Consolidated financial statements 2004

VINCI CONSTRUCTION

GRANDS PROJETS

Consolidated financial statements 2004

Contents

Key figures
2004

Net sales

By geographic area

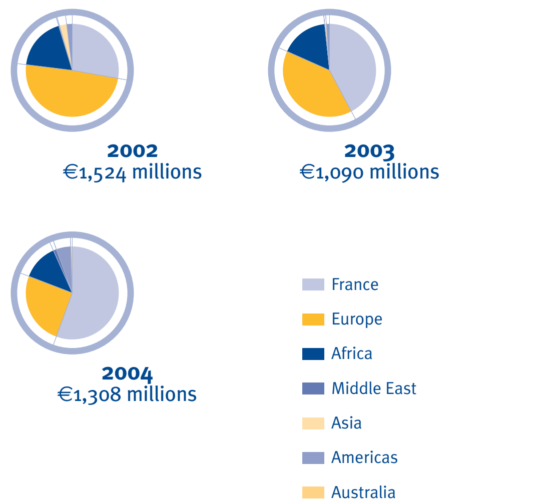
in millions of euros	2002	2003	2004
France	121.3	114.0	144.4
Europe	341.9	400.1	286.4
Africa	21.0	88.9	84.4
Middle East	4.2	1.0	1.5
Asia	95.2	34.2	7.7
Americas	41.7	30.6	22.4
Australia	0.7	0.1	0.7
TOTAL	**626.0**	**668.9**	**547.5**

By business line

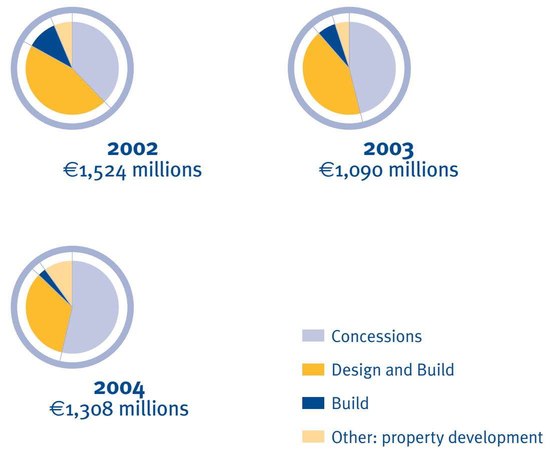
in millions of euros	2002	2003	2004
Private sector functional building	130.0	76.9	32.5
Public sector functional building	13.0	4.7	3.1
Building total	**143.0**	**81.6**	**35.6**
Energy	11.0	57.0	49.8
Environment	44.0	80.3	84.2
Transport	416.0	442.5	356.0
Major facilities	12.0	7.5	21.9
Civil engineering total	**483.0**	**587.3**	**511.9**
TOTAL	**626.0**	**668.9**	**547.5**

Order backlog

By geographic area



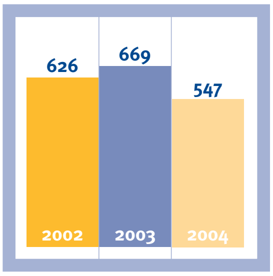
By type of contract



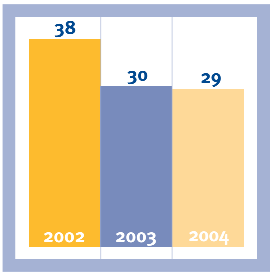
Key figures
2004

Key figures

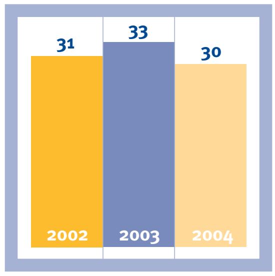
Net sales



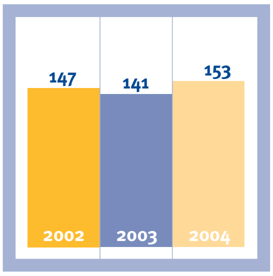
Gross operating revenues



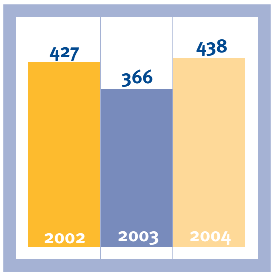
Net income, group share



Equity and minority interests



Cash



Workforce

As at 1 January 2005	2262

Consolidated balance sheet
at 31 December 2004

ASSETS

in thousands of euros	Notes	2004 Gross	2004 Amort. dep'n and prov.	2004 Net	2003 Net
Intangible assets	2	13,238	10,495	2,743	3,697
Goodwill		4,173	4,173		
Tangible assets	3	87,093	63,757	23,336	51,480
Financial assets					
- Investments in subsidiaries and affiliates	4	5,888	4,844	1,044	1,898
- Long-term interest-bearing receivables	11				5,048
- Other financial assets	5	12,041	2,043	9,998	11,082
Total fixed assets		**122,433**	**85,312**	**37,121**	**73,205**
Inventories and work in progress	6-7	4,156	571	3,585	9,612
Trade and other operating receivables	7	518,847	38,250	480,597	486,374
Short-term financial receivables	8-11	330,839		330,839	232,279
Marketable securities	8-11	58,419		58,419	99,560
Cash	11	63,175		63,175	41,189
Total current assets		**975,436**	**38,821**	**936,615**	**869,014**
TOTAL ASSETS		**1,097,869**	**124,133**	**973,736**	**942,219**

EQUITY AND LIABILITIES

	Notes	2004	2003
Capital stock		67,854	67,854
Consolidated reserves		55,782	55,792
Net income for the period after minority interest		29,587	33,130
Interim dividend			(15,380)
Shareholders' equity		**153,223**	**141,396**
Minority interest	9		22
Provisions for liabilities and charges	10	178,743	188,036
Long and medium-term debt			
- Other debt at more than one year	11		203
Total equity and long-term debt		**331,966**	**329,657**
Trade and other operating payables	7	626,935	600,744
Short-term debt	11	14,835	11,818
Total current liabilities		**641,770**	**612,562**
TOTAL EQUITY AND LIABILITIES		**973,736**	**942,219**

Consolidated statement of income

for the period 1 January to 31 December 2004

in thousands of euros	Notes	2004	2003
Net sales	**12**	**547,476**	**668,917**
Other revenue	13	68,644	72,627
Operating income		**616,120**	**741,544**
Operating expenses	14	(576,740)	(697,184)
GROSS OPERATING SURPLUS		**39,380**	**44,360**
Amortisation, depreciation and provisions	14	(10,128)	(14,676)
OPERATING INCOME		**29,252**	**29,684**
(as % of net sales)		**5.34%**	**4.44%**
Net income from financing activities		7,370	10,540
Net foreign exchange gains / (losses)		(1,461)	6,037
Other financial income and expenses, net		307	2,853
NET FINANCIAL INCOME / (EXPENSE)	**15**	**6,216**	**19,430**
OPERATING INCOME AFTER NET FINANCIAL INCOME / (EXPENSE)		**35,468**	**49,114**
(as % of net sales)		**6.48%**	**7.34%**
Exceptional income and expenses, net		(18,680)	(9,590)
Exceptional amortisation, depreciation and provision charges		13,267	(4,996)
NET EXCEPTIONAL INCOME / (EXPENSE)	**16**	**(5,413)**	**(14,586)**
Income tax	17	(48)	435
Net profit of consolidated entities before amortisation of goodwill		**30,007**	**34,963**
Amortisation of goodwill			65
Net income of consolidated entities		**30,007**	**35,028**
Share in net earnings of companies accounted for by the equity method		(6)	(6)
Net consolidated income		**30,001**	**35,022**
Minority interest		(414)	(1,892)
NET INCOME		**29,587**	**33,130**
(as % of net sales)		**5,40%**	**4,95%**
Number of shares		4,523,591	4,523,591
Earnings per share (in euros)		**6.54**	**7.32**

Cash flow statement

At 31 December 2004

in thousands of euros	2004	2003
Operating activities		
Gross operating surplus	39,380	44,360
Financial transactions, exceptional items and write-downs of current assets	714	3,120
Tax and statutory profit-sharing	(4,655)	(7,281)
Cash flow from operations (excluding dividends received from companies accounted for by the equity method)	**35,439**	**40,199**
Net change in working capital requirement	60,652	(49,257)
TOTAL (I)	**96,091**	**(9,058)**
Investing activities		
Acquisition of industrial assets	(13,141)	(28,407)
Disposals of fixed assets	4,184	3,846
Net investment in industrial assets	**(8,957)**	**(24,561)**
Acquisition of investments and securities	(3)	(31)
Proceeds from disposal of securities	2,062	833
Net financial investments	**2,059**	**802**
Net change in other financial fixed assets	**527**	**6,770**
TOTAL (II)	**(6,371)**	**(16,989)**
Financing activities		
Dividends paid by VINCI Construction Grands Projets	(17,642)	(34,832)
Dividends paid to minority interests in subsidiaries		(1,990)
TOTAL (III)	**(17,642)**	**(36,822)**
TOTAL CASH FLOWS FOR THE PERIOD (I + II + III)	**72,078**	**(62,869)**
Net cash at the start of the period	**366,055**	**426,540**
Impact of exchange rate fluctuations, changes in scope of consolidation and other	(535)	2,384
Net cash at the end of the period	**437,598**	**366,055**

Changes in shareholders' equity

At 31 December 2004

SHAREHOLDERS' EQUITY

in thousands of euros	Share capital	Premiums and reserves	Interim dividend	Translation differences	Net income	Total
At 31 December 2002	**67,854**	**72,034**	**(14,928)**	**(12,025)**	**30,927**	**143,862**
Appropriation of net income for previous period		15,999	14,928		(30,927)	
Currency differences and miscellaneous		(2,305)		2,512		207
Interim dividend			(15,380)			(15,380)
Dividends paid		(19,450)				(19,450)
Change in methods		(973)				(973)
Net income for the year after minority interest					33,130	33,130
At 31 December 2003	**67,854**	**65,305**	**(15,380)**	**(9,513)**	**33,130**	**141,396**
Appropriation of net income for previous period		17,750	15,380		(33,130)	
Currency differences and miscellaneous				(118)		(118)
Dividends paid		(17,642)				(17,642)
Net income for the year after minority interest					29,587	29,587
At 31 December 2004	**67,854**	**65,413**		**(9,631)**	**29,587**	**153,223**

At 31 December 2004, the share capital of the parent company was represented by 4,523,591 shares of 15 euros nominal value.

In accordance with CNC Recommendation 2003-R.01 of 1 April 2003 and the COB Recommendation of 28 October 2003 relating to preparation of the 2003 financial statements, VINCI Construction Grands Projets has recognised a provision for its commitments in respect of long-service bonuses in its 2003 financial statements. The net effect after tax of this change in method has been recognised against shareholders' equity in the opening balance sheet for 973 thousand euros.

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at 31 December 2004

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1 > Accounting policies and valuation methods

GENERAL PRINCIPLES

The consolidated financial statements of VINCI Construction Grands Projets, themselves consolidated in the financial statements of VINCI, have been prepared in accordance with Regulation 99-02 of the French Accounting Regulation Committee dated 29 April 1999 relating to the consolidated financial statements of commercial companies and enterprises.

APPLICATION OF NEW CRC REGULATIONS

The French Accounting Regulation Committee adopted Regulations 2002-10 and 2003-07 on depreciation and impairment of assets and Regulation 2004-06 on the definition, recognition and measurement of assets.

These new regulations will be applicable to financial years commencing on or after 1 January 2005, early application being possible in the 2004 financial statements. VINCI Construction Grands Projets has not applied these new regulations early in its financial statements at 31 December 2004.

1.1 > Consolidation methods and scope of consolidation

The consolidated financial statements include the financial statements of all the companies with net sales greater than €2 million, as well as those of subsidiaries whose net sales are lower than this figure but whose impact on the Group's financial statements is material.

Companies over which VINCI Construction Grands Projets exercises majority control are fully consolidated. Those in which VINCI Construction Grands Projets exercises significant influence are accounted for by the equity method.

Proportionate consolidation is used for partnerships whenever the share of net sales or the balance sheet is material for the Group, and for joint venture companies over which VINCI Construction Grands Projets exercises joint control.

Other joint ventures are consolidated according to a semi-proportionate method that involves recording only the Group's share of net sales and expenses in the income statement, but the full current accounts of associates in the balance sheet.

Scope of consolidation can be broken down by consolidation method as follows:

	France	Foreign	Total
Full consolidation	14	31	45
Proportionate consolidation	11	29	40
Equity method		1	1
TOTAL	**25**	**61**	**86**

The main changes in consolidation scope were as follows:

Full consolidation of Constructora VCGP CHILE SA and S.C Grupo 3.

1.2 > Accounting treatment of asset contribution transactions undertaken as part of the reorganisation of the VINCI Group Construction Division

Regulation CRC 99-02 provides that the acquisition cost and the initial value in the consolidated financial statements of identifiable assets and liabilities should be measured at their fair value.

During 2001, various entities entered the consolidation scope of VINCI Construction Grands Projets through asset contribution transactions in connection with the reorganisation of the VINCI Group Construction Division.

It was decided that the entities entering the consolidation scope would be recognised in the accounts of VINCI Construction Grands Projets for the carrying amount of their assets and liabilities in the consolidated financial statements of VINCI, after having taken account of any deferred tax and provisions for lump-sums payable to employees on retirement. The differences arising between the acquisition cost of the shares at fair value, as adopted in the asset transfer agreements to set the share exchange ratios, and these carrying amounts have been taken to shareholders' equity for €17.3 million.

This exception to the application of the accounting rules provided for by Regulation CRC 99-02 was made, in accordance with article L.123-14 of the new French Code of Commerce, in order to give a true and fair view of the net assets, financial position and earnings of the VINCI Construction Grands Projets Group and to ensure consistency with the consolidated financial statements published by VINCI by treating these asset contributions as intragroup transactions.

Notes to the consolidated financial statements

at 31 December 2004

1.3 > Translation of the financial statements of foreign subsidiaries and branches

The financial statements of consolidated foreign companies and branches are translated using the closing-rate method:

- all monetary and non-monetary assets and liabilities are translated at the year-end exchange rate;
- income and expenses (including depreciation, amortisation and provision charges) are translated at the average rate for the period.

Translation gains and losses are recognised under "translation differences" in the consolidated reserves.

1.4 > Items denominated in foreign currency

Items shown in the consolidated balance sheet and denominated in foreign currency are translated at the year-end rate. Only unrealised losses resulting from that presentation are recognised in the income statement for the period.

The Group has not adopted the preferential method consisting in recognising unrealised translation gains and losses.

1.5 > Foreign exchange financial instruments

In its management of exchange rate risks on its commercial transactions, the Group uses derivative financial instruments, mainly forward sales and purchases of foreign currency.

Whenever exchange contracts are considered to be hedging transactions, any gains and losses on these contracts are recognised in the same period as the item hedged.

If this is not the case, whenever the market value is lower than the initial value of the contract, the unrealised loss is recognised as a provision for liabilities, a provision for loss in value, or both.

In so far as possible, contracts invoiced in foreign currencies give rise to expenses in the same currency. This applies particularly to construction sites abroad, for which subcontracting and supply costs in the local currency greatly exceed costs in euros. In consequence, the Group's exposure to exchange rate risks on commercial transactions is slight.

1.6 > Goodwill on acquisition

Goodwill on first consolidation, which represents the difference between the acquisition cost of shares in consolidated companies and the corresponding share of equity at the date of acquisition, is allocated to the various assets and liabilities of the acquired entity.

The unallocated balance is recognised under consolidated assets as goodwill on acquisition and amortised over a period not exceeding twenty years, unless faster amortisation is warranted by particular circumstances.

1.7 > Intangible and tangible fixed assets

INTANGIBLE ASSETS (start-up costs, business goodwill, concessions, patents, software, etc.).

Intangible fixed assets are valued at acquisition cost.

TANGIBLE FIXED ASSETS

Land, buildings, plant and equipment are valued at their acquisition cost.

Depreciation charges are calculated using the straight-line or diminishing balance method over the expected useful life. Depreciation periods are those habitually used in the industry, namely:

Civil engineering equipment	from 3 to 10 years
Vehicles	from 3 to 5 years
Fixtures and fittings	from 5 to 10 years
Office furniture and equipment	from 3 to 10 years

CAPITAL LEASES AND OPERATING LEASES

Fixed assets financed through leasing arrangements are recorded as capital expenditure whenever the terms of the contract are those of a capital lease. A capital lease is an arrangement under which the lessor conveys to the lessee in return for payment or a series of payments the right to use an asset for an agreed period of time, and under which the lessor transfers substantially all risks and rewards incident to ownership of the asset to the lessee.

Such fixed assets are included in assets at their historical cost and depreciated over the same periods as assets owned outright by or made fully available to the company.

Leases that do not meet the definition of a capital lease are recognised as operating leases and only the rental payments are accounted for as expenses.

1.8 > Financial fixed assets

The gross value of shares in non-consolidated entities corresponds to their acquisition cost. If this value is greater than the fair value, a provision for impairment is taken equal to the difference.

Notes to the consolidated financial statements

at 31 December 2004

The fair value of such shares is determined on the basis of the proportion of the shareholders' equity of the entities concerned, adjusted if necessary, in the case of recently acquired entities, to take account of their strategic importance and their prospects for growth and capital appreciation.

Long-term loans are not discounted and are shown in the balance sheet at their nominal value.

1.9 > Provisions for employee benefits

RETIREMENT BENEFIT OBLIGATIONS

Pension obligations (both lump-sum payments on retirement and supplementary pension benefits) are assessed by means of an actuarial forecasting method (the projected unit credit method) and are covered by balance sheet provisions, for both current and retired employees.

Actuarial differences that exceed 10% of commitments or of the market value of investments are amortised over the average expected duration of the residual working life of employees covered by the pension provisions.

Provisions are made in respect of autonomous subsidiaries' retirement commitments on the basis of local regulations in force.

However, commitments relating to lump-sum payments on retirement for manual construction workers met by contributions to an insurance scheme are accounted for as an expense as and when contributions become due.

OTHER EMPLOYEE BENEFITS

Since 1 January 2003, provisions have been taken in respect of long-service bonus commitments. This provision is calculated on the basis of employees in service within the Group at the year-end. It is measured using the projected unit credit method applied to all types of potential bonus.

1.10 > Recognition of profits and losses

The Group recognises profits and losses on its long-term contracts using the percentage of completion method as defined by CRC Regulation 99-08. Unless there is a justified exception and for construction projects in which the Group's share is less than €10 million, it is considered that the net income recognised is in line with that determined on a percentage of completion basis.

If the estimate of the ultimate out-turn of a contract indicates a loss, and regardless of the recognition method, a provision is made for the loss on completion including, where applicable, rights to additional revenue or claims, based on a reasonable assessment.

1.11 > Profit or loss on disposal of site plant

Profit or loss on disposal of site equipment is recognised under "Other operating revenue".

1.12 > Research and development expenses

Research and development expenses are recognised in the period in which they are incurred.

1.13 > Deferred tax

Deferred tax is recognised on all temporary differences and is calculated using the liability method.

Deferred tax assets resulting from these temporary differences are only taken into account up to the amount of their likely recovery against future taxable profits.

This likelihood is assessed at the year-end on the basis of forecasts of the future tax position.

1.14 > Executive remuneration

The share falling to VINCI Construction Grands Projets of remuneration paid to members of the Executive Committee in 2004 amounted to €1,713,830.

Notes to the consolidated financial statements

at 31 December 2004

2 > Intangible assets

net in thousands of euros	31.12.2003	Increase	Decrease	Currency diff. and changes in consolidation scope	31.12.2004
Gross	14,330	272	668	(696)	13,238
Amortisation and provisions	(10,633)	(574)	(608)	104	(10,495)
TOTAL NET	**3,697**	**(302)**	**60**	**(592)**	**2,743**

Intangible fixed assets mainly comprise business goodwill (i.e. other than goodwill on acquisition).

3 > Tangible fixed assets

3.1 > Change in the period

net in thousands of euros	31.12.2003	Increase	Decrease	Currency diff. and changes in consolidation scope	31.12.2004
Gross	113,239	12,869	16,142	(22,873)	87,093
Amortisation and provisions	(61,759)	(19,273)	(15,300)	1,975	(63,757)
TOTAL NET	**51,480**	**(6,404)**	**842**	**(20,898)**	**23,336**

3.2 > Breakdown by type of asset

net in thousands of euros	Gross	Depreciation	Net
Land	7,114	(1,903)	5,211
Buildings	3,206	(2,626)	580
Plant and equipment	52,097	(41,655)	10,442
Vehicles	11,650	(8,066)	3,584
Office furniture, computer, fixtures and fittings	10,668	(9,507)	1,161
Assets under construction	2,358		2,358
TOTAL NET	**87,093**	**(63,757)**	**23,336**

Notes to the consolidated financial statements

at 31 December 2004

3.3 > Investments in the period

net in thousands of euros	31.12.2004
Buildings	343
Plant and equipment	8,355
Vehicles	749
Office furniture, computer, fixtures and fittings	1,075
Assets under construction	2,347
TOTAL INVESTMENTS	**12,869**

4 > Investments in subsidiaries and affiliates

in thousands of euros	31.12.2003	31.12.2004
Gross	14,632	5,888
Amortisation and provisions	(12,734)	(4,844)
TOTAL NET	**1,898**	**1,044**

This item includes shares in non-consolidated companies controlled by the Group but whose impact on its activities or earnings is not material.

At 31 December 2004, the main non-consolidated companies were:

in thousands of euros	% held	Net book value
Dumez-GTM SA	100.00%	500
Société centrale de matériel	99.99%	152
Forneron	99.99%	122

5 > Other financial fixed assets

This heading comprises long-term loans and receivables of a financial nature, and deposits and guarantees.

in thousands of euros	31.12.2003	Change	31.12.2004
Deposits and other financial fixed assets	10,359	(1,084)	9,275
Other securities	723		723
TOTAL NET	**11,082**	**(1,084)**	**9,998**

Notes to the consolidated financial statements

at 31 December 2004

6 > Inventories and work in progress

Net at the year-end, "Inventories and work in progress" comprised stocks of materials and spare parts.

net in thousands of euros	31.12.2003	31.12.2004
Inventories	9,612	3,585
TOTAL NET	**9,612**	**3,585**

7 > Working capital requirement (surplus)

in thousands of euros	31.12.2003	31.12.2004
Inventories and work in progress (net)	9,612	3,585
Trade and other operating receivables	522,952	518,847
Provisions against operating receivables	(36,578)	(38,250)
Inventories and operating receivables (I)	**495,986**	**484,182**
Trade and other operating payables	600,744	626,935
Operating payable (II)	**600,744**	**626,935**
WORKING CAPITAL REQUIREMENT (I-II)	**(104,758)**	**(142,753)**

8 > Short-term financial receivables and other marketable securities

in thousands of euros	31.12.2003	31.12.2004
Marketable securities	99,560	58,419
Other short-term financial receivables	232,279	330,839
TOTAL NET	**331,839**	**389,258**

"Marketable securities" mainly comprises negotiable debt securities, shares in unit trusts or treasury funds (SICAVs). Their book value corresponds to their market value.

Notes to the consolidated financial statements

at 31 December 2004

9 > Minority interest

Movements in minority interest during the period were as follows:

in thousands of euros	31.12.2003	31.12.2004
Opening balance	**3,238**	**22**
Changes in consolidation scope and miscellaneous	(1,151)	(22)
Finance provided by minority interests	(3,956)	(414)
Minority interest in net profit or loss for the period	1,891	414
CLOSING BALANCE	**22**	**-**

10 > Provisions for liabilities and charges

in thousands of euros	31.12.2003	Changes in consolidation scope and miscellaneous	Charges	Reversals	Reversals of unused provisions	31.12.2004
Warranties given to customers	35,773	(44)	29,339	5,776	2,739	56,553
Losses on completion	58,349	(45)	7,473	51,350		14,427
Disputes	22,613	(92)	24,520	1,845	1,618	43,578
Other provisions	19,460	13	4,733	5,499	650	18,057
Operating provisions	**136,195**	**(168)**	**66,065**	**64,470**	**5,007**	**132,615**
Financial provisions	**2,262**	**1**	**298**	**518**		**2,043**
Exceptional provisions	**49,579**	**(209)**	**16,006**	**15,973**	**5,318**	**44,085**
TOTAL	**188,036**	**(376)**	**82,369**	**80,961**	**10,325**	**178,743**

"Warranties given to customers" includes provisions for after-sales service expenses covering the commitments of Group enterprises under contractual warranties and statutory ten-year or two-year warranties on construction projects. They are estimated statistically on the basis of observations of expenses for previous years or individually on the basis of identified defects.

Provisions for losses on completion mainly concern provisions taken whenever an estimate of the final out-turn indicates a loss, on the basis of the most probable estimate of income.

Provisions for litigation and other operating liabilities mainly concern disputes with customers, that generally extend beyond the end of the period.

"Exceptional provisions" relate to provisions intended to cover non-recurrent liabilities, in particular restructuring costs and liabilities relating to litigation of an exceptional nature.

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at 31 December 2004

11 > Net cash position

At the year-end, the Group had a net cash surplus of 437,598,000 euros which breaks down as follows:

in thousands of euros	31.12.2003	31.12.2004
Long-term financial receivables	5,048	
Total long-term financial receivables	**5,048**	**-**
Portion of other loans and debt payable in more than one year	(203)	
Total long and medium-term debt	**(203)**	**-**
Portion of long-term debt payable in less than one year	(1,669)	
Bank overdrafts and other short-term debt	(10,149)	(14,835)
GROSS DEBT	**(6 973)**	**(14,835)**
Marketable securities	99,560	58,419
Short-term financial receivables	232,279	330,839
Cash	41,189	63,175
NET CASH POSITION	**366 055**	**437,598**

Financial receivables comprise an investment of 320,622,000 euros with the parent companies, attracting interest at conditions close to those prevailing in the market.

Debts also bear interest at rates close to market rates.

Debts guaranteed by collateral: nil.

12 > Net sales

Net consolidated sales exclude miscellaneous income and services, as well as services to unconsolidated entities, which are included under other operating revenue.

Year-on-year changes in sales also take account of changes in consolidation scope.

Net sales break down as follows:

in millions of euros	31.12.2003	31.12.2004
Net sales for the period	**668.9**	**547.5**
- of which: Impact of foreign exchange rate fluctuations	(5.3)	-
Net sales at constant consolidation scope and exchange rates	**663.6**	**547.5**

At constant consolidation scope and exchange rates, net sales show a decrease of 18% against the previous period.

Notes to the consolidated financial statements

at 31 December 2004

BREAKDOWN BY GEOGRAPHIC AREA (by recipient country)

in millions of euros	31.12.2003	31.12.2004
France	114.0	144.4
Europe	400.1	286.4
Middle East	1.0	1.5
North and South America	30.6	22.4
Africa	88.9	84.4
Asia	34.2	7.7
Other	0.1	0.7
TOTAL	**668.9**	**547.5**

13 > Other revenue

in thousands of euros	31.12.2003	31.12.2004
Income from joint ventures	(3,392)	
Operating grants and subsidies	32	11
Other operating revenue	75,987	63,408
Capitalised production costs		5,225
TOTAL	**72,627**	**68,644**

"Other operating revenue" relates to revenue not directly connected with operational activities, such as plant hire, insurance settlements, sales of goods, etc.

14 > Operating expenses

Operating expenses, of 586,868,000 euros, can be broken down as follows:

in thousands of euros	31.12.2003	31.12.2004
Purchase consumed	(195,412)	(143,452)
Subcontracting	(166,503)	(159,695)
External personnel	(62,691)	(45,098)
Wages, salaries and benefits	(126,633)	(132,997)
Taxes and levies	(6,437)	(5,565)
Other operating expenses	(139,508)	(89,933)
Net amortisation, depreciation, and provisions	(14,676)	(10,128)
TOTAL	**(711,860)**	**(586,868)**

Notes to the consolidated financial statements

at 31 December 2004

Net operating amortisation, depreciation and provision charges can be broken down as follows:

in thousands of euros	31.12.2003	31.12.2004
Net amortisation, depreciation, and provisions		
Intangible fixed assets	(567)	(573)
Tangible fixed assets	(17,494)	(15,338)
Total	**(18,061)**	**(15,911)**
Net provision charges		
Impairment of current assets	1,789	2,371
Operating liabilities and charges	1,596	3,412
Total	**3,385**	**5,783**
TOTAL AMORTISATION, DEPRECIATION AND PROVISIONS	**(14,676)**	**(10,128)**

15 > Net financial income / (expense)

Financial income and expenses can be broken down as follows:

in thousands of euros	31.12.2003	31.12.2004
Net income from financing activities	10,540	7,370
Net foreign exchange gain / (loss)	6,037	(1,461)
Other financial income and expenses, net	2,853	307
TOTAL	**19,430**	**6,216**

16 > Net exceptional income / (expense)

Exceptional income and expenses relate to non-recurrent items such as restructuring costs, costs related to disposals, the impact of asset disposals (except when this forms part of normal business activities), costs of closing enterprises or sites, and debt-forgiveness.

in thousands of euros	31.12.2003	31.12.2004
Gain on disposals	(678)	(6,681)
Exceptional income and expenses from operating transactions	(8,912)	(11,999)
Net provision charges for impairment and exceptional liabilities	(4,996)	13,267
TOTAL	**(14,586)**	**(5,413)**

Notes to the consolidated financial statements

at 31 December 2004

17 > Income tax

17.1 > Breakdown of net tax expense

in thousands of euros	31.12.2003	31.12.2004
Current tax	709	(3,595)
Deferred tax	(274)	3,547
TOTAL	**435**	**(48)**

17.2 > Effective tax rate

in thousands of euros	31.12.2004
Net income before tax and amortisation of goodwill	**29,636**
Theoretical tax rate	35.43%
EXPECTED TAX CHARGE	**10,500**
Effect of earnings being taxed at reduced rate	(238)
Tax rate differential between current and previous year	430
Tax rate differences (foreign countries)	(1,452)
Impact of tax loss carryforwards and other unrecognised temporary differences	(12,235)
Lump-sum and other additional taxes	3,357
Other	(314)
TAX CHARGE RECOGNISED	**48**
Effective tax rate	0.16%

17.3 > Analysis of deferred tax assets and liabilities

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

in thousands of euros	**Assets**	**Liabilities**	**Net**
	3,477	(3,570)	(93)

17.4 > Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to 20.4 million euros at 31 December 2004.

Notes to the consolidated financial statements

at 31 December 2004

18 > Off balance sheet commitments

Off balance sheet commitments break down as follows:

in thousands of euros	Commitments given	Commitments received
Performance guarantees	159,665	13,864
Retention payments	25,351	3,033
Deferred payments to subcontractors	35,918	3,504
Joint and several guarantees of partnerships	2,458	
Bid bonds	6,994	123
Overdrafts	3,244	
Operating leases	460	
Other commitments	17,219	4,587
TOTAL	**251,309**	**25,111**

19 > Provisions for employee benefits

RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations covered by provisions mainly relate to France and are calculated on the basis of the following assumptions:

	31.12.2003	31.12.2004
Discount rate	4.75%	4.75%
Inflation rate	2.00%	2.00%
Rate of salary increases	3.00%	3.00%
Rate of benefit increases	2.50%	2.50%
Amortisation period of initial actuarial liability	10 to 15 years	10 to 15 years

Retirement benefit obligations relate to contractual lump-sum payments on retirement, calculated using the prospective actuarial method and are fully provided for in the balance sheet.

Following adoption of the “Fillon Act” in France, the collective bargaining agreement of executives in the public works sector was amended on 1 June 2004. The effect of this amendment was an increase, of €4.6 million at 31 December 2004, in the Group’s obligations in connection with lump-sums payable on retirement. The past service cost relating to this change is amortised over the average remaining working life of the employees, as from 1 June 2004.

in thousands of euros

TOTAL RETIREMENT BENEFIT OBLIGATIONS COVERED BY PROVISIONS	**8,372**

OTHER EMPLOYEE BENEFITS

in thousands of euros

TOTAL OBLIGATIONS COVERED BY PROVISIONS	**821**

Notes to the consolidated financial statements

at 31 December 2004

20 > Employment costs and number of employees

Number of employees	31.12.2003	31.12.2004
Engineers and managers	596	606
Non-management	2,014	1,917
TOTAL	**2,610**	**2,523**

Total employment costs for all companies in the Group amounted to 132,997,000 euros.

21 > Other disclosures

DISPUTES AND ARBITRATION

To the Company's knowledge, there is no exceptional event or litigation likely to affect substantially the business, financial performance, net assets or financial situation of the Group or Company.

22 > Main entities consolidated at 31 December 2004

	Country	% holding
1/ Parent		
VINCI Construction Grands Projets	France	100
2/ Fully consolidated subsidiaries in the construction and public works sector		
Construtora Dumez-GTM LTDA	Brazil	100
Constructora VCGP Chile SA	Chile	100
Constructora VINCI Chile SA	Chile	100
Dumez Jaya SDN BHD	Malaysia	100
Hydroplus	France	100
Hydroplus, Inc.	USA	100
Janin Atlas Inc.	Canada	100
JV Berjaya Star City Fieldwork	Malaysia	50
Kosmos Holding BV	Sweden	100
Olympia Invest	Romania	100
S.C Grupo 3	Chile	100
Salvarem	France	100
Soconac	Romania	100
Victoria Belinvest	Belgium	100
VINCI Construction Technology	France	100

Notes to the consolidated financial statements

at 31 December 2004

	Country	% holding
3/ Proportionately consolidated subsidiaries in the construction and public works sector		
Socaso	France	67
Socatop	France	42
Socaly	France	24
4/ Proportionately consolidated partnerships and economic interest groupings formed to carry out major projects		
Andra	France	12
Athens Metro	Greece	33
Beijing Olympic Stadium JV	China	50
Chernobyl ISF	Ukraine	50
Cork Purification Plant	Ireland	50
CTRL 310	United Kingdom	50
GIE Brennilis	France	27
Hallandsas Tunnel	Sweden	40
Heathrow Airport T5	United Kingdom	50
Istanbul Olympic Stadium	Turkey	38
Mitholz Tunnel	Switzerland	25
Naga Hammadi Dam	Egypt	33
Newport	United Kingdom	50
Novotel Leeds	United Kingdom	33
Pannerdensch Kanaal	The Netherlands	45
Rion-Antirion Bridge	Greece	53
Royal Victoria Docks	United Kingdom	33
Saint Petersburg Metro	Russia	35
Soumagne Tunnel	Belgium	13
Thalys IV	The Netherlands	13

Report of the statutory auditors on the consolidated financial statements

Year ended 31 December 2004

In accordance with our appointment as auditors by your Shareholders' General Meeting, we have audited the accompanying consolidated financial statements of VINCI Construction Grands Projets for the year ended 31 December 2004.

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

1 > Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in these financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion. In our opinion, the consolidated financial statements give a true and fair view of the financial position, the assets and liabilities and the results of the operations of the companies included in the consolidation, in accordance with accounting principles generally accepted in France.

Without calling into the question the above opinion, we draw your attention to Note 1.2 to the financial statements, which describes the accounting treatment of asset contributions made as part of the reorganisation process within the VINCI Group Construction Division.

2 > Reasons for our conclusions

As required by Article L.225-235, paragraph 2, of the French Code of Commerce regarding disclosure of the reasons for our conclusions, we inform you of the following:

As shown in Note 1.10 to the financial statements, the Group recognises income from long-term contracts using the percentage of completion method on the basis of the best available estimates of the final outcome of contracts. If estimates of the final outcome of a contract indicate a loss, a provision is made for the loss on completion. We have assessed the reasonableness of the assumptions used and the resulting evaluations.

This conclusion was formed as part of our audit of the consolidated financial statements taken as a whole and have therefore contributed to the formation of our opinion, given in the first part of this report.

3 > Specific verification

We have also performed the procedures to verify the Group's financial information given in the report of the chairman. We have no comments to make as to its fair presentation and its conformity with the consolidated financial statements.

Neuilly-sur-Seine and Paris, 30 March 2005

The statutory auditors

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