every quarter, the internally calculated values of derivative instruments are checked for consistency with those sent to VINCI by the counterparties.

▸ level 3: internal model using non-observable factors. This model applies to customer relationships and contracts acquired through business combinations, as well as to holdings of unlisted shares, which, in the absence of an active market, are measured at their cost of acquisition plus transaction costs.

3.2. Revenue

Consolidated revenue is recognised in accordance with IAS 11, as described below.

They include 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.

It includes any revenue recognised in respect of construction work carried out by third-party companies on infrastructure under a PPP contract for which the corresponding entry in the balance sheet appears under financial receivables.

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 those 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 "Service Concession Arrangements", a concession operator has a twofold activity:

▸ a construction activity in respect of its obligations to design, build and finance a new 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:

▸ **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. The intangible asset model also applies whenever the concession grantor remunerates the concession operator on the basis of how much users use the infrastructure, but with no guarantees as to the amounts that will be paid to the operator (under a simple pass-through or shadow-toll agreement).

Under this model, the right to receive toll payments (or other remuneration) is recognised in the concession operator's balance sheet under "Concession intangible assets". This right corresponds to the fair value of the concession asset plus borrowing costs capitalised during the construction phase. It is amortised over the term of the arrangement in a manner that reflects the pattern in which the asset's economic benefits are consumed by the entity, starting from the asset's entry into service.
This treatment applies to most of the infrastructure concessions, in particular the motorway networks in France and certain bridges and tunnels.
▸ **The grantor: the financial asset model applies.** The operator has an unconditional contractual right to receive payments from the grantor, irrespective of the amount of use made of the infrastructure.
Under this model, the operator recognises a financial asset, attracting interest, in its balance sheet, in consideration for the services it provides (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.

In the case of bifurcated models, the operator is remunerated partly by users and partly by the grantor. The part of the investment that is covered by an unconditional right to receive payments from the grantor (in the form of grants or rental) is recognised as a financial receivable up to the amount guaranteed. The unguaranteed balance, of which the amount is dependent on the extent of use of the infrastructure, is recognised under "Concession intangible assets".

3.6. Share-based payment

The measurement and recognition methods for share subscription and purchase plans, 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 plan 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 Construction 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. These are plans under which the final vesting of the shares may be dependent on the realisation of financial criteria.
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 Plan

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 19 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 and applied according to the schedule for the reversal of temporary differences. 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 share-based payments (IFRS 2) is taken to income to the extent that the deductible amount does not exceed the fair value of plans established according to IFRS 2.
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 income 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 on the acquisition date either at fair value (the full goodwill method), or for the portion of the net assets acquired that they represent (the partial goodwill method). The choice can be made for each business combination.

3.13. Concession intangible assets

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

3.14. Grants related to assets

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

3.15. Property, plant and equipment

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

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

Constructions:	
▸ structure	between 20 and 50 years
▸ general technical installations	between 5 and 20 years
Site equipment and technical installations	between 3 and 12 years
Vehicles	between 3 and 5 years
Fixtures and fittings	between 8 and 10 years
Office furniture and equipment	between 3 and 10 years

Depreciation commences as from the date when the asset is ready to enter 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 derived from an asset or cash-generating unit. The discount rate is determined for each cash-generating unit taking account of its geographical location and the risk profile of its business.

3.19. Investments in 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 entity, these losses are not recognised unless the Group has entered into a commitment to recapitalise the entity or provide it with funding. The share of the negative net equity of companies accounted for under the equity method arising from decreases in the fair value of financial hedging instruments is presented under provisions for financial risks.

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 income 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 "Recurring 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 derivative financial instruments designated as hedges maturing after one year (see Note A.3.28.2 "Fair value of derivative instruments (assets and liabilities)").

3.20.1. Available-for-sale securities

Available-for-sale securities 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, 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 less 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 positive 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 comprise the fair value of derivative financial instruments (assets) not designated as hedges 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 money-market UCITS (according to the AMF classification) and certificates of deposit with initial maturities not exceeding three months. 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.
Since 1 January 2013, the Group has applied IAS 19 Amended "Employee Benefits", which 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 Group no longer uses the corridor method or amortises past service cost against income over the average vesting period.

- interest income from pension plan assets is now calculated using the discount rate used to calculate obligations with respect to defined benefit plans;
- the impacts of plan amendments must be recognised in income;
- the impacts of remeasurements must be recognised in other comprehensive income: actuarial gains and losses on retirement benefit obligations, plan asset outperformance/underperformance (i.e. the difference between the effective return on plan assets and the return calculated using the discount rate applied to the actuarial liability) and changes in the asset ceiling effect. These impacts are presented in the consolidated comprehensive income statement.

Impacts relating to this change in accounting method for the 2012 comparison period and on balance sheet figures at 31 December 2012 are set out in note A.4 "Change in accounting method: application of IAS 19 Amended".

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).

For defined benefit plans, the expense recognised under operating income or loss comprises the current service cost and the effects of any change, reduction or winding up of the plan. The accretion impact on actuarial debt and interest income on plan assets are recognised under other financial income and expenses.

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

The part of provisions for retirement benefit obligations that matures within less than one year is shown under other current non-operating 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 non-Group companies 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 10-year warranties on building projects in France. They are estimated statistically on the basis of expenses incurred in previous years or individually on the basis of specifically identified events.

Provisions for losses on completion of contracts and construction project liabilities are 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). In accordance with IAS 39, all derivative instruments must be stated at fair value on the balance sheet. If the instrument is not designated as a hedge, the change in fair value must be taken to income. If the derivative instrument is designated as a hedge, its recognition as a hedging instrument allows changes in its value to be neutralised in income.

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 non-controlling shareholders

Put options (options to sell) granted to the non-controlling shareholders of certain Group subsidiaries are recognised under other non-current 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 equity holders of the parent for the surplus, if any).

3.29. Off-balance sheet commitments

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

4. CHANGE IN ACCOUNTING METHOD: APPLICATION OF IAS 19 AMENDED "EMPLOYEE BENEFITS"

Since 1 January 2013, the Group has applied IAS 19 Amended "Employee Benefits", which features several changes in the way that post-employment benefits are recognised. These are described in note A.3.26.1 "Provisions for retirement benefit obligations".
Since IAS 19 Amended "Employee Benefits" applies retrospectively, the impact of the change in accounting method for the 2012 comparison period and on balance sheet figures at 31 December 2012 is set out below.

KEY FIGURES

(in € millions)	2012 reported	Impact of IAS 19 amended	2012 adjusted
Revenue	15,336.7		15,336.7
Operating income from ordinary activities	619.9		619.9
Operating income	639.1		639.1
Net income	399.3	*0.2*	399.5
Cash flow from operations before tax and financing costs	876.3		876.3
Equity	1,696.0	*(121.5)*	1,574.5
Net financial surplus	2,278.1		2,278.1

B. Business disposals

Finalisation of the agreement concerning a new business strategy for CFE

On 24 December 2013, following approval by the European competition authorities, VINCI Construction and Ackermans & van Haaren (AvH) completed the transactions provided for in their agreement signed on 19 September 2013.

AvH transferred to CFE its 50% stake in DEME, one of the world's largest dredging and marine works companies. CFE's extraordinary general meeting of shareholders of 13 November 2013 had previously approved the capital increase reserved for AvH, resulting in the issue of 12,222,222 new CFE shares at a price of €45 each.

VINCI Construction sold half of its stake in CFE to AvH for cash, i.e. 3,066,440 shares at a price of €45 each.

After these transactions, VINCI Construction still has a 12.11% stake in CFE, giving it only significant influence over the company. As a result, CFE has been accounted for under the equity method since 24 December 2013. AvH now owns 60.39% of CFE, which in turn owns 100% of DEME.

VINCI Construction's loss of control over CFE leads to the recognition of a disposal gain under non-recurring operating income, and in accordance with the provisions of IAS 27 applicable in the event of a loss of control, the remeasurement of the remaining stake in CFE at its fair value.

C. Information by operating segment

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 European subsidiaries: operate in Poland, the Czech Republic and Slovakia in the building, civil engineering and hydraulic sectors.

Management segment 2

- Soletanche Freyssinet: develops and deploys highly technical expertise in specialised civil engineering, working on structures, special foundations, soil technologies and nuclear engineering.
- VINCI Construction UK: regional and nationwide building and civil engineering operations in the UK.
- Entrepose Contracting: specialises 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 and major bridges and tunnels.
- 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)	31.12.2012	Increase	Decrease	Translation differences, change in consolidation scope and other	31.12.2013
Gross	142,607	5,128	(1,934)	(11,436)	134,366
Amortisation and provisions	(82,399)	(9,285)	1,588	5,811	(84,285)
Net	**60,208**	**(4,157)**	**(346)**	**(5,625)**	**50,081**

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	914,838	(37,473)	877,365
Goodwill recognised during the period	6,996		6,996
Amortisation and provisions		(27,171)	(27,171)
Translation differences and other	(45,767)	7,883	(37,884)
Total	**876,067**	**(56,761)**	**819,306**

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

	Net
VINCI Construction UK	202,855
Soletanche Bachy	170,628
Nuvia	140,126
Entrepose Contracting	114,458
Geostock Holding	16,794
Structures Île-de-France	10,731
Sogetrav	9,702
Cofor	9,124

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 2013. 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.

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 31/12/2013	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 rates at 31/12/2012	Discount rates at 31/12/2012	2013	2012
Soletanche Bachy	170.6	3.4%	1.5%	9.3%	10.6%	-	-
Entrepose Contracting	114.5	3.1%	1.0%	10.7%	11.2%	-	-
Other goodwill	534.2	-3 to 7%	1 to 5%	7.3 to 18%	8.2 to 16.7%	(27.2)	(7.0)
Total	**819.3**					**(27.2)**	**(7.0)**

3. CONCESSION FIXED ASSETS

(in € thousands)	31/12/2012	Increase	Decrease	Translation differences, change in consolidation scope and other	31/12/2013
Gross	5,086	1,785			6,871
Depreciation and provisionss	(4,070)	(193)	1		(4,262)
Net	**1,016**	**1,592**	**1**	**0**	**2,609**

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)	31/12/2012	Increase	Decrease	Translation differences, change in consolidation scope and other	31/12/2013
Gross	3,386,509	378,679	(228,053)	(256,842)	3,280,293
Depreciation and provisions	(2,172,823)	(357,794)	185,152	181,106	(2,164,359)
Net	**1,213,686**	**20,885**	**(42,901)**	**(75,736)**	**1,115,934**

4.2. Breakdown by type of asset

(in € thousands)	Gross	Depreciation	Net
Land	64,655	(8,752)	55,903
Constructions	261,602	(131,207)	130,395
Plant and equipment	2,695,390	(1,866,063)	829,327
Office furniture, computer equipment, fixtures and fittings	222,189	(157,187)	65,002
Non-current assets in progress	36,457	(1,150)	35,307
Total net	**3,280,293**	**(2,164,359)**	**1,115,934**

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 for the period

(in € thousands)	31/12/2013
Land	2,858
Constructions	11,323
Plant and equipment	296,057
Office furniture, computer equipment, fixtures and fittings	29,956
Non-current assets in progress	38,485
Total Investments	**378,679**

4.4. Leased assets

Leased assets amounted to €94.6 million at 31 December 2013 and related mainly to assets used in operations.

5. INVESTMENT PROPERTY

(in € thousands)	31/12/2012	Increase	Decrease	Translation differences, change in consolidation scope and other	31/12/2013
Gross	10,373	128	0	(9,739)	762
Depreciation and provisions	(8004)	(42)		7,556	(490)
Net	**2,369**	**86**	**0**	**(2,183)**	**272**

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)	31/12/2012*	31/12/2013
Value of shares at start of the period	**480,722**	**553,069**
Increases in capital of associates	12,144	4,183
Group share of net income for the period	65,496	77,071
Dividend payments	(31,579)	(31,117)
Changes in scope, conversion rate adjustments and other	26,286	(286,433)
Total net	**553,069**	**316,773**

Movements during the period recorded in the "Changes in consolidation scope, foreign currency translation differences and other" item arise mainly from the change in the Group's percentage stake in CFE and its subsidiaries including DEME (a decrease of €330 million, see note B "Finalisation of the agreement concerning a new business strategy for CFE").

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:

	% held	31/12/2012	31/12/2013
DEME (subsidiary of CFE in Belgium)	50.00%	**375,420**	
CFE	12.11%		**130,004**
QDVC	49.00%	**11,247**	**16,054**

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

(in € thousands)	31/12/2012*	31/12/2013
Income statement		
Revenue	1,310,215	1,689,513
Operating income	106,502	137,532
Net income	65,496	77,071
Balance sheet		
Non-current assets	1,530,820	422,141
Current assets	887,473	547,467
Equity	(497,735)	(293,841)
Non-current liabilities	(1,028,598)	(214,716)
Current liabilities	(891,960)	(461,076)
Net financial debt	**(546,063)**	**(76,887)**

** Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note A.4.*

7. OTHER NON-CURRENT FINANCIAL ASSETS

(in € thousands)	Gross	Impairment losses	Net
Financial receivables - PPPs	33,357		33,357
Investments in subsidiaries and affiliates	55,564	(23,837)	31,727
Other available-for-sale financial assets	823	(260)	563
Other non-current financial assets	86,695	(3,185)	83,510
Fair value of derivative financial instruments (assets)			0
Retirement benefit plans - net surplus financial assets			0
Total net	**176,439**	**(27,282)**	**149,157**

8. INVENTORIES AND WORK IN PROGRESS

(net, in € thousands)	31/12/2012	31/12/2013
Inventories	345,766	287,496
Work in progress	30,567	34,746
Total net	**376,333**	**322,242**

9. CASH MANAGEMENT FINANCIAL ASSETS, CASH AND CASH EQUIVALENTS

Cash management financial assets break down as follows:

(in € thousands)	31/12/2012	31/12/2013
Cash management financial assets	**1,901,517**	**1,879,447**
Cash equivalents	549,351	358,808
Cash	977,070	978,607
Cash and cash equivalents	**1,526,421**	**1,337,415**

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

10. WORKING CAPITAL REQUIREMENT (SURPLUS)

(in € thousands)	31/12/2012*	31/12/2013
Inventories and work in progress (net)	376,333	322,242
Trade and other operating receivables	8,030,699	8,082,492
Other current assets	376,830	248,488
Current tax assets	52,845	75,412
Inventories and operating receivable (I)	**8,836,707**	**8,728,634**
Trade payables	4,698,551	4,537,655
Other current liabilities	5,830,134	5,638,032
Current tax liabilities	140,361	127,254
Operating payables (II)	**10,669,046**	**10,302,941**
Working capital requirement connected with operations (I-II)	**(1,832,339)**	**(1,574,307)**
Current provisions	**(1,453,605)**	**(1,407,245)**
Working capital requirement (after current provisions)	**(3,285,944)**	**(2,981,552)**

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

11.1. Retirement benefit obligations

At 31 December 2013, provisions for retirement benefit obligations amounted to €334,629 thousand in total (including €280,068 thousand at more than one year) compared with €281,930 thousand at 31 December 2012 (including €267,262 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 €54,561 thousand at 31 December 2013 and €14,668 thousand at 31 December 2012, and is reported under other current liabilities.

VINCI Construction's retirement benefit obligations on the consolidated balance sheet relate to defined benefit plans recognised in accordance with the accounting principles set out in note A.3.26.1, and have the following characteristics:

- For French subsidiaries, these are contractual lump sums paid on retirement (generally based on a percentage of final salary, depending on the employee's length of service and applicable collective agreements), supplementary defined benefit retirement plans of which some of the Group's employees are members.
- To cover the liabilities of VINCI's UK subsidiaries (VINCI plc, Nuvia UK, Freyssinet UK etc.), plans are funded through independent pension funds.

The retirement benefit obligations covered by provisions recognised in the balance sheet are calculated using the following assumptions:

	Eurozone		UK	
Plan	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Discount rate	3.4%	3.5%	4.4%	4.4%
Inflation rate	2.0%	2.0%	2.5% - 3.4%(1)	1.8% - 3.4%
Rate of salary increases	0% - 4%	0% - 4%	3% - 4.4%	2.6% - 4.4%
Rate of pension increases	2.0%	2.0%	2% - 5%	2.5% - 3.6%

** Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note A.4.*
(1) Inflation rates: CPI 2.5%; RPI 3.4%.

Discount rates have been determined by geographical zone on the basis of yields on private-sector bonds with a rating of AA and whose maturities correspond to the plans' expected cash flows. The discount rates finally adopted are based on the various rates applicable to each maturity.
The other local actuarial assumptions (economic and demographic assumptions) are set on the basis of the specific features of each of the countries in question.

Change in provisions for retirement benefit obligations during the period	31/12/2013	31/12/2012
Start of period	**281,930**	**243,395**
Total charge recognised with respect to retirement benefit obligations	34,674	34,402
Actuarial gains and losses recognised in other comprehensive income	57,902	35,525
Benefits paid to beneficiaries by the employer	(16,521)	(24,245)
Contributions paid to funds by the employer	(15,666)	(9,528)
Translation differences, changes in consolidation scope and miscellaneous	(7,690)	2,381
End of period	**334,629**	**281,930**

Expenses recognised in respect of defined contribution plans

The Group contributes to basic state pension plans, for which the expense recognised is the amount of the contributions called by the state bodies. Basic state pension plans are considered as being defined contribution plans. Depending on the country, the proportion of contributions paid that relates to pensions may not be clearly identifiable.
Pension contributions taken as an expense in the period in respect of defined contribution plans (excluding basic state plans) totalled €171.4 million at 31 December 2013 (€165.1 million at 31 December 2012). These amounts include the contributions paid to the external multi-employer fund (CNPO) in respect of obligations in regard to lump sums paid on retirement to building workers.

11.2. Other employee benefits

At 31 December 2013, provisions for other employee benefits amounted to €25,830 thousand (including €22,660 thousand at more than one year) against €24,901 thousand at 31 December 2012 (including €22,171 thousand at more than one year). The part at less than one year was €3,170 thousand at 31 December 2013 and €2,730 thousand at 31 December 2012, 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 French Act of 4 May 2004 grants employees of French companies an entitlement 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 108,000 hours of such training at 31 December 2013.

12. OTHER PROVISIONS

(in € thousands)	31/12/2012	Provisions taken	Reversals	Reversals of unused provisions	Other changes	31/12/2013
Warranties given to customers	405,119	97,198	(55,318)	(9637)	(22,760)	414,602
Losses on completion	203,174	171,111	(97,805)	(883)	(14,969)	260,628
Disputes	345,057	68,258	(132,316)	(7,710)	(9,132)	264,157
Restructuring costs	5,997	5,141	(937)	(206)	(3,389)	6,606
Other current liabilities	373,506	133,345	(106,278)	(19,177)	(26,429)	354,967
Discounting of current provisions	(853)				853	0
Reclassification of the part at less than one year of non-current provisions	121,605				(15,319)	106,286
Current liabilities	**1,453,605**	**475,053**	**(392,654)**	**(37,613)**	**(91,145)**	**1,407,246**
Liabilities in respect of subsidiaries	30,529	1,920	104	(264)	(14,122)	18,167
Other non-current liabilities	248,855	95,383	(90,075)	(16,197)	10,907	248,873
Discounting of non-current provisions	(1,634)				1,634	0
Reclassification of the part at less than one year of non-current provisions	(121,605)				15,319	(106,286)
Non-current provisions	**156,145**	**97,303**	**(89,971)**	**(16,461)**	**13,738**	**160,754**
Total	**1,609,750**	**572,356**	**(482,625)**	**(54,074)**	**(77,407)**	**1,568,000**

13. OTHER CURRENT LIABILITIES

Other current liabilities break down as follows:

(in € thousands)	31/12/2012*	31/12/2013
Clients - Advances received on work	964,522	991,533
Prepaid income	1,760,906	1,352,748
Operating current accounts	922,369	1,068,601
Tax, employment and social benefit liabilities	1,440,709	1,521,647
Liabilities relating to non-current assets	21,217	12,509
Other current liabilities	703,013	633,263
Provisions for retirement benefit and other employee benefits at less than one year	17,398	57,731
Other current liabilities	**5,830,134**	**5,638,032**

** Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note A.4.*

14. NET FINANCIAL SURPLUS AND FINANCING RESOURCES

At the end of the period, the Group had a net cash surplus of €2,167,291 thousand, breaking down as follows:

(in € thousands)	31/12/2012	31/12/2013
Other loans and borrowings (a)	(733,822)	(569,045)
Fair value of derivative financial instruments (non-current liabilities)	(827)	(48)
Non-current financial debt	**(734,649)**	**(569,093)**
Part at less than one year of long-term financial debt (a)	(44,600)	(27,392)
Cash management current accounts, liabilities	(6,209)	(153,430)
Other current financial liabilities	(5,471)	(5,042)
Fair value of derivative financial instruments (current liabilities)	(2,092)	(423)
Bank overdrafts	(357,052)	(295,630)
Current financial debt	**(415,424)**	**(481,917)**
Financial Debt	**(1,150,073)**	**(1,051,010)**
Fair value of derivative financial instruments (assets)	114	1,295
Loans and collateralised receivables and other financial assets	48	29
Long-term loans to consolidated subsidiaries, part at less than one year	115	115
Cash management financial assets	1,901,517	1,879,447
Cash and cash equivalents	1,526,421	1,337,415
Net financial surplus	**2,278,142**	**2,167,291**

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

Cash management financial assets include investments with VINCI of €1,745 million, attracting interest at rates close to market rates.

Of which net cash (see cash flow statement):	31/12/2012	31/12/2013
UCITS - Cash equivalents	549,351	358,808
Cash	977,070	978,607
Bank overdrafts	(357,052)	(295,630)
Net cash	**1,169,369**	**1,041,785**

Details of long-term loans and financial debt (in € millions)	31/12/2012	31/12/2013
Bank loans and other financial debt	239.8	63.9
Finance lease debt restated	44.5	21.0
VINCI Group loans	494.1	511.6
Long-term loans and financial debt (a)	**778.4**	**596.5**

15. REVENUE

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

(in € millions)	31/12/2013	31/12/2012
Revenue for the period	**16,807**	**15,337**
. Revenue of companies consolidated for the first time	*(36)*	*114*
. Revenue of companies no longer consolidated		*(2)*
. Impact of foreign exchange fluctuations		*(191)*
Revenue at constant consolidation scope and exchange rates	**16,772**	**15,257**

At constant consolidation scope and exchange rates, revenue was up 9.93% against the previous period.

REVENUE BY GEOGRAPHICAL AREA (by destination)	31/12/2013	31/12/2012
. France (including overseas territories)	9,155	8,419
. Europe excluding France	4,007	3,715
. Africa	1,525	1,388
. North and South America	758	718
. Middle East	206	145
. Asia	617	438
. Oceania	539	512
Total	**16,807**	**15,337**

REVENUE BY ACTIVITY	31/12/2013	31/12/2012
. Building	6,716	6,484
. Civil engineering and earthworks	6,634	6,148
. Hydraulic engineering	424	899
. Roads	995	874
. Facilities management and other services	454	349
. Property development	203	181
. Rail works (railways, tramways)	363	
. Oil and oil services infrastructure	776	
. Provision of services and other	244	401
Total	**16,807**	**15,337**

16. INFORMATION BY OPERATING SEGMENT

2013 (in € millions)		Revenue	Operating income from ordinary activities	% of revenue
Management segment 1	VINCI Construction France, CFE, Sogea-Satom, French overseas territories and Central European subsidiaries	**9,977**	**362**	3.6%
Management segment 2	Soletanche Freyssinet, VINCI Construction UK, Entrepose Contracting, VINCI Construction Grands Projets, VINCI Construction Terrassement and Dodin Campenon Bernard	**6,920**	**278**	4.0%
Holding companies and other activities			40	
Eliminations		(89)		
TOTAL		**16,807**	**680**	**4.0%**

Financial year 2012*

2012* (in € millions)		Revenue	Operating income from ordinary activities	% of revenue
Management segment 1	VINCI Construction France, CFE, Sogea-Satom, French overseas territories and Central European subsidiaries	**9,439**	**397**	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**	**159**	2.7%
Holding companies and other activities			69	
Eliminations		(61)		
TOTAL		**15,337**	**626**	**4.1%**

** Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note A.4.*

17. OPERATING INCOME FROM ORDINARY ACTIVITIES

(in € thousands)	31/12/2013	31/12/2012*
Revenue	16,807,497	15,336,701
Revenue from ancillary activities	119,845	99,588
Revenue from operations	**16,927,342**	**15,436,289**
Purchases (raw materials, supplies, goods)	(3,384,197)	(3,288,726)
Subcontracting and other external expenses	(9,011,827)	(7,812,374)
Employment costs	(3,291,862)	(3,145,832)
Taxes and levies	(190,033)	(195,747)
Other operating income and expense	2,905	8,503
Operating depreciation and amortisation expense	(363,350)	(322,876)
Net operating provision charges		
. Impairment losses on property, plant and equipment and intangible assets	2,401	(654)
. Impairment of assets	13,202	(8,309)
. Retirement and other benefit obligations	(1,843)	(739)
. Current and non-current provisions	(23,116)	(43,912)
Operating income from ordinary activities	**679,622**	**625,623**
% of revenue	*4.0%*	*4.1%*
Share-based payments (IFRS 2)	(32,682)	(39,045)
Profit/(loss) of companies accounted for under the equity method	77,071	65,496
Other recurring operating items	(2,730)	(1,401)
Recurring operating income	**721,281**	**650,673**
Goodwill impairment expense	(27,171)	(6,991)
Impact from changes in scope and gain/(loss) on disposals of shares	52,269	4,976
Other non-recurring operating items	0	0
Operating income	**746,379**	**648,658**
% of revenue	*4.4%*	*4.2%*

Revenue from ancillary activities amounted to €119.8 million in 2013. It mainly comprised sales of equipment, materials and merchandise (€81 million), study work, engineering and professional fees invoiced in connection with construction contracts (€15.3 million) and rental income (€18.1 million).

** Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note A.4.*

Change in the presentation of the consolidated income statement

From the period ended 31 December 2013 and in order to present its performance more effectively, the Group decided to change the presentation of its consolidated income statement by adding an item between operating income from ordinary activities and operating income called **"Recurring operating income".**

Operating income from ordinary activities measures the operating performance of Group subsidiaries before taking account of expenses related to share-based payments (IFRS 2), the share of the income or loss of companies accounted for under the equity method, and other recurring and non-recurring operating items. Prior-year figures for this item have not been adjusted.

Recurring operating income is intended to present the Group's recurring operational performance excluding the impact of non-recurring transactions and events during the period. It is calculated by adding impacts associated with share-based payments (IFRS 2) and income from companies accounted for under the equity method to operating income from ordinary activities.

Goodwill impairment losses and other material and unusual non-recurring operating items, including gains or losses on share sales and the impact of remeasuring equity interests at fair value following changes in the type of control exerted over the investee, are recognised in operating income. Operating income is therefore calculated by adding income and expense classified as non-recurring to recurring operating income.

The change in presentation has been applied retrospectively to the 2012 comparison period, in accordance with IAS 1.

Non-recurring operating items

Non-recurring operating items produced income of €25 million in 2013. In addition to goodwill impairment charges (€27 million), they included the following:

– the impact from changes in scope and disposals of shares, producing income of €52 million (income of €5 million in 2012). This impact arose mainly from the remeasurement of the existing stake in CFE for almost €50 million (see Note B "Business disposals").

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

The expense relating to benefits granted to employees has been assessed at €33 million before tax in respect of 2013, of which €3.2 million was in respect of share option plans, €3.5 million in respect of Group savings plans, €23.8 million in respect of performance share plans and €2.2 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 Scheme 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. These benefits granted to Group employees are recognised in the income statement and measured in accordance with IFRS 2 using 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 2013, 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

No new stock option plan was set up in 2013.
Options only vest definitively after a period of three years has elapsed and are conditional on beneficiaries being employed by the Group until the end of the vesting period.
The fair value of the options has been calculated by an external actuary at the respective grant dates of the options on the basis of the following assumptions:

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:

	2013 plan	2012 plan	2011 plan
Price of VINCI share on date plan was announced *(in €)*	35.47	36.37	44.87
Fair value of performance share at grant date *(in €)*	28.6	28.0	36.9
Fair value of share at grant date *(in %)*	80.56%	77.00%	82.25%
Original maturity (in years) – vesting period	2 years	2 years	2 years
Risk-free interest rate*	0.11%	0.36%	1.81%

** 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 IFRS 2 expense is adjusted at each balance sheet date for the impact of the change since the grant date of the shares in the likelihood of the financial criteria being met.

19. OTHER FINANCIAL INCOME AND EXPENSE

(in € thousands)	31/12/2013	31/12/2012*
Foreign exchange gains and losses	(8,212)	(5,613)
Impact of discounting to present value	(10,086)	(13,593)
Other financial income and expenses, net	6	(10)
Other financial income and expenses, net	**(18,292)**	**(19,216)**

20. INCOME TAX EXPENSE

20.1. Breakdown of net tax expense

(in € thousands)	31/12/2013	31/12/2012*
Current and deferred tax	(207,156)	(196,293)
Effective tax rate	32.16%	34.46%

20.2. Effective tax rate

Pre-tax income and income from companies accounted for under the equity method	**644,231**
Theoretical tax rate	34.43%
Theoretical tax charge	**(221,809)**
Goodwill impairment expense	(7,532)
Income taxed at reduced and other rates	44,506
Tax rate differential between current and previous year	(3,364)
Tax rate differences (foreign countries)	71,966
Creation (use) of carryforward losses not having given rise to deferred tax	(28,297)
Fixed-sum and other additional taxes	(26,026)
Permanent differences and miscellaneous	(36,600)
Tax charge recognised	**(207,156)**
Effective tax rate	32.16%

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
333,602	62,273	271,329

20.4. Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €156,6 million at 31 December 2013.

** Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note A.4.*

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.

Items relating to construction contracts in progress at the balance sheet date are:

(in € millions)	31/12/2013	31/12/2012
Construction contracts in progress – assets	1,096	971
Construction contracts in progress – liabilities	(803)	(1,196)
Construction contracts in progress	**293**	**(225)**
Costs incurred plus profits recognised less losses recognised to date	36,189	32,375
Invoices issued	(35,896)	(32,600)
Construction contracts in progress before advances received from customers	**293**	**(225)**
Advances received from customers	(696)	(693)
Construction contracts in progress, net	**(403)**	**(918)**

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	1,579	202
Retention payments	1,684	365
Deferred payments to subcontractors and suppliers	1,194	470
Progress payment guarantees	1,166	118
Bid bonds	70	
Tax and customs bonds	24	
Total	**5,717**	**1,155**

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 2013 amounted to €2,762,028.

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	2.0	
Operating leases	317.0	
Collateral security	0.1	4.4
Other commitments	226.4	50.9
Total	**545.5**	**55.3**

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'Île-de-France – the regional authority for the Greater Paris region – applied to the Paris Court of First Instance (Tribunal de Grande Instance) for a ruling against 15 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.

This application by the regional authority was further to a judgment by the Paris Appeal Court on 27 February 2007 against various natural persons finding them guilty of operating a cartel as well as to the decision on 9 May 2007 by the competition authority (the Conseil de la Concurrence) and the ruling of the Paris Court of Appeal 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 Île-de-France region. In a judgment on 17 December 2013, the Paris Court of First Instance declared the claims made by the regional authority inadmissible and stated that the proceedings were time-barred. In view of the current situation, the Group considers that this dispute is unlikely to have a material effect on its financial situation.

▸ 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. 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 delivered its judgment on 7 May 2013, formalising the jury's decision. After paying the damages, the consortium appealed against this judgment in the Washington Court of Appeals on 31 May 2013. In view of the current situation, the Group considers that 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 stations. This application follows a ruling made by the competition authorities (the Conseil de la Concurrence) 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.

▸ Soletanche Bachy France has submitted a request for arbitration to the International Chamber of Commerce after ACT (Aqaba Container Terminal) terminated a contract for the construction of an extension to a container terminal in the port of Aqaba in Jordan. Soletanche Bachy France is disputing the grounds for terminating the contract, and is claiming $10 million in damages. ACT contends that it had valid grounds for terminating the contract and that it incurred additional costs in completing the works, and is counter-claiming $50 million in damages. 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.

25. MAIN CONSOLIDATED AND EQUITY-ACCOUNTED COMPANIES AT 31 DECEMBER 2013

	Consolidation method	Percentage holding
1/Parent company		
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
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

	Consolidation method	Percentage holding
2/ Controlled companies (continued)		
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
Sogea-Satom	**CC**	**100.0**
Sogea-Satom and its subsidiaries (various African countries)	CC	100.0
French overseas territories	**CC**	**100.0**
Dumez-GTM Calédonie	CC	100.0
GTM Guadeloupe	CC	100.0
Nofrayane (French Guyana)	CC	100.0
SBTPC (Réunion)	CC	100.0
Sogea Mayotte	CC	100.0
Sogea Réunion	CC	100.0
Soletanche Freyssinet	**CC**	**100.0**
Agra Foundations	CC	100.0
Bachy Soletanche Group Ltd. (Hong Kong)	CC	100.0
Bachy Soletanche Ltd. (United Kingdom)	CC	100.0
Bachy Soletanche Singapour Pte Ltd.	CC	100.0
Bermingham (Canada)	CC	72.5
Cimesa (Mexico)	CC	100.0
Freyssinet France	CC	100.0
Freyssinet International et Cie	CC	100.0
Freyssinet UK	CC	100.0
Freyssinet Australia	CC	100.0
March (New Zealand)	CC	100.0
MCCF	CC	100.0
Menard	CC	100.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

	Consolidation method	Percentage holding
2/ Controlled companies (continued)		
Nicholson Construction Company Inc. (United States)	CC	100.0
Nuvia Ltd. (United Kingdom)	CC	100.0
Roger Bullivant	CC	100.0
Salvarem	CC	100.0
Soletanche Bachy France	CC	100.0
Terre Armee Internationale	CC	100.0
The Reinforced Earth Company - RECo (United States)	CC	100.0
Zetas (Turkey)	CC	60.0
VINCI PLC (Great Britain)	**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**
VINCI Construction Terrassement	**CC**	**100.0**
Dodin Campenon Bernard	**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 AT 31 DECEMBER 2013

	Consolidation method	Percentage holding
3/ Companies accounted for under the equity method		
Compagnie d'Entreprises CFE (Belgium)	**EM**	12.1
Soletanche Freyssinet		
Freyssinet SA (Spain)	EM	50.0
Grupo Rodio Kronsa (Spain)	EM	50.0
Soletanche Bachy CIMAS S.A. (Colombia)	EM	50.0
VINCI Construction Grands Projets		
QDVC (Qatar)	EM	49.0

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

In accordance with our assignment granted to us by you, we hereby submit our report for the year ended 31 December 2013 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 economic growth. These estimates relate in particular to:
  – Construction contracts: as indicated in Note A.3.1.1 entitled "Measurement of construction contract income 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 "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.
- As mentioned in the first section of this report, note A.4 to the consolidated financial statements sets out the change in accounting method that took place on 1 January 2013 relating to the application of IAS 19 Amended "Employee benefits". In accordance with IAS 8, the comparative information presented in the consolidated financial statements has been adjusted to take into account this change in method retrospectively. As a result, the comparative information differs from that stated in the consolidated financial statements for the year ended 31 December 2012. As part of our assessment of the accounting principles used by your Group, we have examined the adjustment of comparative data.

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 in accordance with the professional standards applicable in France and as required by law, the information concerning the Group presented in the Report of the Board of Directors.

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, 28 March 2014
The Statutory Auditors

KPMG Audit
Department of KPMG SA
Philippe Bourhis

Deloitte & Associés
Marc De Villartay

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