Consolidated financial statements 2005

VINCI CONSTRUCTION
GRANDS PROJETS

Consolidated financial statements 2005

Contents

Key figures
2005

Revenue (1)

By geographical area

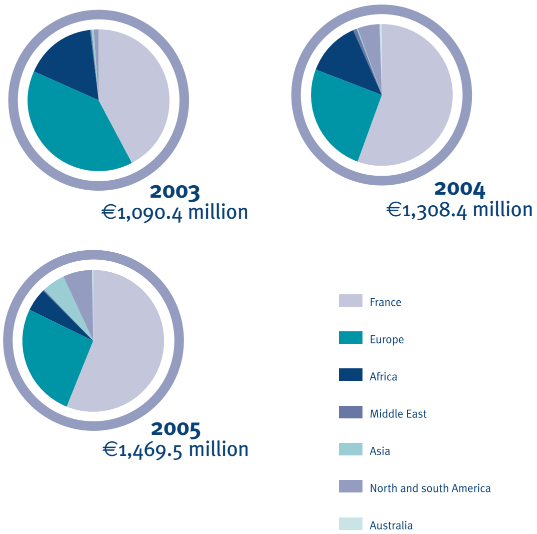
in millions of euros	2003	2004	2005
France	114.0	144.4	270.2
Europe	400.1	286.4	161.3
Africa	88.9	84.4	99.3
Middle-East	1.0	1.5	10.2
Asia	34.2	7.7	15.7
North and South America	30.6	22.4	48.8
Australia	0.1	0.7	0.2
TOTAL	**668.9**	**547.5**	**605.7**

By business line

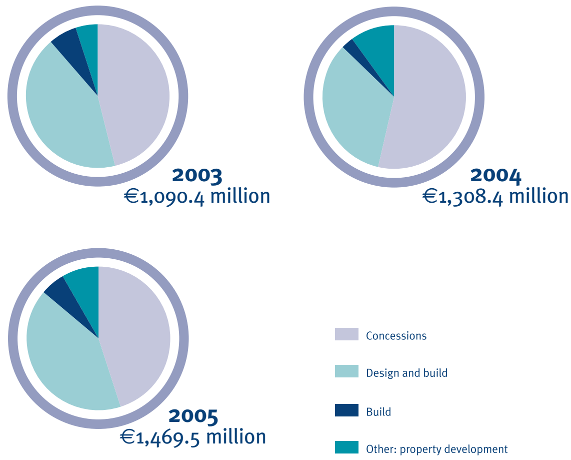
in millions of euros	2003	2004	2005
Private, non-residential building	76.9	32.5	76.6
Public, non-residential building	4.7	3.1	30.7
Building Total	**81.6**	**35.6**	**107.3**
Energy	57.0	49.8	64.1
Environment	80.3	84.2	95.2
Transport	442.5	356.0	327.9
Major facilities	7.5	21.9	11.2
Total civil engineering	**587.3**	**511.9**	**498.4**
TOTAL	**668.9**	**547.5**	**605.7**

Order book (1)

By geographical area



By type of contract

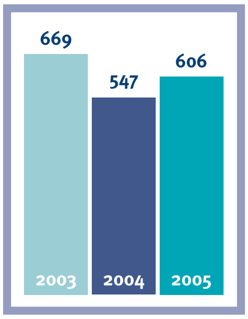


(1) The relevant key figures are stated as a contribution to VINCI's consolidated results.
(2) The 2005 consolidated financial statements have been prepared for the first time under IFRS. The 2004 financial statements have been restated under the same standards for comparison.

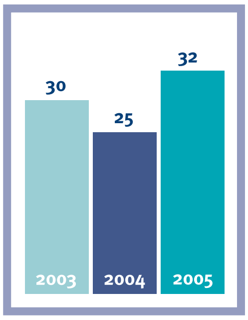
Key figures
2005

Key figures *in millions of euros*

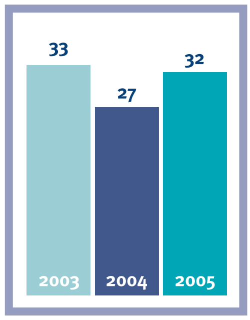
Revenue[1]



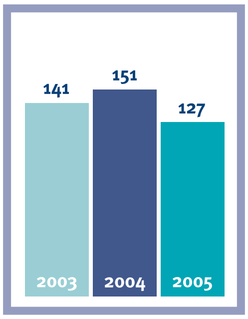
Operating profit from ordinary activities[1] [2]



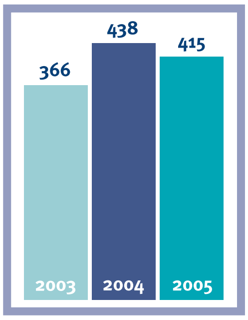
Net profit attributable to Group shareholders[1] [2]



Equity attributable to equity holders of the parent and Minority Interest[2]



Cash[2]



Workforce

As at 31 December 2005	4,351

Consolidated IFRS balance sheet

as at 31 December 2005

ASSETS

in thousands of euros	Notes	2005 Gross amount	2005 Amort. Prov.	2005 Net amount	2004 Net amount
Non-current assets					
Intangible assets	2	8,395	7,776	619	672
Goodwill		4,172	4,172	-	-
Property, plant and equipment	3	103,340	70,348	32,992	23,334
Other non-current financial assets	4	13,958	12,074	1,884	10,656
Fair value of derivatives (assets)	9	177	-	177	207
Deferred tax assets	13	3,715	-	3,715	3,783
Total non-current assets		**133,757**	**94,370**	**39,387**	**38,652**
Current assets					
Inventories and work in progress	6	23,017	473	22,544	3,586
Trade receivables	6	245,333	35,644	209,689	204,495
Other operating receivables	6	331,315	7,630	323,685	251,223
Other current assets	6	33,296	1,600	31,696	21,240
Current tax assets	6	156	-	156	162
Cash management financial assets and marketable securities	5-9	450,259	-	450,259	389,257
Cash and cash equivalents	9	84,804	-	84,804	63,175
Total current assets		**1,168,180**	**45,347**	**1,122,833**	**933,138**
TOTAL ASSETS		**1,301,937**	**139,717**	**1,162,220**	**971,790**

Consolidated IFRS balance sheet

as at 31 December 2005

EQUITY AND LIABILITIES

in thousands of euros	Notes	2005	2004
Equity			
Share capital		67,854	67,854
Share premium account		19,252	19,252
Consolidated reserves		11,598	33,692
Net profit for the period		28,419	30,616
Equity attributable to equity holders of the parent		**127,123**	**151,414**
Minority interest		137	-
Total equity		**127,260**	**151,414**

	Notes	2005	2004
Non-current liabilities			
Retirement and other employee benefit obligations	7	9,287	9,762
Non-current provisions	8	7,322	9,288
Other loans and borrowings	9	8,128	-
Fair value of derivatives (liabilities)	9	36	-
Other non-current liabilities		39	845
Deferred tax liabilities	13	3,806	3,876
Total non-current liabilities		**28,618**	**23,771**

	Notes	2005	2004
Current liabilities			
Current provisions	8	150,821	159,196
Trade payables	6	159,962	167,776
Current tax payables	6	64	-
Current borrowings	9	112,405	14,834
Other current payables	6	583,090	454,799
Total current liabilities		**1,006,342**	**796,605**
TOTAL EQUITY AND LIABILITIES		**1,162,220**	**971,790**

Consolidated IFRS income statement

for the year ended 31 December 2005

in thousands of euros	Notes	2005	2004
Revenue	**10**	**603,647**	**547,476**
Revenue from ancillary activities	11	2,897	4,201
Operating income		**606,544**	**551,677**
Purchases		(82,677)	(81,034)
Sub-contracting and other external expense		(360,538)	(292,740)
Employment cost		(119,091)	(139,306)
Taxes and levies		(6,786)	(5,565)
Other operating expenses		(385)	(3,905)
Net amortisation, depreciation and provision		(7,384)	(4,132)
OPERATING PROFIT FROM ORDINARY ACTIVITIES	**11**	**29,683**	**24,995**
(% of revenue)		*4.92%*	*4.57%*
Cost of gross financial debt		(4,227)	(702)
Income from financial assets and cash equivalents		10,869	8,072
COST OF NET FINANCIAL DEBT		**6,642**	**7,370**
Other financial income and expense	12	2,007	(1,280)
Income tax expense	13	(9,009)	(49)
Share of loss of associates		(11)	(6)
NET PROFIT FOR THE PERIOD		**29,312**	**31,030**
Minority interest		(893)	(414)
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**28,419**	**30,616**
(% of revenue)		*4.71%*	*5.59%*
Number of shares		4,523,591	4,523,591
EARNINGS PER SHARE *(in euros)*		**6.28**	**6.77**

IFRS cash flow statement

as at 31 December 2005

in thousands of euros		12.31.2005	12.31.2004
Net profit for the period (including minority interest)		29,312	31,030
Net amortisation and depreciation expense		14,848	16,633
Net provision expense		(2,557)	(6,482)
Gain or loss on disposals of fixed assets		1,565	7,498
Change in fair value of foreign currency derivative financial instruments		66	80
Share of profit or loss of associates and dividends received from unconsolidated entities		11	6
Cost of net financial debt		(6,642)	(7,370)
Current and deferred tax expense		9,010	49
Cash flows from operations before tax and financing costs and changes in working capital requirements and current provisions		**45,613**	**41,444**
Changes in working capital requirement from operations		11,726	50,341
Changes in current provisions		(3,405)	(8,862)
Income taxes paid		(4,555)	(4,627)
Net interest paid		6,695	7,370
Net cash flows from operating activities	**I**	**56,074**	**85,666**
Purchases of property, plant and equipment, and intangible assets		(31,267)	(13,137)
Proceeds from sales of property, plant and equipment, and intangible assets		1,833	4,187
Purchases of shares in subsidiaries & associates (consolidated or not)		(841)	(3)
Proceeds from sales of shares in subsidiaries and associates (consolidated or not)		432	2,062
Net effect of changes in scope of consolidation		(1,145)	(681)
Changes in other non-current financial assets		1,107	5,646
Changes in current financial assets		3,047	(3,228)
Changes in non-current financial debts		(33)	49
Net cash flows from investing activities	**II**	**(26,867)**	**(5,105)**
Dividends paid by VINCI Construction Grands Projets		(52,025)	(17,642)
Changes in other financial debts		92,787	27,165
Changes in cash management assets		(50,905)	(67,542)
Net cash flows from financing activities	**III**	**(10,143)**	**(58,019)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**I+II+III**	**19,064**	**22,542**
Net cash at beginning of the year		54,770	31,770
Effect of changes in foreign exchange rates		858	458
NET CASH AT END OF THE YEAR		**74,692**	**54,770**
Net cash at end of the year		*74,692*	*54,770*
Cash management financial assets including marketable securities		*450,259*	*389,257*
Other current and non-current financial debts (without overdraft)		*(110,421)*	*(6,430)*
Fair value of derivatives, net		*141*	*207*
NET FINANCIAL SURPLUS AT END OF THE YEAR		***414,671***	***437,804***

Statement of changes in equity
as at 31 December 2005

in thousands of euros	GROUP SHAREHOLDERS Share capital	Premiums and reserves	Currency differences	Net profit for the period	Attributable to equity-holders of the parent	Minority interest	Total
31 December 2004	**67,854**	**61,252**	**(8,308)**	**30,616**	**151,414**		**151,414**
Allocation of net income for previous period	-	30,616	-	(30,616)	-	-	-
Currency differences and miscellaneous	-	(8,692)	8,007	-	**(685)**	247	**(438)**
Dividends paid	-	(52,025)	-	-	**(52,025)**	(1,003)	**(53,028)**
Net profit for the period	-	-	-	28,419	**28,419**	893	**29,312**
31 December 2005	**67,854**	**31,151**	**(301)**	**28,419**	**127,123**	**137**	**127,260**

At 31 December 2005, the share capital of the parent company was represented by 4,523,591 shares of 15 euros nominal value.

Notes to the consolidated financial statements

at 31 December 2005

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Notes to the consolidated financial statements

at 31 December 2005

I - Accounting policies and valuation methods

1 > General principles

In applying the European Regulation 1606/2002 of 19 July 2002 on International Accounting Standards (IAS), the Group's consolidated financial statements for the year ended 31 December 2005 have been prepared, for the first time, in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), applicable for the 2005 financial year and as endorsed by the European Union. The 2004 comparatives have also been prepared using the IFRSs. In particular, the 2004 IFRSs figures have been prepared using IAS 39 "Financial Instruments: Recognition and Measurement" and IAS 32 "Financial Instruments: Disclosure and Presentation". VINCI Construction Grands Projets has opted for application of these two standards as from 1 January 2004 in order to ensure better comparability between the 2004 and 2005 financial statements. The provisions of IAS 39 that were rejected by the European Commission relating to the recognition of macro-hedging transactions are not applicable to the Group.

1.1 > First-time adoption of IFRS, methods applied

The 2004 comparatives have been prepared in accordance with the provisions of IFRS 1 "First-time Adoption of International Financial Reporting Standards".

1.1.1 General principle

The Group has applied the accounting policies in force at the balance sheet date of its first IFRS financial statements (31 December 2005) retrospectively to its opening balance sheet at 1 January 2004, as if these standards had always been applied.

1.1.2 Elections made by the Group

IFRS 1 makes specific provisions for the retrospective restatement under IFRS of assets and liabilities in accordance with the IFRSs. VINCI Construction Grands Projets has made the following elections:

Retirement benefit obligations: the actuarial gains and losses existing at 1 January 2004, not recognised under French GAAP, are recorded under provisions for retirement benefit obligations with a corresponding reduction of equity. Actuarial gains and losses arising after 1 January 2004 are recognised as and when they occur.

Translation gains and losses in relation to a foreign entity: the Group has elected to reclassify cumulative translation gains and losses at 1 January 2004 in its consolidated reserves. This reclassification has had no impact on the total amount of equity. The new IFRS amount of translation gains and differences is, therefore, taken to nil at 1 January 2004. If these subsidiaries are subsequently sold, the disposal gain or loss will not include the reversal of translation gains and losses prior to 1 January 2004, but will, however, include those recognised after that date.

Business combinations: VINCI Construction Grands Projets has elected not to restate, as provided by IFRS 3, business combinations prior to 1 January 2004.

Property, plant and equipment and intangible assets: VINCI Construction Grands Projets has elected not to measure certain items of property, plant and equipment and intangible assets at the transition date at their fair value.

1.2 > IFRSs or projects in progress for which early application is possible from 2005

The financial statements of VINCI Construction Grands Projets at 31 December 2005 do not include the possible impacts of Standards and Interpretations published at 31 December 2005 but of which application is only compulsory for financial years starting on or after 1 January 2006.

1.2.1 Amendment to IAS 19 "Employee Benefits"

The amendment to IAS 19 "Employee Benefits" relating to the recognition of actuarial gains and losses is applicable as from 1 January 2006, with earlier application being encouraged. The Group has not yet made a decision on the option that it will adopt at that date, in particular with regards to the possibility of recognising all actuarial gains and losses directly in equity.

Notes to the consolidated financial statements
at 31 December 2005

2 > Basis of Consolidation

2.1 > Consolidation scope

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

Companies in which the Group owns the majority of voting rights directly or indirectly or exercises de facto control are fully consolidated. Those in which VINCI Construction Grands Projets exercises significant influence are accounted for by the equity method.

The proportionate method is used to consolidate companies in which the Group exercises joint control and joint venture partnerships in which the Group's share of the revenue and balance sheet are material to the Group.

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

	31 December 2005			31 December 2004		
	Total	France	Foreign	Total	France	Foreign
Full consolidation	**50**	14	36	**45**	14	31
Proportionate consolidation	**45**	13	32	**40**	11	29
Equity method	**1**	-	1	**1**	-	1
	96	**27**	**69**	**86**	**25**	**61**

2.2 > Intragroup transactions

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

- for the full amount if the transaction is between two fully consolidated entities;

- applying the percentage of consolidation of an entity if the transaction is between a fully consolidated entity and a proportionately consolidated entity;

- 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 subsidiaries and establishments

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

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

Notes to the consolidated financial statements
at 31 December 2005

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 payables expressed in foreign currencies are translated at the closing rate. Resulting exchange gains and losses are recognised under foreign exchange gains and losses and are shown under other financial income and expenses in the income statement.

Foreign exchange gains and losses arising on loans denominated in foreign currency or on foreign currency derivatives used to hedge investments in foreign subsidiaries are recorded under translation differences in equity.

2.5 > Business combinations

The Group applies the purchase method for business combinations made as from 1 January 2004. In application of this method, the Group recognises the identifiable assets, liabilities and certain contingent liabilities 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 assets given, liabilities incurred, and/or equity instruments issued by the acquirer in exchange for control of the acquiree, plus any costs directly attributable to the acquisition. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

The Group has 12 months from the date of acquisition to finalise recognition of the business combination in question.

3 > Measurement rules and methods applied by the Group

3.1 > Use of estimates

The preparation of the financial statements requires, in accordance with the IFRS conceptual framework, estimates to be used and assumptions to be made that affect the amounts shown in these financial statements, in particular as regards the following items:
- the period over which assets are depreciated;
- the measurement of provisions and retirement benefit obligations;
- the measurement of construction contract profit or loss using the stage of completion method;
- values used in impairment tests and
- the valuation of financial instruments at fair value.

These estimates assume the operation is a going concern and are made on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates.

3.2 > Revenue (IAS 11 - IAS 18)

Consolidated revenue represents the total of the work produced by the consolidated subsidiaries as their main activity.

The total includes the revenue, after elimination of intercompany transactions, of:
- fully consolidated companies;
- jointly controlled companies, which are consolidated proportionately on the basis of the Group's share in the company and
- joint venture partnerships, based on the Group's share in the entity.

The method for recognising revenue in respect of construction contracts is explained in the note on construction contracts below.

3.3 > Revenue from ancillary activities (IAS 18)

Revenue from ancillary activities comprises rental income, sales of equipment, materials and merchandise, study work and fees other than those generated by concession operators.

3.4 > Construction contracts (IAS 11)

The Group recognises construction contract income and expenses using the stage of completion method defined by IAS 11.
For the Group, the stage of completion is usually determined by measuring the works.
If the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion, regardless of the stage of completion, based on the best estimates of income, including any rights to additional revenue or claims, based on a reason-

Notes to the consolidated financial statements
at 31 December 2005

able assessment. Provisions for losses on completion are shown under liabilities.
The contractual advances that are generally received when contracts are signed, with pre-defined repayment terms that may if applicable be unconnected with the stage of completion, are recognised in the balance sheet under advances and payments on account received.

3.5 > Share-based payment (IFRS 2)

The measurement and recognition methods for share subscription and purchase plans and the Plans d'Epargne Groupe – Group Savings Scheme – are defined by IFRS 2 "Share-based Payment".
Some executives and/or employees of VINCI Construction Grands Projets receive share options granted by VINCI. The executives and employees of VINCI Construction Grands Projets may subscribe to VINCI shares, under the Group Savings Scheme, at a subscription price that is at a discount to the average market price of the VINCI share.
At 31 December 2004 and 2005, calculations to value the IFRS 2 expense were made at the level of the VINCI and VINCI Construction groups by external actuaries. No calculations have been made to assess the IFRS 2 expense at the level of VINCI Construction Grands Projets. Given this, no expense relating to the application of IFRS 2 has been recognised in the VINCI Construction Grands Projets consolidated financial statements at 31 December 2004 and 31 December 2005, except for the employer's contribution to the Group Savings Scheme paid and borne by VINCI Construction Grands Projets entities.
In view of the impact calculated at the level of VINCI Construction, Management considers that the impact of IFRS 2 on the consolidated financial statements of VINCI Construction Grands Projets at 31 December 2004 and 2005 is not material.

3.6 > 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, gains and losses on interest rate hedges in respect of gross financial debt, and net changes in the fair value of derivatives that are not used for hedging.
- financial income from investments comprises the return on cash investments (interest income, dividends from UCITS (marketable securities), disposal gains and losses, etc.), the impact of interest rate hedges related to these investments and changes in their fair value.

3.7 > Other financial income and expenses

Other financial income and expenses mainly comprises foreign exchange gains and losses, the effects of discounting to present value and dividends received from unconsolidated companies.

3.8 > Income taxes (IAS 12)

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 differences between the carrying amount and the tax base of assets and liabilities, using the latest tax rates known. The effects of a change in the tax rate from one period to another are recognised in the income statement in the period in which the change occurs.
Deferred tax relating to items recognised directly under equity is also recognised under equity.
A deferred tax liability is recognised in respect of the differences relating to shareholdings in equity-accounted or proportionately consolidated entities, unless:
- the Group can control the date at which the temporary difference will reverse; and
- the difference is not expected to reverse in the foreseeable future.

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.

3.9 > Earnings per share (IAS 33)

Earnings per share is the net profit for the period after minority interest, divided by the weighted average number of shares outstanding during the period.

3.10 > Intangible assets (IAS 38)

This is mainly computer software. Purchased intangible fixed assets are recorded in the balance sheet at acquisition cost and are amortised on a straight-line basis over their useful life.

Notes to the consolidated financial statements
at 31 December 2005

3.11 > Goodwill (IFRS 3)

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 assets, liabilities and contingent liabilities at the date of acquisition, recognised on first consolidation.
Goodwill relating to controlled entities is shown under the balance sheet assets under goodwill.
Goodwill relating to entities accounted for using the equity method is reported under investments in associates.
Negative goodwill is recognised directly in the income statement in the year of acquisition.
Goodwill is not amortised but is tested for impairment at least annually and whenever there is an indication that it may be impaired.
Whenever an asset appears to be impaired, the difference between its carrying amount and its recoverable amount is recognised as an operating expense in the period and is not reversible.

3.12 > Property, plant and equipment (IAS 16)

Items of property, plant and equipment are recorded at their acquisition or production cost less cumulative depreciation and any impairment losses recognised. 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, in particular buildings, each component of the asset is recognised separately and 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:

Building	
- structure	**between 20 and 40 years**
- general technical installations	**between 5 and 20 years**
Site equipment and technical installations	**between 3 and 10 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 asset's entry into service.

3.13 > Finance leases (IAS 17)

Assets acquired under finance leases are recognised as fixed 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. Assets held under finance leases are depreciated over their period of use.

3.14 > Impairment of non-financial non-current assets (IAS 36)

Under certain circumstances, impairment tests must be performed on intangible and tangible fixed assets. For assets with an indefinite useful life, which is the case for 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.

3.15 > Investments in associates (IAS 28)

Equity-accounted investments in associates 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 associate's profits or losses after the date of acquisition. Whenever losses are greater than the value of the Group's net investment in the associate, these losses are not recognised unless the Group has entered into a commitment to recapitalise the associate or made payments on its behalf.
If there is an indication of a loss of value, the recoverable value of equity-accounted investments in associates is tested as described in the note above on impairment of non-financial non-current assets.

3.16 > Other non-current financial assets (IAS 32-39)

Other non-current financial assets comprise available-for-sale securities and the part due in more than one year of loans and receivables measured at their amortised cost. Purchases and sales of financial assets are recognised at their settlement date.

- Available-for-sale securities

Available-for-sale securities comprise the Group's shareholdings in unconsolidated entities.

Notes to the consolidated financial statements
at 31 December 2005

When these assets are first recognised, they are measured at their fair value, which is generally their cost of acquisition plus the transaction costs.
At the balance sheet date, available-for-sale listed securities are measured at their fair value. For shares in listed companies, fair value is determined on the basis of the stock market price at that balance sheet date.
For unlisted securities, fair value is determined on the basis of the present value of the expected cash flows, or failing that, on the basis of the Group's share of the company's equity.
Changes in fair value are recognised directly in equity and are only transferred to the income statement when the securities in question are sold.
Whenever an impairment test leads to recognition of an unrealised loss as against the historic cost and whenever this is considered to be a material and/or durable loss of value, this loss is recognised in the income statement and is irreversible.
If the fair value cannot be reliably determined, shares are recognised at cost. If there is an objective indication of durable impairment, an irreversible impairment loss is recognised in the income statement.

- Loans and receivables at amortised cost

Loans and receivables at amortised cost comprise mainly receivables connected with shareholdings, current account advances to associates or unconsolidated entities, guarantee deposits, collateralised loans and receivables and other loans and receivables.
When first recognised, these loans and receivables are recognised at their fair value plus the directly attributable transaction costs. At each balance sheet date, these assets are measured at their amortised cost using the effective interest rate method.
If there is an objective indication of durable impairment, an impairment loss is recognised. 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 the income statement. It may be reversed if the recoverable amount changes favourably in the future.

3.17 > Inventories and work in progress (IAS 2)

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

3.18 > Trade and other operating receivables

Trade and other operating receivables are current financial assets 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.

3.19 > Current financial assets (IAS 32-39)

This category is the part at less than one year of the loans and receivables shown under other non-current financial assets.

3.20 > Cash management financial assets (IAS 32-39)

Cash management financial assets comprise cash investments, investments in monetary and bond securities and units in UCITS, made from a short-term management viewpoint.
They are measured and recognised at their fair value. Changes in fair value are recognised in the income statement, as the fair value option has been adopted.
Purchases and sales of cash management financial assets are recognised at their settlement date.

3.21 > Cash and cash equivalents

Cash and cash equivalents comprise only current accounts at banks that are not subject to any restrictions. Bank overdrafts are not included in cash and are reported under current financial debt.

3.22 > Retirement and other employee benefit obligations (IAS 19)

- Defined benefit retirement obligations

Provisions are taken in the balance sheet for obligations arising from 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 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.

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For defined benefit plans financed under external management arrangements (pension funds or insurance policies), the surplus or shortfall of the fair value of the assets compared with the present value of the obligations is recognised as an asset or liability in the balance sheet, after deduction of cumulative actuarial gains and losses and any past service cost not yet recognised in the income statement. However, surplus assets are only recognised in the balance sheet to the extent that they represent a future economic benefit for the Group.
Past service cost corresponds to the benefits granted either when an entity adopts a new defined benefit plan or when it changes the level of benefit of an existing plan. Whenever new rights to benefit are acquired as from the adoption of the new plan, the past service cost is recognised immediately in the income statement. Conversely, whenever adoption of a new plan gives rise to the acquisition of rights after its implementation date, past service costs are recognised as an expense on a straight-line basis over the average period remaining until the corresponding rights are fully vested.
Actuarial gains and losses result mainly from changes in actuarial assumptions and from experience adjustments (the effects of differences between the actuarial assumptions adopted and what has actually occurred).
Actuarial gains and losses that exceed 10% of the higher of the present value of the Group's defined benefit obligation and the fair value of the plan assets are recognised on a straight-line basis over the average expected remaining working life of the employees participating in that plan.
For defined benefit plans, the expense recognised under operating profit or loss comprises the current service cost, the amortisation of past service cost, the amortisation of any actuarial gains and losses and the effects of any reduction or winding up of the plan. The interest cost (cost of discounting) and the expected yield on plan assets are recognised under financial income and expenses.
Commitments relating to lump-sum payments on retirement for manual construction workers, which are met by contributions to an outside insurance scheme, are recognised as an expense as and when contributions are payable.

- Provisions for other employee benefits

Provisions are taken for long-service bonuses in the French subsidiaries, and for the payment of medical expenses in certain subsidiaries. This provision is measured using the actuarial forecasting method (the projected unit credit method).
The part with a maturity of less than one year of provisions for retirement benefit obligations and for other employee benefits is shown under current liabilities.

3.23 > Provisions (IAS 37 and IAS 11)

Provisions are liabilities of which the timing or amount cannot be accurately assessed. They are measured at the present value of the best estimate of the consumption of resources required to settle the obligation.
Provisions are recognised whenever the Group has a present obligation as a result of a past event and it is probable that an outflow of resources of which a reliable estimate can be made will be required to settle the obligation. The amount recognised as a provision must be the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Obligations to be settled after one year are discounted whenever the effect of discounting is material.

- 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.
Provisions for after-sales service cover Group entities' commitments under statutory warranties relating to completed projects, in particular ten-year warranties on building projects in France. They are estimated statistically on the basis of expenses incurred in previous years or individually on the basis of specifically identified defects.
Provisions for completion losses on contracts and construction project liabilities are made mainly when end-of-contract projections, based on the most likely estimated outcome, indicate a loss, and when work needs to be carried out in respect of completed projects under completion warranties.
Provisions for disputes connected with operations mainly relate to disputes with customers, sub-contractors, 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 year end.
Provisions for other current liabilities mainly comprise provisions for individual dismissals and for other risks related to operations.

- Non-current provisions

Non-current provisions are provisions not directly linked to the operating cycle and that are generally unlikely to reverse in less than one year. They include, in particular, provisions for potential employment liabilities and for disputes.
That part of non-current provisions that matures within less than one year is shown under current provisions.

Notes to the consolidated financial statements

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3.24 > Current and non-current financial debt (IAS 32-39)

Financial debt comprises bonds and other loans, measured and recognised at amortised cost using the effective interest method. Under this method, the redemption premiums and issuance costs, initially shown as a deduction from the nominal amount of the liability, are included in the cost of borrowing. Under this method, the interest expense is recognised actuarially under the cost of gross financial debt.
The part due in less than one year of borrowings is included in current borrowings.

3.25 > Fair value of derivative financial instruments (assets and liabilities) (IAS 32-39)

The Group uses derivative financial instruments to hedge its exposure to market risks (interest rates, exchange rates, equity prices). In accordance with IAS 39, all derivatives should be shown in the balance sheet at their fair value. If a derivative is not considered to be a hedge, the change in its fair value must be recognised through the income statement. If a derivative is considered as a hedge, recognising it as a hedging instrument allows changes in the value of the derivative to be cancelled out in the income statement.
Derivative instruments may be designated as hedging instruments in three cases: when the instrument is a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation:
- a fair value hedge allows the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, attributable to changes in financial variables (interest rates, exchange rates, equity prices, raw material prices, etc.) to be hedged;
- a cash flow hedge allows exposure to variability in 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 foreign exchange risk relating to the net investment in a consolidated foreign subsidiary.

Most of the interest rate and foreign currency derivatives used by VINCI Construction Grands Projets are considered as trading instruments, directly allocated to the contract in question.

3.26 > Off balance sheet commitments

VINCI Construction Grands Projets has defined and implemented a reporting procedure to list its off balance sheet commitments and identify their nature and purpose. This procedure provides for the submission by the consolidated subsidiaries as part of the consolidation procedures, of information relating to the following commitments given:
- personal sureties (securities, guarantees and other);
- collateral security (mortgages, pledges and other securities);
- joint and several guarantees covering unconsolidated partnerships;
- other commitments.

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at 31 December 2005

II - Notes to the balance sheet

1 > Intangible assets

in thousands of euros	12.31.2004	Increase	Decrease	Currency differences and other changes	12.31.2005
Gross	8,640	237	80	(402)	8,395
Amortisation and provisions	(7,968)	(196)	(80)	308	(7,776)
TOTAL NET	**672**	**41**	**0**	**(94)**	**619**

There has been no acquisition or reversal of amortisation through a business combination in the period. No impairment losses have been recognised or reversed at 31 December 2005.

2 > Property, plant and equipment

2.1 > Change in the period

in thousands of euros	12.31.2004	Increase	Decrease	Currency differences and other changes	12.31.2005
Gross	87,091	31,030	8,749	(6,032)	103,340
Depreciation and provisions	(63,757)	(15,550)	(6,786)	2,173	(70,348)
TOTAL NET	**23,334**	**15,480**	**1,963**	**(3,859)**	**32,992**

There has been no acquisition or reversal of depreciation through a business combination in the period. No impairment losses have been recognised or reversed at 31 December 2005.

2.2 > Breakdown by type of asset

in thousands of euros	Gross	Depreciation	Net
Land	2,206	(1,592)	614
Buildings	3,310	(2,614)	696
Plant and equipment	71,511	(47,027)	24,484
Vehicles	11,262	(8,836)	2,426
Office furniture, computer equipment, fixtures and fittings	12,346	(10,279)	2,067
Non-current assets in progress	2,705	-	2,705
TOTAL NET	**103,340**	**(70,348)**	**32,992**

Notes to the consolidated financial statements
at 31 December 2005

2.3 > Investments in the period

in thousands of euros	12.31.2005
Buildings	499
Plant and equipment	26,049
Vehicles	1,329
Office furniture, computer equipment, fixtures and fittings	2,449
Non-current assets in progress	704
TOTAL INVESTMENTS	**31,030**

3 > Other non-current financial assets

in thousands of euros	Gross	Depreciation	Net
Investments in subsidiaries and associates	6,316	(4,731)	1,585
Other available-for-sale financial assets	545	-	545
Other non-current financial assets	7,514	(7,343)	171
Present value adjustment of non-current financial assets	(417)	-	(417)
TOTAL NET	**13,958**	**(12,074)**	**1,884**

There has been no acquisition through a business combination in the period. No impairment losses have been recognised or reversed at 31 December 2005.

At 31 December 2005, the main unconsolidated companies were:

	% held	*Net*
Dumez-GTM SAS	*100%*	*500*
Société Centrale de Matériel	*100%*	*152*
Forneron	*100%*	*122*

4 > Cash management financial assets

Cash management financial assets break down as follows:

in thousands of euros	12.31.2004	12.31.2005
UCITS (marketable securities)	58,419	111,829
Other	330,838	338,430
TOTAL NET	**389,257**	**450,259**

Cash management financial assets include investments with parent companies of €334,043,000 attracting interest at rates close to market rates.

Notes to the consolidated financial statements
at 31 December 2005

5 > Working capital requirement/(surplus)

in thousands of euros	12.31.2004	12.31.2005
Inventories and work in progress (net)	3,586	22,544
Trade receivables and related accounts	204,495	209,689
Other operating receivables	251,223	323,685
Other current assets	21,240	31,696
Current tax assets	162	156
Inventories and operating receivables (I)	**480,706**	**587,770**
Trade payables	167,776	159,962
Other current payables	454,799	583,090
Current tax payables	-	64
Trade and other operating payables (II)	**622,575**	**743,116**
WORKING CAPITAL REQUIREMENT	**(141,869)**	**(155,346)**
Current provisions	**159,196**	**150,821**

6 > Provisions for employee benefits

RETIREMENT BENEFIT OBLIGATIONS

The Group's retirement benefit commitments that are covered by provisions mainly relate to France. Provisions are calculated applying the following assumptions:

	12.31.2004	12.31.2005
Discount rate	4.75%	4.5%
Inflation rate	2.0%	2.0%
Rate of salary increases	3.0%	3.0%
Rate of benefit increases	2.5%	2.5%
Amortisation period of initial actuarial liability	10 to 15 years	10 to 15 years

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

in thousands of euros

TOTAL OBLIGATIONS COVERED BY PROVISIONS	**9,138**

Of which due within one year 630

OTHER EMPLOYEE BENEFITS

TOTAL OBLIGATIONS COVERED BY PROVISIONS	**821**

Of which due within one year 42

Notes to the consolidated financial statements
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7 > Provisions

in thousands of euros	12.31.2004	Charges	Reversals	Reversals of unused provisions	Currency differences and other changes	12.31.2005
Warranties given to customers	56,553	7,389	(4,564)	(3,740)	104	55,742
Site restoration	6,997	847	(2,232)	-	43	5,655
Losses on completion	14,426	19,713	(5,879)	(2,976)	266	25,550
Litigation	43,323	5,802	(9,544)	(6,932)	(6,505)	26,144
Restructuring	5,791	-	(1,117)	-	157	4,831
Other current liabilities	817	2,023	(2,173)	-	1,974	2,641
Discounting of current provisions	(180)	-	-	-	(21)	(201)
Reclassification of the part at less than one year of non-current provisions	31 468	-	-	-	(1,009)	30,459
Current provisions	**159,195**	**35,774**	**(25,509)**	**(13,648)**	**26,477**	**150,821**
Financial liabilities	9,986	291	(1,602)	-	(3,237)	5,438
Other non-current liabilities	31,656	12,033	(4,005)	(5,890)	(577)	33,217
Discounting of non-current provisions	(886)	-	-	-	12	(874)
Reclassification of the part at less than one year of non-current provisions	31,468	-	-	-	(1,009)	(30,459)
Non-current provisions	**9,288**	**12,324**	**(5,607)**	**(5,890)**	**(34,261)**	**7,322**
TOTAL	**168,483**	**48,098**	**(31,116)**	**(19,538)**	**(7,784)**	**158,143**

The types of provisions are defined in Note 3.23 “Provisions” (IAS 37 and IAS 11).

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8 > Net financial surplus

At the year end the Group had a net cash surplus of €414,671,000 which breaks down as follows:

in thousands of euros	12.31.2004	12.31.2005
Other loans and borrowings	-	(8,128)
Non-current financial debt	**-**	**(8,128)**
Part at less than one year of long-term borrowings	-	(102,284)
Cash management current accounts, liabilities	-	(9)
Other current financial debt	(6,430)	-
Current financial debt	**(6,430)**	**(102,293)**
GROSS FINANCIAL DEBT (excluding bank overdrafts)	**(6,430)**	**(110,421)**
Fair value of derivatives (liabilities)	-	(36)
Fair value of derivatives (assets)	207	177
Cash management financial assets and marketable securities	389,257	450,259
Net cash position (cash / overdrafts)	54,770	74,692
NET FINANCIAL SURPLUS	**437,804**	**414,671**

The part at less than one year of the long-term financial debt takes account of the cancelling out of the payment received in connection with securisation of receivables relating to the Chile Prisons transaction for €94,947,000.

Debts guaranteed by collateral: none

9 > Revenue

Consolidated revenue excludes miscellaneous income and services, as well as services to unconsolidated entities, which are included under other operating revenue.

Year-on-year changes in revenue also take account of changes in consolidation scope and break down as follows:

in millions of euros	12.31.2005	12.31.2004
Revenue for the year	**603.6**	**547.5**
of which: Change in consolidation scope	(2.7)	(10.5)
of which: Impact of foreign exchange rate fluctuations	-	1.0
Revenue at constant consolidation scope and exchange rates	**600.9**	**538.0**

At comparable consolidation scope and exchange rates, revenue was approximately 12% up against the previous period.

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REVENUE BY GEOGRAPHICAL AREA (by destination)

in millions of euros	12.31.2005	12.31.2004
France	270.2	144.4
Europe	161.3	286.4
Middle East	10.2	1.5
North and South America	46.7	22.4
Africa	99.3	84.4
Asia	15.7	7.7
Other	0.2	0.7
TOTAL	**603.6**	**547.5**

10 > Operating profit

in thousands of euros	12.31.2005	12.31.2004
Revenue	603,647	547,476
Revenue from ancillary activities	2,897	4,201
Operating income	**606,544**	**551,677**
Purchases (raw materials, supplies, goods)	(82,677)	(81,034)
Sub-contracting and other external expenses	(360,538)	(292,740)
Employment costs	(119,091)	(139,306)
Taxes and levies	(6,786)	(5,565)
Other operating income and expenses	(385)	(3,905)
Depreciation and amortisation for the period	(14,848)	(16,633)
Net provision expense		
- Impairment losses property, plant and equipment, and intangible assets	(646)	(937)
- Impairment of assets	2,318	(1,949)
- Retirement and other benefit obligations	171	575
- Current and non-current provisions	5,621	14,812
OPERATING PROFIT	**29,683**	**24,995**

Revenue from ancillary activities amounted to €2.9 million at 31 December 2005 and mainly related to sales of equipment.

Notes to the consolidated financial statements
at 31 December 2005

11 > Other financial income and expenses

in thousands of euros	12.31.2005	12.31.2004
Foreign exchange gains and losses	2,598	(1,761)
Effect of discounting to present value	(589)	(59)
Other financial income and expenses	(2)	540
OTHER FINANCIAL INCOME AND EXPENSES, NET	**2,007**	**(1,280)**

12 > Breakdown of income tax expense

12.1 > Breakdown of net tax expense

in thousands of euros	12.31.2005	12.31.2004
Current tax	(9,011)	(3,595)
Deferred tax	2	3,546
TOTAL	**(9,009)**	**(49)**

12.2 > Effective tax rate

in thousands of euros	
Profit before tax and amortisation of goodwill	**37,428**
Theoretical tax rate	34.93%
EXPECTED TAX EXPENSE	**13,074**
Impact on partnerships' results of differences between tax rates	(5,477)
Creation (use) of tax loss carryforwards not having given rise to deferred tax	(3,514)
Fixed-sum and other additional taxes	8,921
Profits (losses) of foreign establishments not taxable in France	(2,631)
Others (including consolidation restatements except for elimination of dividends)	(1,364)
TAX EXPENSE ACTUALLY RECOGNISED	**9,009**
Effective tax rate	24.07%

Notes to the consolidated financial statements
at 31 December 2005

12.3 > 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**
	3,715	3,806	(91)

12.4 > Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €17.4 million at 31 December 2005.

13 > Transactions with related parties

Transactions with related parties mainly relate to transactions with companies in which VINCI Construction Grands Projets exercises significant influence or joint control.

The Company also has normal business relations with other companies in the VINCI Group.

The transactions with related parties are undertaken at market prices.

13.1 > Transactions between VINCI Construction Grands Projets and proportionately consolidated companies (unconsolidated part)

in millions of euros	12.31.2005	12.31.2004
Revenue	544.4	622.6
Purchases	(95.1)	(142.9)
Subcontracting	(351.3)	(366.2)
Trade receivables	421.3	408.0
Trade payables	176.0	154.9

These mainly relate to transactions with joint venture partnerships in connection with VINCI Construction Grands Projets' construction activities.

Notes to the consolidated financial statements
at 31 December 2005

13.2 > Contribution to the consolidated balance sheet by proportionately consolidated companies

in millions of euros	12.31.2005	12.31.2004
Current assets	280.3	270.7
Non-current assets	21.3	7.5
Current liabilities	312.2	288.9
Non-current liabilities	-	0.7
Operating income	347.1	386.8
Operating expenses	(332.5)	(373.7)
Cost of net financial debt	0.9	1.7
Other financial income and expenses	2.5	(1.4)
Income tax expense	1.7	(2.5)

Given the nature of the works undertaken by VINCI Construction Grands Projets, joint venture partnerships created for projects and that manage revenue of over €45 million (on a 100% basis) are consolidated proportionately.

14 > Financial information relating to construction contracts

Cost incurred plus recognised profits less recognised losses and intermediate invoicing is determined on a contract by contract basis. If this amount is positive, it is shown on the line Construction contracts in progress, assets. If negative, it is shown on the line Construction contracts in progress, liabilities.

Advances are the amounts received before the corresponding work has been performed. Their repayment depends on the specific provisions of each contract.

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

in thousands of euros	12.31.2005	12.31.2004
Construction contracts in progress, assets	77,575	50,515
Construction contracts in progress, liabilities	(77,994)	(58,474)
Construction contracts in progress	**(419)**	**(7,959)**
Costs incurred plus profits recognised to date less losses recognised to date	1,630,172	1,584,031
Less invoices issued	(1,630,591)	(1,591,990)
Construction contracts in progress before advances received from customers	**(419)**	**(7,959)**
Advances received from customers	(99,554)	(51,897)
Net construction contracts in progress	**(99,973)**	**(59,856)**

Notes to the consolidated financial statements
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15 > Off balance sheet commitments

Off balance sheet commitments break down as follows:

in thousands of euros	Commitments given	Commitments received
Performance guarantees and performance bonds	190,935	20,687
Retention payments	30,843	7,343
Deferred payments to subcontractors	43,860	9,400
Joint and several guarantees of partnerships	9,436	-
Bank overdrafts	265	-
Bid bonds	30,065	129
Tax and customs bonds	709	-
Operating leases	267	-
Other commitments	5,459	16,092
TOTAL	**311,839**	**53,651**

16 > Employment costs and numbers employed

Number of employees	12.31.2005	12.31.2004
Engineers and managers	763	606
Non-management	2,288	1,917
TOTAL	**3,051**	**2,523**

Employment costs for all companies in the Group amounted to €119,091,000.

Remuneration of members of the Management Committee
The share falling to VINCI Construction Grands Projets of remuneration paid to members of the Management Committee in 2005 amounted to €1,714,416.

Individual entitlement to training
The Act of 4 May 2004 gives employees of French companies the right to a minimum of 20 hours of training a year, which can be carried forward and accumulated for six years. Expenditure under this Individual Right to Training (the DIF) is considered as an expense for the period and, other than in exceptional cases, no provisions are taken for this. The Group's employees had acquired rights to 12,800 hours of such training at 31 December 2005.

Notes to the consolidated financial statements
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17 > Other information

DISPUTES AND ARBITRATION

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

18 > Main entities consolidated at 31 December 2005

	Country	% holding
1/ Parent		
VINCI Construction Grands Projets	France	100
2/ Fully consolidated subsidiaries in the construction and public works sector		
Constructora VCGP Chile SA	Chile	100
Constructora VINCI Chile SA	Chile	100
Dumez Jaya SDN BHD	Malaysia	100
Florenc 1	Czech Republic	100
Fluidis-WMI	France	51
Hydroplus	France	100
Hydroplus Inc.	USA	100
Janin Atlas Inc.	Canada	100
Kosmos Holding BV	Sweden	100
Olympia Invest	Romania	100
S.C Grupo 3	Chile	100
Soconac	Romania	100
Victoria Belinvest	Belgium	100
VINCI Construction Technology	France	100
3/ Proportionately consolidated subsidiaries in the construction and public works sector		
Socaso	France	67
Socatop	France	42
Socaly	France	24
Empresa Constructora Puente Chiloé	Chile	27

Notes to the consolidated financial statements

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4/ Proportionately consolidated partnerships and economic interest groupings formed to carry out major projects

Andra	France	12
Naga Hammadi dam	Egypt	33
BEI Luxembourg	Luxembourg	50
Beijing Olympic Stadium JV	China	50
Chernobyl ISF	Ukraine	50
CTRL 310	UK	50
Heathrow Airport T5	UK	50
Soyouz launch pad	French Guyana	80
Athens metro	Greece	33
Newport	UK	50
Novotel, Leeds	UK	33
Pannerdensch Kanaal	The Netherlands	45
Rion-Antirion bridge	Greece	53
Eastern Port, La Réunion	Ile de la Réunion	40
Goro Nickel Port	New Caledonia	28
Royal Victoria Docks	UK	33
Olympic stadium Istanbul	Turkey	38
Cork water treatment plant	Ireland	50
Thalys IV	The Netherlands	13
Hallandsas Tunnel	Sweden	40
Mitholz tunnel	Switzerland	25
VTV Center Hanoi	Vietnam	51

Notes to the consolidated financial statements
at 31 December 2005

III - Reconciliation of the financial statements at 31 December 2004 (French GAAP against IFRS)

1 > Reconciliation of equity at 1 January 2004 and 31 December 2004 (French GAAP against IFRS)

Application of the IFRSs to the VINCI Construction Grands Projets consolidated financial statements leads to a limited reduction of consolidated equity (which includes minority interest under IFRS) of €1.8 million at 31 December 2004 (at €151.4 million against €153.2 million under French GAAP) which should be compared with a reduction of €2.8 million at 1 January 2004, the date of the opening IFRS balance sheet.

in millions of euros	Total equity at 01.01.2004	Profit 2004	Other changes	Minority interest	Total equity at 12.31.2004
French GAAP	**141.4**	**29.6**	**(17.8)**	**-**	**153.2**
Actuarial gains and losses on retirement benefit obligations (IAS 19)	(0.6)	-	-	-	(0.6)
Restatement of intangible assets (IAS 38)	(2.3)	0.2	-	-	(2.1)
Effect of discounting	0.3	0.4	-	-	0.7
Other restatements	(0.5)	0.5	-	-	-
Financial instruments	0.3	(0.1)	-	-	0.2
IFRS restatements	**(2.8)**	**1.0**	**-**	**-**	**(1.8)**
IFRS	**138.6**	**30.6**	**(17.8)**	**-**	**151.4**

Notes to the consolidated financial statements

at 31 December 2005

2 > Reconciliation of the 2004 income statement (French GAAP against IFRS)

The tables below show the reconciliations of the income statement at 31 December 2004 prepared under French GAAP and IFRS, distinguishing on the one hand restatements that affect net profit (and/or a corresponding entry under equity) and on the other, reclassifications that are solely changes in presentation within the financial statements, with no effect on net profit.

in millions of euros	French GAAP	Notes
Net sales	**547.5**	
Other operating income and expenses	(508.1)	
Amortisation, depreciation and provisions	(10.1)	
Operating income	**29.3**	*2.1*
Financial expense	7.4	
Other financial income and expenses	(1.2)	
Net financial income / (expense)	**6.2**	*2.2*
Net exceptional income / (expense)	**(5.4)**	*2.3*
Income tax expense	(0.1)	
Minority interest	(0.4)	
NET INCOME	**29.6**	*2.4*

in millions of euros	IFRS	Notes
Revenue	**547.5**	
Revenue from ancillary activities and operating expenses	(522.5)	
Operating profit from ordinary activities	**25.0**	*2.1*
Cost of net financial debt	7.4	
Other financial income and expenses	(1.3)	
Net financial income / (expense)	**6.1**	*2.2*
Income tax expense	(0.1)	
Net profit for the period (including minority interest)	**31.0**	
Minority interest	(0.4)	
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**30.6**	*2.4*

Notes to the consolidated financial statements
at 31 December 2005

2.1 > Operating profit

Operating profit under IFRS amounts to €25 million. This is €4.3 million less than the operating income under French GAAP. Details of the difference are as follows:

in millions of euros

Operating income under French GAAP	**29.3**
Restatements	
Non-deferment of pre-contract expenses	0.5
Cancellation of amortisation of commercial goodwill	0.2
Total restatements	**0.7**
Reclassifications	
Other exceptional operating income and expenses, net	(5.4)
Cost of discounting retirement benefit obligations (reclassified to financial income / (expense))	0.4
Total reclassifications	**(5.0)**
OPERATING PROFIT FROM ORDINARY ACTIVITIES	**25.0**

2.2 > Net financial income / (expense)

Net financial income was €6.1 million under IFRS against €6.2 million under French GAAP. This difference is the result of the impact of the reclassification and restatements detailed in the table below:

in millions of euros

Net financial income / (expense) under French GAAP	**6.2**
Restatements	
Change in fair values on foreign currency derivatives	(0.1)
Discounting of provisions and long-term receivables	0.4
Total restatements	**0.3**
Reclassifications	
Cost of discounting retirement benefit obligations	(0.4)
Total reclassifications	**(0.4)**
NET FINANCIAL INCOME / (EXPENSE) UNDER IFRS	**6.1**

Notes to the consolidated financial statements
at 31 December 2005

2.3 > Net exceptional income / (expense)

The net exceptional income / (expense) line shown in the French GAAP income statement no longer appears in the IFRS income statement, in accordance with IAS 1.

The following table shows the various reclassifications to operating profit under IFRS of income and expense items that were previously reported under net exceptional income / (expense), as explained in paragraph 2.1.

in millions of euros

Net exceptional income / (expense) under French GAAP	**(5.4)**
Reclassifications:	
Other exceptional operating income and expenses, net	5.4
Total reclassification under operating profit under IFRS	**5.4**
Total reclassifications	**5.4**

2.4 > Summary of impacts of restatements on net profit

The various restatements that affect the IFRS net profit presented in the previous paragraphs are summarised in the following table:

in millions of euros

Net income under French GAAP	**29.6**
Restatements	
Non-deferment of pre-contract expenses	0.5
Cancellation of amortisation of commercial goodwill	0.2
Change in fair values on foreign currency derivatives	(0.1)
Discounting of provisions and long-term receivables	0.4
Total restatements	**1.0**
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT UNDER IFRS	**30.6**

Notes to the consolidated financial statements
at 31 December 2005

3 > Reconciliation of the balance sheet at 31 December 2004 (French GAAP against IFRS)

For the presentation of balance sheet items, the IFRSs recommend that a distinction be made between "non-current" assets and liabilities, representing fixed assets and equity and long-term finance, and "current" assets and liabilities, relating to the Company's ordinary operations, without necessarily being of a short-term nature. The part at less than one year of non-current assets and liabilities is also presented under current assets and liabilities.

3.1 > Balance sheet assets

in millions of euros	Notes	French GAAP 12.31.2004	IFRS Reclassifications	IFRS Restatements	IFRS 12.31.2004
Non-current assets					
Intangible assets	3.3.1	2.7	-	-2.0	0.7
Property, plant and equipment		23.3	-	-	23.3
Other non-current financial assets	3.3.2	11.0	-	-0.4	10.6
Fair value of derivative (assets)	3.3.3	-	-	0.2	0.2
Deferred tax assets	3.3.4	-	3.5	0.3	3.8
Total non-current assets		**37.0**	**3.5**	**-1.9**	**38.6**
Current assets					
Inventories and work in progress		3.6	-	-	3.6
Trade and other operating receivables	3.3.5	480.6	-24.9	-	455.7
Other current assets	3.3.6	-	21.2	-	21.2
Current tax assets	3.3.7	-	0.2	-	0.2
Cash management financial assets and marketable securities		389.3	-	-	389.3
Cash		63.2	-	-	63.2
Total current assets		**936.7**	**-3.5**	**-**	**933.2**
TOTAL ASSETS		**973.7**	**-**	**-1.9**	**971.8**

Notes to the consolidated financial statements

at 31 December 2005

3.2 > Balance sheet equity and liabilities

in millions of euros	Notes	French GAAP 12.31.2004	IFRS Reclassifications	IFRS Restatements	IFRS 12.31.2004
Equity					
Share capital		67.9	-	-	67.9
Premiums related to capital		19.2	-	-	19.2
Consolidated reserves		36.5	-	-2.8	33.7
Net profit for the period		29.6	-	1.0	30.6
Equity attributable to equity holders of the parent		**153.2**	**-**	**-1.8**	**151.4**
Minority interest		-	-	-	-
Total equity		**153.2**	**-**	**-1.8**	**151.4**
Non-current liabilities					
Retirement and other employee benefit obligations	3.4.1	9.2	-	0.6	9.8
Non-current provisions	3.4.2	169.5	-159.4	-0.8	9.3
Other non-current liabilities	3.4.3	-	0.8	-	0.8
Deferred tax liabilities	3.4.4	-	3.6	0.3	3.9
Total non-current liabilities		**178.7**	**-155.0**	**0.1**	**23.8**
Current liabilities					
Current provisions	3.4.5	-	159.4	-0.2	159.2
Trade payables	3.4.6	627.0	-459.2	-	167.8
Current financial debt		14.8	-	-	14.8
Other current payables	3.4.7	-	454.8	-	454.8
Total current liabilities		**641.8**	**155.0**	**-0.2**	**796.6**
TOTAL EQUITY AND LIABILITIES		**973.7**	**0.0**	**-1.9**	**971.8**

Notes to the consolidated financial statements
at 31 December 2005

3.3 > Reconciliation of balance sheet assets at 31 December 2004 (French GAAP against IFRS)

3.3.1 Intangible assets

in millions of euros

French GAAP	**2.7**
Restatements	
Cancellation of commercial goodwill	-2.0
Total restatements	**-2.0**
IFRS	**0.7**

Other “commercial goodwill” items that do not meet the definition of an intangible asset under IAS 38 have been cancelled against equity.

3.3.2 Other non-current financial assets

in millions of euros

French GAAP	**11.0**
Restatements	
Discounting of receivables	-0.4
Total restatements	**-0.4**
IFRS	**10.6**

In accordance with the IFRSs, receivables are recognised at their present value.

3.3.3 Fair value of derivative financial instruments (assets)

in millions of euros

French GAAP	
Restatements	
Fair value of derivatives	0.2
Total restatements	**0.2**
IFRS	**0.2**

VINCI Construction Grands Projets uses derivative financial instruments that are generally foreign currency hedging instruments. These are now recognised at their fair value in the IFRS balance sheet in accordance with IAS 39.

Notes to the consolidated financial statements
at 31 December 2005

3.3.4 Deferred tax assets

in millions of euros

French GAAP	
Restatements	
Deferred tax assets on IFRS restatements	0.3
Total restatements	**0.3**
Reclassifications	
Deferred tax assets reported under non-current assets	3.5
Total reclassifications	**3.5**
IFRS	**3.8**

3.3.5 Trade and other operating receivables

in millions of euros

French GAAP	**480.6**
Reclassifications	
Deferred charges shown under other current assets	-21.2
Deferred tax assets reported under non-current assets	-3.5
Current tax assets reported on a separate line	-0.2
Total reclassifications	**-24.9**
IFRS	**455.7**

3.3.6 Other current assets

in millions of euros

French GAAP	
Reclassifications	
Deferred charges shown under other current assets	21.2
Total reclassifications	**21.2**
IFRS	**21.2**

Notes to the consolidated financial statements
at 31 December 2005

3.3.7 Current tax assets

in millions of euros

French GAAP	
Reclassifications	
Current tax assets reported on a separate line	0.2
Total reclassifications	**0.2**
IFRS	**0.2**

3.4 > Reconciliation of balance sheet liabilities at 31 December 2004 (French GAAP against IFRS)

3.4.1 Retirement and other employee benefit obligations

in millions of euros

French GAAP	**9.2**
Restatements	
Actuarial gains and losses	0.6
Total restatements	**0.6**
IFRS	**9.8**

In connection with its first adoption of the IFRSs, VINCI Construction Grands Projets has elected to allocate actuarial gains and losses on retirement benefit obligations to equity.

3.4.2 Non-current provisions

in millions of euros

French GAAP	**169.5**
Restatements	
Discounting of non-current provisions	-0.8
Total restatements	**-0.8**
Reclassifications	
Current provisions and part at less than one year of non-current provisions	-159.4
Total reclassifications	**-159.4**
IFRS	**9.3**

Restatements: In accordance with the IFRSs, provisions are recognised at their present value.

Reclassifications: In accordance with IAS 1, which recommends that a distinction be made between current and non-current assets and liabilities, provisions shown under the long-term part of the balance sheet under French GAAP have been reclassified as current liabilities whenever they are attached to the operating cycle.

The part of non-current provisions that matures within less than one year is also reclassified under current liabilities.

Notes to the consolidated financial statements

at 31 December 2005

3.4.3 Other non-current liabilities

in millions of euros

French GAAP	
Reclassifications	
Part at more than one year of non-financial liabilities reported under non-current liabilities	0.8
Total reclassifications	**0.8**
IFRS	**0.8**

3.4.4 Deferred tax liabilities

in millions of euros

French GAAP	
Restatements	
Deferred tax recognised on IFRS restatements	0.3
Total restatements	**0.3**
Reclassifications	
Deferred tax liabilities reported under non-current liabilities	3.6
Total reclassifications	**3.6**
IFRS	**3.9**

3.4.5 Current provisions

in millions of euros

French GAAP	
Restatements	
Effect of discounting current provisions	-0.2
Total restatements	**-0.2**
Reclassifications	
Current provisions and part at less than one year of non-current provisions	159.4
Total reclassifications	**159.4**
IFRS	**159.2**

Notes to the consolidated financial statements

at 31 December 2005

3.4.6 Trade payables

in millions of euros

French GAAP	**627,0**
Reclassifications	
Other operating liabilities reported under other current liabilities	-454,8
Deferred tax liabilities reported under non-current liabilities	-3,6
Part at more than one year of non-financial liabilities reported under non-current liabilities	-0,8
Total reclassifications	**-459,2**
IFRS	**167,8**

3.4.7 Other current liabilities

in millions of euros

French GAAP	
Reclassifications	
Other operating liabilities reported under other current liabilities	454,8
Total reclassifications	**454,8**
IFRS	**454,8**

4 > Reconciliation of net financial debt at 31 December 2004 (French GAAP against IFRS)

in millions of euros	French GAAP 12.31.2004	IFRS Restatements	IFRS 12.31.2004
Other loans and borrowings	-	-	-
Non-current financial debt	-	-	-
Other current financial debt	(6,4)	-	(6,4)
Current financial debt	(6,4)	-	(6,4)
GROSS FINANCIAL DEBT (excluding bank overdrafts)	**(6,4)**	**-**	**(6,4)**
Fair value of derivative financial instruments (assets)	-	0,2	0,2
Cash management financial assets and marketable securities	389,2	-	389,2
Net cash position (cash / overdrafts)	54,8	-	54,8
NET FINANCIAL DEBT	**437,6**	**0,2**	**437,8**

Compared with the net financial surplus under French GAAP of €437.6 million at 31 December 2004, the financial surplus is €0.2 million higher under IFRS. This difference arises from the recognition of derivative financial instruments at their fair value under IFRS.

Report of the statutory auditors on the consolidated financial statements

Year ended 31 December 2005

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 2005.

Your Chairman is responsible for preparation of the financial statements. Our role is to express an opinion on these financial statements based on our audit. These financial statements have been prepared for the first time under the International Financial Reporting Standards (IFRS) as endorsed by the European Union. They include data relating to 2004 restated under the same standards, for comparison.

1 > Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit 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 expressed below.

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 the International Financial Reporting Standards as endorsed by the European Union.

2 > Reasons for our conclusions

As required by Article L.823-9 of the French Code of Commerce regarding disclosure of the reasons for our conclusions, we inform you of the following:

As shown in Note 3.1 to the financial statements, headed “Construction contracts”, 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 the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion. We have assessed the reasonableness of the assumptions used and the resulting evaluations.

These conclusions were formed as part of our audit of the annual 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 information given in the Board of Directors’ report on the Group. We have no comments to make as to its fair presentation and its conformity with the consolidated financial statements.

Neuilly-sur-Seine and Paris, 14 April 2006

The Statutory Auditors

DELOITTE & ASSOCIES

Thierry BENOIT

SALUSTRO REYDEL

Member of KPMG International

Bernard CATTENOZ and Philippe BOURHIS

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