VINCI CONSTRUCTION | GRANDS PROJETS

Consolidated financial statements 2008

Consolidated financial statements 2008

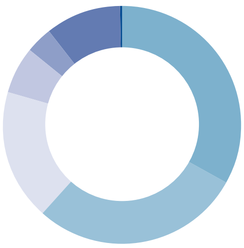
Contents

Key figures
2008

Number of projects	Operations in	Workforce (employees worldwide)
56	31 countries	3,715

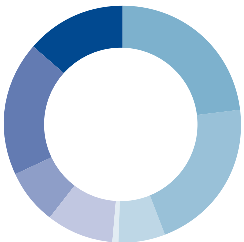
Revenue[1]: €771.4 million
in € millions

By geographical area



France	255.9
Europe	220.4
Africa	138.4
Middle East	49.3
Asia	26.7
The Americas	79.5
Australia	1.2

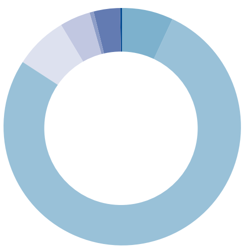
By business line



Tunnels	179.3
Roads	163.5
Bridges	48.2
Others	7.4
Total transport infrastructures	*398.4*
Hydraulic work	69.1
Energy	58.8
Building	141.9
Major facilities	103.2

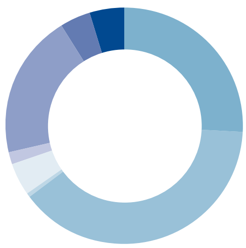
Order book: €1,914 million
in € millions

By geographical area



France	135.7
Europe	1 479.1
Africa	136.5
Middle East	81.9
Asia	8.6
The Americas	70.6
Australia	1.6

By business line



Tunnels	496.4
Roads	742.7
Bridges	11.1
Others	86.4
Total transport infrastructures	*1 336.6*
Hydraulic work	30.6
Energy	380.9
Building	79.7
Major facilities	86.2

Key figures

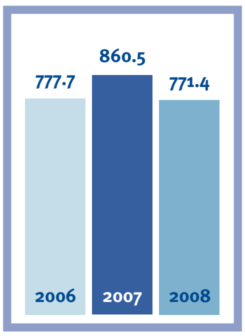
2008

Revenue[1]	Operating profit from ordinary activities[1]	Net profit attributable to equity holders of the parent[1]
€771.4 million	€36.9 million	€40.8 million

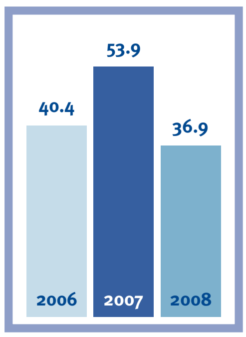
Key figures

in € millions

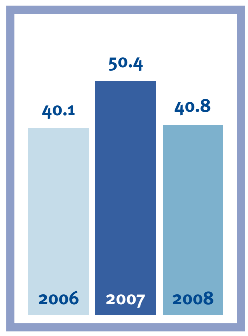
Revenue[1]



Operating profit from ordinary activities[1]

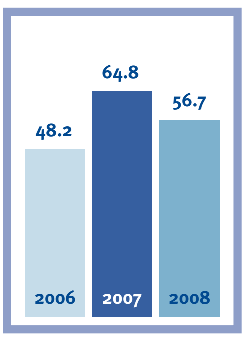


Net profit attributable to equity holders of the parent[1]

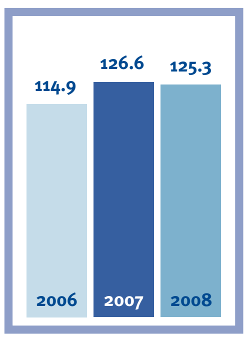


Cash flows from operations[1]

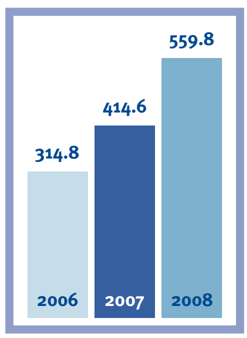
before tax and financing costs



Equity including minority interest



Cash



(1) The relevant key figures are stated as a contribution to VINCI's consolidated results.

Consolidated IFRS balance sheet

at 31 December 2008

ASSETS

in € thousands	Notes	2008 Gross	2008 Depreciation provisions	2008 Net	2007 restated Net
Non-current assets					
Intangible assets	1	8,916	8,431	485	582
Goodwill		263	263	-	-
Property, plant and equipment	2	111,667	64,619	47,048	38,059
Other non-current financial assets	3	7,920	6,054	1,866	1,862
Non-current deferred tax assets	14	945	-	945	945
Total non-current assets		**129,711**	**79,367**	**50,344**	**41,448**
Current assets					
Inventories and work in progress	5	21,685	746	20,939	14,867
Trade receivables and related accounts	5	338,468	29,719	308,749	323,687
Other operating receivables	5	277,358	4,463	272,895	229,864
Other current assets	5	27,039	2,256	24,783	17,857
Current tax assets	5	247	-	247	202
Current deferred tax assets	14	14	-	14	387
Cash management financial assets	4-8	457,740	-	457,740	280,843
Cash and cash equivalents	4-8	126,942	-	126,942	170,140
Total current assets		**1,249,493**	**37,184**	**1,212,309**	**1,037,847**
TOTAL ASSETS		**1,379,204**	**116,551**	**1,262,653**	**1,079,295**

Consolidated IFRS balance sheet

at 31 December 2008

EQUITY AND LIABILITIES

in € thousands	Notes	2008	2007 restated
Equity			
Share capital		67,854	67,854
Share premium		19,252	19,252
Consolidated reserves		10,879	8,389
Net profit		40,496	48,936
Interim dividend		(14,475)	(19,678)
Equity attributable to equity holders of the parent		**124,006**	**124,753**
Minority interest		1,309	1,893
Total equity		**125,315**	**126,646**

Non-current liabilities	Notes	2008	2007 restated
Provisions for retirement benefit obligations and other employee benefits	6	8,600	10,323
Non-current provisions	7	10,165	8,560
Other non-current liabilities		362	187
Non-current deferred tax liabilities	14	945	945
Total non-current liabilities		**20,072**	**20,015**

Current liabilities	Notes	2008	2007 restated
Current provisions	5-7	227,009	200,795
Trade payables	5	265,094	196,621
Current tax payables	5	7,262	6,060
Current deferred tax liabilities	14	14	387
Current borrowings	8	24,852	36,391
Other current payables	5-9	593,035	492,380
Total current liabilities		**1,117,266**	**932,634**
TOTAL EQUITY AND LIABILITIES		**1,262,653**	**1,079,295**

Consolidated IFRS income statement

at 31 December 2008

in € thousands	Notes	2008	2007 restated
Revenue	10	**769,211**	**850,852**
Revenue from ancillary activities		860	1,423
Operating revenue	11	**770,071**	**852,275**
Purchases consumed		(127,566)	(98,901)
Sub-contracting and other external expenses		(377,852)	(484,277)
Employment costs	18	(164,277)	(154,500)
Taxes and levies		(11,265)	(9,263)
Other operating income and expenses		(9,681)	855
Net amortisation, depreciation, and provisions		(42,868)	(53,100)
OPERATING PROFIT FROM ORDINARY ACTIVITIES	**11**	**36,562**	**53,089**
(% of revenue)		*4.75%*	*6.24%*
Share-based payments	12	(3,609)	(3,265)
Share of profit or loss of associates		(314)	(7)
OPERATING PROFIT		**32,639**	**49,817**
(% of revenue)		*4.24%*	*5.85%*
Cost of gross financial debt		(1,516)	(2,846)
Financial income from cash management investments		18,694	16,345
COST OF NET FINANCIAL DEBT		**17,178**	**13,499**
Other financial income and expenses	13	11,111	(150)
Income tax expense	14	(21,894)	(15,152)
NET PROFIT FOR THE PERIOD		**39,034**	**48,014**
Net profit attributable to minority interests		(1,462)	(922)
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**40,496**	**48,936**
(% of revenue)		*5.26%*	*5.75%*
Number of shares		4,523,591	4,523,591
EARNINGS PER SHARE *(in euros)*		**8.95**	**10.82**

IFRS cash flow statement

at 31 December 2008

in € thousands	31.12.2008	31.12.2007 restated
Net profit for the period (including minority interest)	39,034	48,014
Depreciation and amortisation	17,698	14,238
Net increase / (decrease) in provisions	(4,638)	(47)
Share-based payment expense (IFRS 2)	(1,933)	688
Gains and losses on disposals	1,194	(558)
Dividends received from unconsolidated entities and share of profit or loss of associates	312	2
Cost of net financial debt recognised	(17,178)	(13,499)
Current and deferred tax expense recognised	21,894	15,152
Cash flows (used in) / from operations before tax and financing costs	**56,383**	**63,990**
Changes in operating WCR (including liabilities related to employee benefits)	130,248	51,492
Change in current provisions	28,941	27,029
Income taxes paid	(13,152)	(3,601)
Net interest paid (including finance lease interest)	16,920	13,404
Net cash flows (used in) / from operating activities (I)	**219,340**	**152,314**
Purchases of property, plant and equipment, and intangible assets	(30,455)	(25,000)
Proceeds from sales of property, plant and equipment, and intangible assets	2,621	5,930
Purchases of non-current financial assets	(68)	(359)
Proceeds from disposal of non-current financial assets	2,101	2 360
Net effect of changes in scope of consolidation	(2,231)	-
Dividends received from unconsolidated entities	2	5
Change in other non-current financial assets	754	813
Change in non-current financial liabilities	(153)	(8)
Net cash flows (used in) / from investing activities (II)	**(27,429)**	**(16,259)**
Minority interest in share capital increases of subsidiaries	-	1,970
Dividends paid by the parent company	(41,074)	(40,034)
Change in loans and other financial liabilities	(10,190)	(111,733)
Change in cash management assets	(176,486)	36,891
Net cash flows (used in) / from financing activities (III)	**(227,750)**	**(112,906)**
CHANGE IN NET CASH (I+II+III)	**(35,839)**	**23,149**
Net cash and cash equivalents at beginning of period	149,172	128,334
Effect of changes in foreign exchange rates	(3,889)	(2,311)
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**109,444**	**149,172**
Net cash and cash equivalents at end of period	109,444	149,172
Cash management financial assets	*457,740*	*280,843*
Other current and non-current financial debt (excluding bank overdrafts)	*(7,354)*	*(15,423)*
NET FINANCIAL SURPLUS AT END OF PERIOD	**559,830**	**414,592**

Statement of changes in consolidated equity

at 31 December 2008

in € thousands	Share capital	Premiums and reserves	Currency translation differences	Net profit for the period	Net income recognised directly in equity	**Attributable to equity-holders of the parent**	Minority interest	**Total**
31 December 2006	**67,854**	**4,834**	**1,851**	**40,087**		**114,626**	**309**	**114,935**
Allocation of net income for previous period	-	40,087	-	(40,087)	-	**-**	-	**-**
Currency translation differences and miscellaneous	-	-	583	-	-	**583**	734	**1,317**
Interim dividends paid		(19,678)	-	-	-	**(19,678)**	-	**(19,678)**
Dividends paid	-	(20,356)	-	-	-	**(20,356)**	(198)	**(20,554)**
Increase in share capital	-	-	-	-	-	**-**	1,970	**1,970**
Share-based payments (IFRS 2)	-	642	-	-	-	**642**	-	**642**
Net profit for the period	-	-	-	48,936	-	**48,936**	(922)	**48,014**
31 December 2007 restated	**67,854**	**5,529**	**2,434**	**48,936**	**-**	**124,753**	**1,893**	**126,646**
Allocation of net income for previous period	-	48,936	-	(48,936)	-	**-**	-	**-**
Currency translation differences and miscellaneous	-	(62)	(475)	-	-	**(537)**	756	**219**
Interim dividends paid	-	(14,475)	-	-	-	**(14,475)**		**(14,475)**
Dividends paid	-	(26,599)	-	-	-	**(26,599)**	122	**(26,477)**
Share-based payments (IFRS 2)	-	368	-	-	-	**368**	-	**368**
Net profit for the period	-	-	-	40,496	-	**40,496**	(1,462)	**39,034**
31 December 2008	**67,854**	**13,697**	**1,959**	**40,496**	**-**	**124,006**	**1,309**	**125,315**

At 31 December 2008, the share capital of the parent company was represented by 4,523,591 shares of 15 euros nominal value.

Notes to the consolidated IFRS financial statements

at 31 December 2008

Contents

Notes to the consolidated IFRS financial statements

at 31 December 2008

I - Accounting policies and measurement methods

1 > General principles

In application of European Union Regulation (EC) No. 1606/2002 of 19 July 2002, the Group's consolidated financial statements for the year ended 31 December 2008 have been prepared under the International Financial Reporting Standards (IFRS) as endorsed by the European Union at 31 December 2008.

The accounting policies applied by the Group at 31 December 2008 are the same as those used in preparing its 2007 consolidated financial statements, except for the Standards and Interpretations adopted by the European Union that are applicable as from 1 January 2008 (see Note 1.1). These have no material impact on the financial statements.

1.1 > New Standards and Interpretations applicable from 1 January 2008

1.1.1. IFRIC 11: Group and Treasury Share Transactions

This Interpretation states how share-based payments (under IFRS 2) in Group subsidiaries should be accounted for whenever these payments are made by means of equity instruments of the parent.

VINCI has granted options on VINCI shares and VINCI performance shares to some executives and/or employees of VINCI Construction Grands Projets. VINCI also allows the executives and employees of VINCI Construction Grands Projets to 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.

In application of IFRIC 11, VINCI Construction Grands Projets has recognised the IFRS 2 expense in respect of these payments by VINCI in full.

As required by IAS 8, this change in accounting policy has been applied retrospectively at 1 January 2007. The 2007 comparative data have been restated.

The impact of this change of accounting policy was -€0.4 million in 2008 and -€0.6 million in 2007.

The method of recognising the IFRS 2 expense is described in paragraph 3.5 *Share-based payments*.

1.1.2. IAS 39 & IFRS 7: Reclassification of Financial Assets – Amendment of 27 November 2008

The Amendments to IAS 39 and IFRS 7 allow entities, in rare circumstances, to reclassify certain financial instruments originally held for trading to other asset categories. The current financial crisis is considered as a rare circumstance of a nature such as to justify the use of this option by entities. This Amendment has not been applied to the consolidated financial statements at 31 December 2008.

1.1.3. IFRIC 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This Interpretation sets out the conditions – *i.e.* refunds or reductions in future contributions – enabling the entity in question to recognise a receivable in the event of a financial asset or pension fund becoming in surplus. Moreover, the existence of a minimum funding requirement may restrict the amount of the receivable recognised or require the recognition of a supplementary liability.

The application of this Interpretation has had no material impact on the Group's consolidated financial statements at 31 December 2008.

Notes to the consolidated IFRS financial statements

at 31 December 2008

2 > Consolidation methods

2.1 > Consolidation scope

The consolidated financial statements include the financial statements of all 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 of which the Group holds, either directly or indirectly, the majority of voting rights or exercises *de facto* control, are fully consolidated. Those over which VINCI Construction Grands Projets exercises significant influence are accounted for using 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 for the Group.

Number of companies by reporting method	31 December 2008			31 December 2007		
	Total	France	Foreign	**Total**	France	Foreign
Full consolidation	**49**	13	36	**56**	15	41
Proportionate consolidation	**43**	11	32	**43**	15	28
Equity method	**1**	-	1	**1**	-	1
TOTAL	**93**	**24**	**69**	**100**	**30**	**70**

2.2 > Intragroup transactions

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

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

- applying the percentage of proportionate 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 converted at the average rate for the period (which represents the best estimate of the exchange rate at the transaction date). 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 IFRS financial statements

at 31 December 2008

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 currency translation differences in equity.

2.5 > Business combinations

The Group applies the so-called 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 the 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 an agreement provides for an adjustment to the purchase price contingent on future events, the Group includes the amount of that adjustment in the purchase cost of the target entity at the acquisition date if the adjustment is probable and can be measured reliably.

The cost of acquisition is allocated by recognising the identifiable assets, liabilities and contingent liabilities of the acquiree at their fair value at that date, except for assets or asset groups classified as held for sale under IFRS 5, which are recognised at their fair value less costs to sell. The positive difference between the cost of acquisition, as defined above, and the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

The Group has 12 months from the date of acquisition to finalise the accounting for business combinations.

3 > Measurement rules and methods applied by the Group

3.1 > Use of estimates

The preparation of financial statements under the IFRSs requires estimates to be used and assumptions to be made that affect the amounts shown in these financial statements.

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

Use of estimates relates in particular to the following:

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

The Group recognises revenue and profit or loss on construction contracts using the stage of completion method.

The stage of completion is calculated on the basis of chargeable costs, corresponding to a physical measurement of work converted into the chargeable costs necessary to carry it out.

The revenue and profit or loss to be recognised is determined on the basis of a large number of estimates based on monitoring of the work performed and using the benefit of experience to take account of unforeseen circumstances. In consequence, adjustments may be made to initial estimates throughout the contract and may have material effects on future results.

Notes to the consolidated IFRS financial statements

at 31 December 2008

3.1.2 Measurement of share-based payment expenses under IFRS 2

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

3.1.3 Measurement of retirement benefit obligations

The Group is involved in defined contribution and defined benefit retirement plans. Its obligations are measured actuarially based on assumptions such as the discount rate, the return on the investments dedicated to these plans, future increases in wages and salaries, employee turnover, mortality rates and the rate of increase of health expenses.

These assumptions are generally updated annually. Details of the assumptions used in 2008 and how they are determined are given in Note 6 *Provisions for employee benefits.*

The Group considers that the actuarial assumptions used are appropriate and justified in the current conditions. Obligations may, however, change in the event of changes in assumptions.

3.1.4 Measurement of provisions

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

- the estimates made on a statistical basis from expenses incurred in previous years, for after-sales service provisions;

- the estimates of forecast profit or loss on construction contracts, which serve as a basis for the determination of losses on completion (see Note 3.4 *Construction contracts*).

3.1.5 Measurement of financial instruments at fair value

Whenever financial instruments are not listed on a market, the Group uses, in assessing their fair value, measurement models based on assumptions that give preference to the use of observable inputs.

3.2 > Revenue

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

The total includes the revenue, after elimination of intragroup transactions, of:

- fully consolidated companies;

- jointly controlled companies, which are consolidated proportionately on the basis of the Group's share in the company;

- 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 Note 3.4 *Construction contracts* below.

3.3 > Revenue from ancillary activities

Revenue from ancillary activities is recognised in accordance with IAS 18. It comprises rental income, sales of equipment, materials and merchandise, study work and fees.

3.4 > Construction contracts

The Group recognises construction contract income and expenses using the stage of completion method defined by IAS 11.

For VINCI Construction Grands Projets, the stage of completion is usually determined on a physical basis.

If the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion, regardless of the stage of completion, based on the best estimates of income, including, if need be, any rights to additional revenue or claims, based on a reasonable assessment. Provisions for losses on completion are shown under liabilities.

Part payments received under construction contracts before the corresponding work has been carried out are recognised under liabilities under advances and payments on account received.

Notes to the consolidated IFRS financial statements

at 31 December 2008

3.5 > Share-based payments

The measurement and recognition methods for share subscription and purchase plans, *the Plans d'épargne Groupe* – Group Savings Schemes – and performance share plans, are defined by IFRS 2 *Share-based Payment*. The granting of share options, VINCI performance shares and offers to subscribe to the VINCI Group Savings Scheme represent a benefit granted to their beneficiaries and therefore constitute supplementary remuneration borne by VINCI Construction Grands Projets. Because such transactions do not give rise to monetary transactions, the benefits granted in this way are recognised as expenses in the period in which the rights are acquired, with a corresponding increase in equity. Benefits are measured on the basis of the fair value at the grant date of the equity instruments granted.

The "Monte Carlo" binomial model is considered to be the most reliable and long-lasting for measuring this fair value because it allows a larger number of scenarios to be modelled, by including in particular the valuation of assumptions about beneficiaries' behaviour on the basis of observation of historical data.

3.5.1 Share subscription or purchase option plans

Options to subscribe to or purchase VINCI shares have been granted to Group employees and Company officers in previous years. The fair value of the options granted is determined at the grant date using a binomial valuation model, of the "Monte Carlo" type. The number of options measured is adjusted for the probability that the vesting conditions for the exercise of the option will not be satisfied.

3.5.2 Performance share plans

Performance shares subject to vesting conditions have been granted to Group employees and Company officers in previous years. As these are plans under which the final vesting of performance shares is dependent on the realisation of conditions relating to market performance and financial criteria, the fair value of the VINCI performance shares has been estimated, at grant date, using a simulation model of the "Monte Carlo" type, in order to incorporate the impact of the market performance condition (*i.e.* in respect of the risk-free interest rate), as recommended by IFRS 2.

The number of performance shares measured at fair value in the calculation of the IFRS 2 expense is then adjusted at each balance sheet date for the impact of the change in the likelihood of the financial criteria being met.

3.5.3 Group Savings Scheme

Under the Group Savings Scheme, three times a year, VINCI issues new shares in France reserved for its employees with a subscription price that includes a discount of 10% against the average stock market price of the VINCI share during the last 20 business days preceding the authorisation by the Board of Directors. This discount is considered as a benefit granted to the employees; its fair value is determined using a binomial valuation model, of the "Monte Carlo" type, at the date on which the Board of Directors announces a plan to the employees. As certain restrictions apply to the shares acquired by VINCI Construction Grands Projets employees under these plans regarding their sale or transfer, the fair value of the benefit to the employee takes account of the fact that the shares acquired cannot be freely disposed of for five years, other than in certain specific cases.

In 2007, VINCI carried out a leveraged employee shareholding transaction, called *Castor Avantage,* for the employees of its French subsidiaries. The expense related to this plan was measured at grant date of plan units in accordance with IFRS 2, on the basis of the benefit granted by VINCI to VINCI Construction Grands Projets employees.

The Group recognises the benefits granted in this way to its employees as an expense over the vesting period, with a corresponding increase of consolidated equity.

Benefits granted under share option plans, performance share plans and the Group Savings Scheme are implemented as decided by VINCI's Board of Directors after approval by the Shareholders General Meeting, and are not, in general, systematically renewed. As their measurement is not directly linked to the business lines' operations, the Group has considered it appropriate not to include this expense in the operating profit from ordinary activities, which is an indicator of the business lines' performance, but to report it on a separate line, labelled *Share-based payment expense (IFRS 2),* in operating profit.

Notes to the consolidated IFRS financial statements

at 31 December 2008

3.6 > Cost of net financial debt

The cost of net financial debt includes:

- the cost of gross financial debt, which includes the interest expense (calculated at the effective interest rate), gains and losses on interest rate derivatives in respect of gross financial debt, and net changes in the fair value of derivatives related to debt, except those that are recognised in equity;

- the line item *Financial income from cash management 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 at 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 tax

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

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

Deferred tax relating to items recognised directly under equity is also recognised under equity.

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

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

3.10 > Intangible assets

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

3.11 > Goodwill

Goodwill is the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date(s) of acquisition, recognised on first consolidation.

Goodwill relating to fully and proportionately consolidated entities is reported under the consolidated balance sheet under *Goodwill*. Goodwill relating to associates is included in the line-item *Investments in associates.*

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 is impaired, the difference between its carrying amount and its recoverable amount is recognised as an operating expense in the period and is not reversible.

Negative goodwill is recognised directly in profit or loss in the year of acquisition.

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3.12 > Property, plant and equipment

Items of property, plant and equipment are recorded at their acquisition or production cost less cumulative depreciation and any impairment losses 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:

Constructions	
- 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 date when the asset is ready to enter service.

3.13 > Finance leases

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

3.14 > Impairment of non-financial non-current assets

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

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 that an investment may be impaired, its recoverable value is tested as described in the note 3.14 *Impairment of non-financial non-current assets.*

3.16 > Other non-current financial assets

Other non-current financial assets comprises available-for-sale securities, the part at more than one year of loans and receivables measured at their amortised cost and the fair value of non-current derivative financial instruments (assets).

> Available-for-sale securities

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

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

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

Changes in fair value are recognised directly in equity and are only transferred to profit or loss when the securities in question are sold.

Whenever an impairment test leads to recognition of an unrealised loss as against the historical cost and whenever this is considered to be a material and/or durable loss of value, this loss is recognised in profit or loss and may not be reversed.

> Loans and receivables at amortised cost

Loans and receivables at amortised cost mainly comprises receivables connected with shareholdings, current account

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at 31 December 2008

advances to associates or unconsolidated entities, guarantee deposits, collateralised loans and receivables and other loans and financial 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 method.

If there is an objective indication of loss of value, 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 profit or loss. This loss may be reversed if the recoverable value increases subsequently and if this favourable change can objectively be linked to an event arising after recognition of the impairment loss.

3.17 > Inventories and work in progress

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

3.18 > Trade and other operating receivables

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

3.19 > Cash management financial assets

Cash management financial assets comprises investments of cash surpluses, monetary and bond securities, and units in UCITS, made with a short-term management objective, that do not satisfy the IAS 7 criteria for recognition as cash.

As the Group adopts fair value as being the best reflection of the performance of these assets, they are measured and recognised at their fair value, and changes in fair value are recognised through profit or loss.
Purchases and sales of cash management financial assets are recognised at their transaction date.

3.20 > Cash and cash equivalents

This item comprises current accounts at banks and cash equivalents corresponding to short-term, liquid investments subject to negligible risks of fluctuations of value. Cash equivalents comprise in particular monetary UCITS (in accordance with the AMF classification) and certificates of deposit at one month of the date of signature. Bank overdrafts are not included in cash and are reported under current financial liabilities.
The Group measures cash equivalents at fair value through profit or loss.

3.21 > Non-current provisions

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

> Provisions for retirement benefit obligations

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

For defined benefit plans financed under external management arrangements (*i.e.* pension funds or insurance policies), the surplus or shortfall of the fair value of the assets compared with the present value of the obligations is recognised as an asset or liability in the balance sheet, after deduction of cumulative actuarial gains and losses and any past service cost not yet recognised in profit or loss. However, the 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 or the change of an existing plan, the past service cost is recognised immediately in profit or loss. Conversely, whenever adoption of a new plan or a change in a plan gives rise to the acquisition of rights after its implementation date, past service costs are recognised as an expense on a straight-line basis over the average period remaining until the corresponding rights are fully vested.

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at 31 December 2008

Actuarial gains and losses result from changes in actuarial assumptions and from experience adjustments (the effects of differences between the actuarial assumptions adopted and what has actually occurred).

Cumulative unrecognised actuarial gains and losses that exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of the plan assets are recognised in profit or loss for the excess portion on a straight-line basis over the average expected remaining working lives of the employees in that plan.

For defined benefit plans, the expense recognised under operating 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 *Other financial income and expenses*.

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

That part of provisions for retirement benefit obligations that matures within less than one year is shown under current liabilities.

> Other non-current provisions

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

The part at less than one year of other employee benefits is reported under *Other current liabilities*. The part at less than one year of provisions not directly linked to the operating cycle is reported under *Current provisions.*

3.22 > Current provisions

Current provisions are provisions directly linked to each business line's own operating cycle, whatever the expected time of settlement of the obligation. They are recognised in accordance with IAS 37 (see above). They also include the part at less than one year of provisions not directly linked to the operating cycle.

Provisions for after-sales service cover Group entities' commitments under statutory warranties relating to completed projects, in particular ten-year warranties on building projects in France. They are estimated statistically on the basis of expenses incurred in previous years or individually on the basis of specifically identified events.

Provisions for losses on completion of contracts and construction project liabilities are made mainly when end-of-contract projections, based on the most likely estimated outcome, indicate a loss, and when work needs to be carried out in respect of completed projects under completion warranties.

Provisions for disputes connected with operations mainly relate to disputes with customers, 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 late-delivery penalties, for individual dismissals and for other risks related to operations.

3.23 > Financial debt (current and non-current)

Financial debt comprises bond loans, other loans and the fair value of derivative financial instruments (liabilities). Financial debt is recognised at amortised cost using the effective interest method. The effective interest rate is determined after taking account of redemption premiums and issuance expenses. Under this method, the interest expense is measured actuarially and reported under *Cost of gross financial debt.*

The part at less than one year of borrowings is included in *Current borrowings.*

Notes to the consolidated IFRS financial statements

at 31 December 2008

3.24 > Fair value of derivative financial instruments (assets and liabilities)

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 designated as a hedge, the change in its fair value must be recognised through the income statement. If a derivative is designated 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:

- **a fair value hedge** enables 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** enables 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.

3.25 > Off-balance sheet commitments

The Group's off-balance sheet commitments are monitored through an annual or six-monthly report.

Off-balance sheet commitments are reported in the appropriate Notes, as dictated by their nature and the activity to which they relate.

Notes to the consolidated IFRS financial statements

at 31 December 2008

II - Notes to the balance sheet and income statement

1 > Net intangible assets

in € thousands	31.12.2007	Increase	Decrease	Currency translation differences and other changes	31.12.2008
Gross	8,702	303	92	3	8,916
Amortisation and provisions	(8,120)	(401)	(96)	(6)	(8,431)
TOTAL NET	**582**	**(98)**	**(4)**	**(3)**	**485**

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 2008.

2 > Property, plant and equipment

2.1 > Change in the period

in € thousands	31.12.2007	Increase	Decrease	Currency translation differences and other changes	31.12.2008
Gross	93,966	30,152	10,658	(1,793)	111,667
Amortisation and provisions	(55,907)	(19,406)	(9,268)	1,426	(64,619)
TOTAL NET	**38,059**	**10,746**	**1,390**	**(367)**	**47,048**

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 2008.

2.2 > Breakdown by type of asset

in € thousands	Gross	Amortisation and provisions	Net
Lands	601	-	601
Buildings	3,396	(2,635)	761
Plant and equipment	85,746	(45,619)	40,127
Vehicles	9,501	(6,617)	2,884
Office furniture, computer equipment, fixtures and fittings	12,104	(9,748)	2,356
Non-current assets in progress	319	-	319
TOTAL	**111,667**	**(64,619)**	**47,048**

Notes to the consolidated IFRS financial statements
at 31 December 2008

2.3 > Investments in the period

in € thousands	31.12.2008
Lands	378
Buildings	488
Plant and equipment	25,104
Vehicles	2,036
Office furniture, computer equipment, fixtures and fittings	2,058
Non-current assets in progress	88
TOTAL INVESTMENTS	**30,152**

3 > Other non-current financial assets

in € thousands	Gross	Provisions	Net
Investments in subsidiaries and associates	3,535	(2,240)	1,295
Other available-for-sale financial assets	373	(171)	202
Other non-current financial assets	4,332	(3,643)	689
Discounting of non-current financial assets	(320)	-	(320)
TOTAL	**7,920**	**(6,054)**	**1,866**

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 2008.

At 31 December 2008, the main unconsolidated companies were:

in € thousands	*% held*	*Net*
Dumez GTM SAS	*100.00*	*500*
Sitec	*99.68*	*275*
Société centrale de matériel	*99.99*	*152*

4 > Cash management financial assets

Cash management financial assets break down as follows:

in € thousands	31.12.2007	31.12.2008
CASH MANAGEMENT FINANCIAL ASSETS	**280,843**	**457,740**
UCITS	158,993	114,480
Cash	11,147	12,462
CASH AND CASH EQUIVALENTS	**170,140**	**126,942**

Cash management financial assets include investments with parent companies of €434,078 thousands attracting interest at rates close to market rates.

Notes to the consolidated IFRS financial statements
at 31 December 2008

5 > Working capital requirement / (surplus)

in € thousands	31.12.2007	31.12.2008
Inventories and work in progress (net)	14,867	20,939
Trade receivables and related accounts	323,687	308,749
Other operating receivables	229,864	272,895
Other current assets	17,857	24,783
Current tax assets	202	247
Inventories and operating receivables (I)	**586,477**	**627,613**
Trade payables	196,621	265,094
Other current payables	492,380	593,035
Current tax payables	6,060	7,262
Trade and other operating payables (II)	**695,061**	**865,391**
WORKING CAPITAL REQUIREMENT (I-II)	**(108,584)**	**(237,778)**
Current provisions	*(200,795)*	*(227,009)*
WORKING CAPITAL REQUIREMENT *(after current provisions)*	**(309,379)**	**(464,787)**

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:

	31.12.2007	31.12.2008
Discount rate	5.25%	5.60%
Inflation rate	1.9%	2.0%
Rate of salary increases	2.9%	3.0%
Average remaining working life of employees	between 10 and 15 years	between 10 and 15 years

Retirement benefit obligations 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	
TOTAL OBLIGATIONS COVERED BY PROVISIONS	**9,113**

Of which due within one year *1,173*

Notes to the consolidated IFRS financial statements

at 31 December 2008

RECONCILIATION OF OBLIGATIONS AND PROVISIONS IN THE BALANCE SHEET

	31.12.2008
Present value of retirement benefit obligations	12,387
Fair value of plan assets	-
Provisions recognised in balance sheet	9,113
Items not recognised in balance sheet	-
- actuarial gains and losses	613
- past service cost	2,661

In France, the 2008 Social Security Finance Act makes lump-sums paid when employees are required to retire before the age of 65 subject to a supplementary social tax of 25% in 2008 and 50% as from 2009. Moreover, this Act abolishes the favourable tax and social security regime applicable to negotiated lump-sums paid on retirement before the age of 65 and paid between 2010 and 2014 by enterprises covered by an enterprise agreement or a business sector agreement under the provisions of the Fillon Act. As a result of this new Act, the Group has adjusted the assumptions used but this has not led to a material impact on the corresponding obligations.

Article 11 of the *Accord National Interprofessionnel* signed on 11 January 2008 lays down a schedule of allowances paid on termination of an employment contract of indefinite duration "of which the amount may not, unless contractual arrangements are more favourable, be less than 1/5th of a month's pay per year of service, after completion of one year's service". VINCI considers that this new schedule is only applicable to allowances paid when employees leave at the employer's initiative and does not relate to employees retiring at their own initiative. This agreement has therefore not been taken into account in assessing lump-sums paid on retirement.

EXPENSES RECOGNISED IN RESPECT OF DEFINED CONTRIBUTION PLANS

VINCI Construction Grands Projets contributes to basic State pension schemes, for which the expense recognised is the amount of the contributions called by the State bodies. Basic State pension schemes are considered as being defined contribution plans. Depending on the country, the proportion of the contributions paid that relates to pensions may not be clearly identifiable.

The amount of retirement benefit contributions taken as an expense in the period in respect of defined contribution plans (excluding basic State schemes) was €7.9 million at 31 December 2008, compared with €7.5 million at 31 December 2007. This includes the contributions paid to the external multi-employer fund (CNPO) in respect of obligations in respect of lump-sums paid on retirement to building workers.

OTHER EMPLOYEE BENEFITS

in € thousands

TOTAL OBLIGATIONS COVERED BY PROVISIONS	**778**
Of which due within one year	*118*

Notes to the consolidated IFRS financial statements

at 31 December 2008

7 > Provisions

in € thousands	31.12.2007	Provision expense	Reversals	Reversals of unused provisions	Currency translation differences and other changes	31.12.2008
Warranties given to customers	59,572	10,184	(4,667)	(6,489)	(1,236)	57,364
Site restoration	2,808	2,036	(705)	(276)	12	3,875
Losses on completion	69,707	60,325	(41,707)	-	(988)	87,337
Litigation	21,399	15,285	(3,750)	(403)	1,004	33,535
Restructuring	5,186	2,293	(2,534)	(22)	(3)	4,920
Other current liabilities	6,968	4,042	(4,336)	(335)	(47)	6,292
Discounting of current provisions	(201)	-	-	-	-	(201)
Reclassification of the part at less than one year of non-current provisions	35,356	-	-	-	(1,469)	33,887
Current provisions	**200,795**	**94,165**	**(57,699)**	**(7,525)**	**(2,727)**	**227,009**
Financial liabilities	4,660	91	(428)	(3,000)	3	1,326
Other non-current liabilities	40,130	14,162	(3,599)	(4,114)	(2,979)	43,600
Discounting of non-current provisions	(874)	-	-	-	-	(874)
Reclassification of the part at less than one year of non-current provisions	(35,356)	-	-	-	1,469	(33,887)
Non-current provisions	**8,560**	**14,253**	**(4,027)**	**(7,114)**	**(1,507)**	**10,165**
TOTAL	**209,355**	**108,418**	**(61,726)**	**(14,639)**	**(4,234)**	**237,174**

The types of provisions are defined in Notes 3.21 *Non-current provisions* and 3.22 *Current provisions.*

8 > Financial surplus / (debt)

At the year end the Group had a net cash surplus of €559,830 thousands which breaks down as follows:

in € thousands	31.12.2007	31.12.2008
Part at less than one year of long-term borrowing	(11,814)	-
Cash management current accounts, liabilities	(3,609)	(5,943)
Other current financial liabilities	-	(1,411)
Bank overdrafts	(20,968)	(17,498)
Current borrowings	**(36,391)**	**(24,852)**
GROSS DEBT	**(36,391)**	**(24,852)**
Cash management financial assets	280,843	457,740
Cash and cash equivalents	170,140	126,942
NET FINANCIAL SURPLUS	**414,592**	**559,830**

Debts guaranteed by collateral: none.

Notes to the consolidated IFRS financial statements
at 31 December 2008

9 > Other current payables

Other current payables represent a working capital resource of €593,035 thousands.
They break down as follows:

in € thousands	31.12.2007	31.12.2008
Customers - Advances received on work	139,996	194,047
Deferred income	63,185	81,348
Operating current accounts	141,128	142,545
Tax, employment and social benefit liabilities	40,318	39,194
Other current liabilities	107,753	135,901
OTHER CURRENT PAYABLES	**492,380**	**593,035**

10 > Revenue

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

in € millions	31.12.2008	31.12.2007
Revenue for the period including:	**769.2**	**850.9**
- changes in consolidation scope	-	-
- impact of foreign exchange rate fluctuations	-	(16.5)
REVENUE AT CONSTANT CONSOLIDATION SCOPE AND EXCHANGE RATE	**769.2**	**834.4**

At comparable consolidation scope and exchange rates, revenue shows a decrease of approximately 8% against the previous period.

Revenue by geographical area (by destination)

in € millions	31.12.2008	31.12.2007
France	255.9	379.0
Europe	218.2	237.1
The Americas	79.5	78.1
Africa	138.4	99.5
Asia	26.7	41.2
Middle East	49.3	14.8
Other	1.2	1.2
TOTAL	**769.2**	**850.9**

Notes to the consolidated IFRS financial statements

at 31 December 2008

11 > Operating profit from ordinary activities

in € thousands	31.12.2008	31.12.2007
Revenue	769,211	850,852
Revenue from ancillary activities	860	1,423
Operating revenue	**770,071**	**852,275**
Purchases consumed	(127,566)	(98,901)
Sub-contracting and other external expenses	(377,852)	(484,277)
Wages, salaries and social benefit charges	(164,277)	(154,500)
Taxes and levies	(11,265)	(9,263)
Other operating income and expenses	(9,681)	855
Depreciation and amortisation	(17,698)	(14,238)
Net provision charges		
- Impairment losses on intangible and tangible assets	(873)	(336)
- Impairment of assets	4,093	(11,628)
- Retirement and other benefit obligations	1,788	59
- Current and non-current provisions	(30,178)	(26,957)
OPERATING PROFIT FROM ORDINARY ACTIVITIES	**36,562**	**53,089**

Revenue from ancillary activities amounted to €0.9 million at 31 December 2008 and mainly related to sales of study work and equipment, and rental income.

12 > Share-based payments

The expense relating to benefits granted to employees has been assessed at €3.6 million before tax and relates to Group Savings Plans, share option plans and performance share plans.

12.1 > Group Savings Schemes

The benefits granted in this way to employees of the Group in respect of the Group Savings Schemes are recognised in profit or loss and are valued in accordance with IFRS 2 on the basis of the following assumptions:
- length of subscription period: 4 months;
- length of period during which funds are frozen: 5 years from the end of the subscription period.

The estimated number of shares subscribed to at the end of the subscription period is obtained by an analytical formula, based on linear regression methods, applied to historical observations of the plans between 2002 and 2008, taking account of the cost of restrictions on the availability of units in the savings fund.

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

Notes to the consolidated IFRS financial statements

at 31 December 2008

12.2 > Share subscription and purchase options

No new share option plans have been set up in 2007 or 2008. The main assumptions used to determine the fair values of the options granted in 2004-2007, in accordance with IFRS 2, were:

Plan	16.05.2006	09.01.2006	03.01.2005	07.09.2004
Volatility (*)	24.19%	23.60%	23.55%	25.23%
Expected return on share	6.50%	5.70%	6.30%	6.66%
Risk-free rate of return (**)	3.68%	2.99%	3.17%	4.06%
Dividend distribution rate hoped-for (***)	2.75%	2.92%	3.52%	3.33%
FAIR VALUE OF THE OPTION *(in euros)*	**7.74**	**5.66**	**5.93**	**4.90**

(*) Volatility estimated using a multi-criteria approach based on the mean reversion model applied to a four-year series of daily implied volatilities of the VINCI share.

(**) Rate at 5 years of French government bonds.

(***) Average return expected by financial analysts over the three years following the grant date adjusted by a theoretical annual growth rate beyond that period.

Moreover, the period of validity of the options included in the model is the contractual period of validity adjusted to take account of behavioural assumptions (employee turnover, early exercise) based on past observations.

12.3 > Performance shares

The fair value of the free shares has been estimated by an external actuary. The main assumptions used for this assessment are:

	2008 Plan	2007 Plan
Price of VINCI share on date plan was announced *(in euros)*	55.7	49.5
Fair value of performance share at grant date *(in euros)*	28.2	24.5
Fair value of share price at grant date	50.53%	49.61%
Original maturity - vesting period	2 or 3 years	2 or 3 years
Volatility	26.51%	21.79%
Risk-free interest rate	4.07%	3.76%

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

Notes to the consolidated IFRS financial statements
at 31 December 2008

13 > Other financial income and expenses

in € thousands	31.12.2008	31.12.2007
Foreign exchange gains and losses	2,514	634
Effect of discounting to present value	(707)	(569)
Other financial income and expenses	9,304	(215)
OTHER FINANCIAL INCOME AND EXPENSES, NET	**11,111**	**(150)**

14 > Income tax expense

14.1 > Breakdown of net tax expense

in € thousands	31.12.2008	31.12.2007
Current tax	(21,894)	(15,152)
Deferred tax	-	-
TOTAL	**(21,894)**	**(15,152)**

14.2 > Effective tax rate

in € thousands	
Taxable profit or loss	**60,929**
Theoretical tax rate	34.43%
EXPECTED TAX CHARGE	**(20,978)**
Tax rate differences (foreign countries)	(8,432)
Creation (use) of carryforward losses not having given rise to deferred tax	(6,666)
Fixed-sum and other additional taxes	(5,845)
Permanent differences and miscellaneous	20,027
TAX CHARGE RECOGNISED	**(21,894)**
Effective tax rate	35.93%

14.3 > 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	**Assets**	**Liabilities**	**Net**
	959	959	-

Notes to the consolidated IFRS financial statements
at 31 December 2008

14.4 > Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €17.2 million at 31 December 2008.

15 > Transactions with related parties

Transactions with related parties are:
- remuneration and similar benefits paid to members of the governing and management bodies;
- transactions with companies in which VINCI Construction Grands Projets has significant influence or joint control. (These transactions are conducted at market prices). The Company also has normal business relations with other companies in the VINCI Group.

15.1 > 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 2008 amounted to €2,016,778.

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

in € millions	31.12.2008	31.12.2007
Revenue	807.1	710.8
Purchases	(141.4)	(67.8)
Subcontracting	(577.0)	(581.8)
Trade receivables	514.8	426.0
Trade payables	291.3	220.7

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

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

in € millions	31.12.2008	31.12.2007
Current assets	385.8	319.7
Non-current assets	40.3	33.1
Current liabilities	423.8	351.5
Non-current liabilities	0.1	0.3
Operating revenue	515.2	500.3
Operating expenses	(493.7)	(504.4)
Cost of net financial debt	3.3	1.8
Other financial income and expenses	(0.1)	(1.8)
Income tax expense	(0.1)	(0.2)

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.

Notes to the consolidated IFRS financial statements
at 31 December 2008

16 > 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	31.12.2008	31.12.2007
Construction contracts in progress - assets	67,853	50,942
Construction contracts in progress - liabilities	(135,344)	(100,195)
Construction contracts in progress	**(67,491)**	**(49,253)**
Costs incurred plus profits recognised, less losses recognised to date	1,889,954	1,816,648
Less invoices issued	(1,957,445)	(1,865,901)
Construction contracts in progress before advances received from customers	**(67,491)**	**(49,253)**
Advances received from customers	(83,144)	(82,698)
Construction contracts in progress, net	**(150,635)**	**(131,951)**

17 > Off-balance sheet commitments

Off-balance sheet commitments break down as follows:

in € thousands	Commitments given	Commitments received
Performance bonds	760,036	49,488
Retention payments	84,974	17,776
Deferred payments to subcontractors	44,709	2,794
Balance sheet warranties given	30,000	-
Bid bonds	5,725	-
Tax and customs bonds	565	-
Operating leases	138	-
Other commitments	1,862	24,710
TOTAL	**928,009**	**94,768**

Notes to the consolidated IFRS financial statements

at 31 December 2008

18 > Employment costs and numbers employed

Number of employees	31.12.2008	31.12.2007
Engineers and managers	995	911
Non-management	2,679	3,258
TOTAL	**3,674**	**4,169**

Employment costs for all companies in the Group amounted to €164,277 thousands.

Individual entitlement to training

The Act of 4 May 2004 gives employees of French businesses the right to a minimum of 20 hours of training a year, which can be carried forward and accumulated over a period of six years. Expenditure under this individual right to training is considered as an expense for the period and does not give rise to the recognition of a provision, other than in exceptional cases. The Group's employees had acquired rights to 42,300 hours of such training at 31 December 2008.

19 > Other information

LITIGATION 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.

20 > Main entities consolidated at 31 December 2008

	Country	% holding
1/ Parent		
VINCI Construction Grands Projets	France	100
2/ Fully consolidated subsidiaries in the building and civil engineering sector		
Arthur Invest	Czech Republic	100
Campenon Saïgon Builders	Vietnam	100
Constructora VCGP Chile SA	Chile	100
Dumez Jaya SDN BHD	Malaysia	100
Félicia Invest	Romania	100
Hydroplus	France	100
Janin Atlas Inc.	Canada	100
OEA Grands Projets	Libya	65
S.C Grupo 3	Chile	100
Soconac	Romania	100
Victoria Belinvest	Belgium	100
VINCI Construction Technology	France	100
Water Management International	France	100

Notes to the consolidated IFRS financial statements

at 31 December 2008

3/ Proportionately consolidated subsidiaries in the building and civil engineering sector

QDVC	Qatar	49
Socaly	France	24
Socaso	France	67
Socatop	France	42

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

Brightwater tunnels	USA	60
Budapest metro	Hungary	35
Cairo metro, line 3	Egypt	29
Chernobyl containment shelter	Ukraine	50
Clackmannanshire bridge	Scotland	50
Coentunnel	Netherlands	19
East port	La Réunion	40
EIB building	Luxembourg	50
Goro Nickel Port	New Caledonia	28
Grande Ravine viaduct	La Réunion	50
Hallandsås tunnels	Sweden	40
Liefkenshoek tunnel	Belgium	25
M1 Motorway	England	33
Magenta storage unit	France	33
Maliakos - Kleidi motorway	Greece	11
Mitholz tunnel	Switzerland	25
Naga Hammadi dam	Egypt	33
Patras - Corinth motorway	Greece	30
Qatar Bahrain Causeway	Bahrain / Qatar	29
Soyuz launch pad and ground infrastructure	French Guiana	80
VTV office building	Vietnam	51
Wadi Dayqah dam	Sultanate of Oman	50

Report of the statutory auditors on the consolidated financial statements

For the year ended 31 December 2008

In accordance with our appointment as Statutory Auditors by your Shareholders General Meeting, we hereby report to you for the year ended 31 December 2008 on:
- the audit of the accompanying consolidated financial statements of VINCI Construction Grands Projets SAS;
- the justification of our assessments;
- the specific verification required by law.

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

1 > Opinion on the consolidated financial statements

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

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

Without qualifying the opinion expressed above, we draw your attention to Note **I-1.1.1** to the consolidated financial statements which describes a change in accounting policy relating to the application of IFRIC 11 which sets out how expenses on share-based payments should be accounted for in subsidiaries of a group.

2 > Justification of our assessments

As required by Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we inform you of the following:
- As stated in Note **I-3.4** to the consolidated financial statements entitled *Construction contracts*, the Group recognises income from its long-term contracts using the percentage of completion method. We have assessed the assumptions used and your Company's calculations.
- As mentioned in the first part of this report, Note **I-1.1.1** to the consolidated financial statements describes the change in accounting policy relating to the application of IFRIC 11 which sets out how expenses on share-based payments should be accounted for in subsidiaries of a group. In accordance with IAS 8, the 2007 comparative information presented in the consolidated financial statements has been restated to take account of this change of accounting policy retrospectively. As a result, the comparative information is different from the published 2007 consolidated financial statements. In assessing the accounting policies adopted by your Company, we have examined the correct restatement of the 2007 consolidated financial statements and the related disclosures made in Note **I-1.1.1** to the consolidated financial statements.

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

3 > Specific verification

We have also verified, as required by law, the information contained in the Group Management Report.

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

Paris La Défense and Neuilly-sur-Seine, 10 April 2009
The Statutory Auditors

KPMG Audit Department of KPMG S.A.	DELOITTE & ASSOCIÉS
Philippe BOURHIS Partner	Marc de VILLARTAY Partner

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