

Consolidated financial statements 2010

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Key figures 2010

(including jointly controlled entities)

> **64** projects

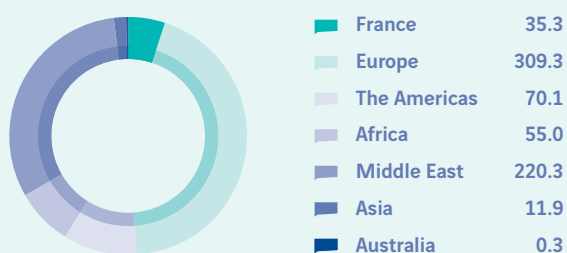
> operations in **31** countries

> **4,111** employees worldwide

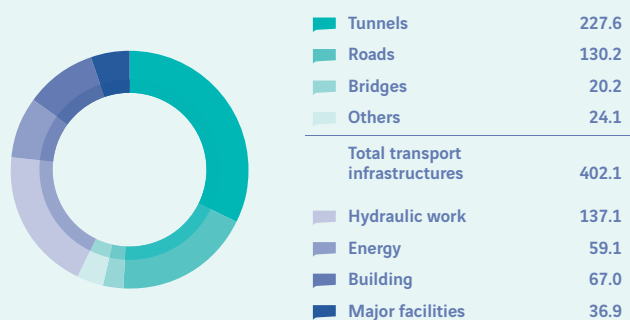
> Revenue: €702.2 million

in € millions

By geographical area



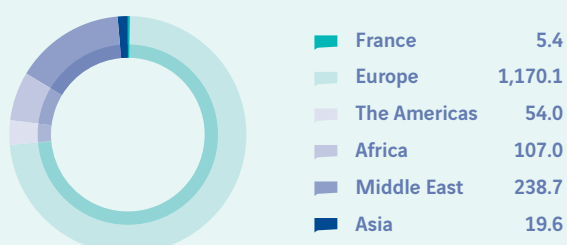
By business line



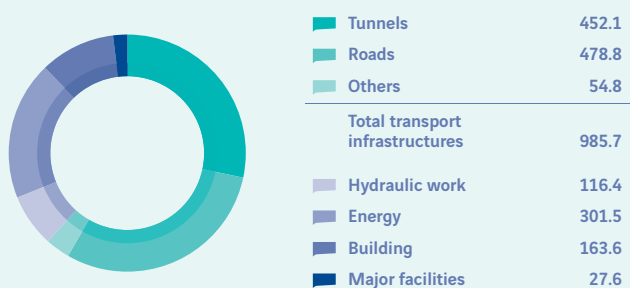
> Order book: €1,594.8 million

in € millions

By geographical area



By business line



Key figures ²⁰¹⁰

(including jointly controlled entities)

> €**702.2** million
of revenue

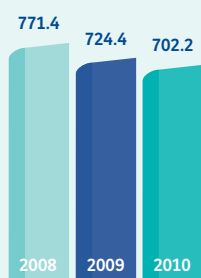
> €**26.6** million
of operating profit
from ordinary activities

> €**28.6** million
of net profit attributable to
equity holders of the parent

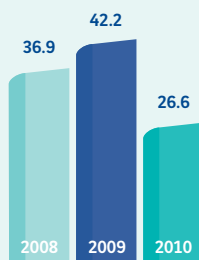
> Key figures

in € millions

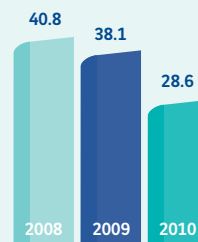
Revenue



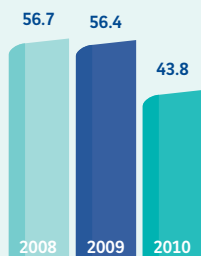
Operating profit from ordinary activities



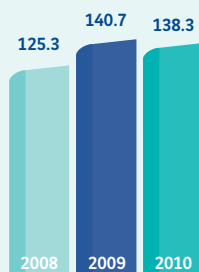
Net profit attributable to equity holders of the parent



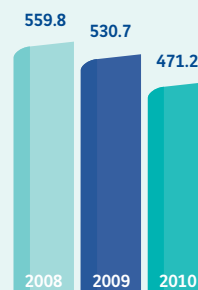
Cash flows from operations before tax and financing costs



Equity including minority interest



Cash



Key figures 2010

> **58** projects

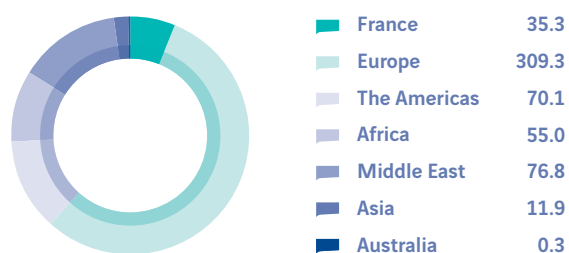
> operations in **30** countries

> **3,317** employees worldwide

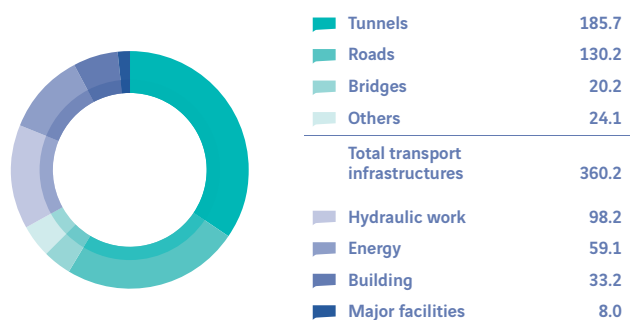
> Revenue: €558.7 million

in € millions

By geographical area



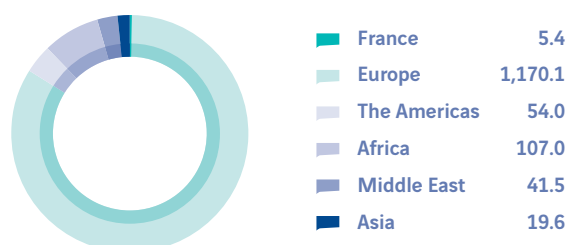
By business line



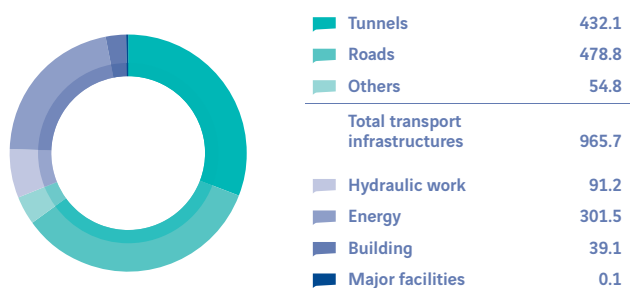
> Order book: €1,397.6 million

in € millions

By geographical area



By business line



Key figures 2010

➤ **€558.7** million
of revenue

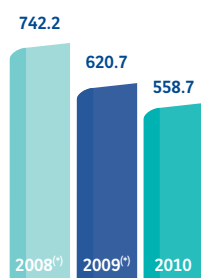
➤ **€17.4** million
of operating profit
from ordinary activities

➤ **€28.6** million
of net profit attributable to
equity holders of the parent

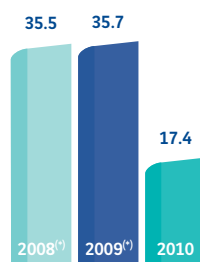
➤ Key figures

in € millions

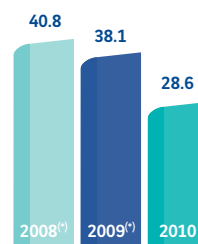
Revenue



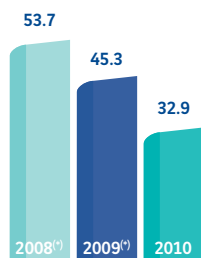
Operating profit from ordinary activities



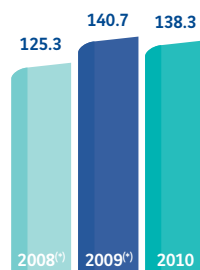
Net profit attributable to equity holders of the parent



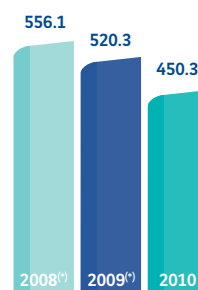
Cash flows from operations before tax and financing costs



Equity including minority interest



Cash



(*) Restated following the change of method described in Note I.1.2 "Change of method: election for equity accounting of jointly controlled entities (IAS 31)".

Consolidated IFRS balance sheet

at 31 December 2010

ASSETS

ASSETS					
		2010			2009 (*)
in € thousands	Notes	Gross	Amortisation & Provisions	Net	Net
Non-current assets					
Intangible assets	1	9,032	8,885	147	338
Goodwill		263	263	-	-
Property, plant and equipment	2	123,530	75,141	48,389	42,669
Investments in equity-accounted companies	3	13,257	-	13,257	6,827
Other non-current financial assets	4	16,501	5,447	11,054	1,094
Non-current deferred tax assets	15	7,397	-	7,397	3,857
Total non-current assets		169,980	89,736	80,244	54,785
Current assets					
Inventories and work in progress	6	25,012	519	24,493	23,808
Trade receivables and related accounts	6	331,120	25,815	305,305	265,920
Other operating receivables	6	180,859	3,156	177,703	253,527
Other current assets	6	29,292	121	29,171	22,921
Current tax assets	6	1,102	-	1,102	8,331
Current deferred tax assets	15	1,369	-	1,369	16
Cash management financial assets	5-9	379,028	-	379,028	438,518
Cash and cash equivalents	5-9	94,372	-	94,372	112,538
Total current assets		1,042,154	29,611	1,012,543	1,125,579
TOTAL ASSETS		1,212,134	119,347	1,092,787	1,180,364

(*) Restated following the change of method described in Note I.1.2 "Change of method: election for equity accounting of jointly controlled entities (IAS 31)".

Consolidated IFRS balance sheet

at 31 December 2010

EQUITY AND LIABILITIES

	Notes	2010	2009 (*)
<i>in € thousands</i>			
Equity			
Share capital		67,854	67,854
Share premium		19,252	19,252
Consolidated reserves		27,630	28,130
Net profit for the period		28,602	38,056
Interim dividend		(5,021)	(13,978)
Equity attributable to holders of the parent		138,317	139,314
Minority interests		-	1,375
Total equity		138,317	140,689

Non-current liabilities

Retirement and other employee benefit obligations	7	8,880	8,795
Non-current provisions	8	9,498	9,740
Other non-current liabilities		-	354
Non-current deferred tax liabilities	15	950	950
Total non-current liabilities		19,328	19,839

Current liabilities

Current provisions	6-8	188,356	214,501
Trade payables	6	240,948	224,638
Current tax payables	6	2,049	1,476
Current deferred tax liabilities	15	1,369	16
Current borrowings	9	23,069	30,806
Other current payables	6-10	479,351	548,399
Total current liabilities		935,142	1,019,836

TOTAL EQUITY AND LIABILITIES		1,092,787	1,180,364
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Consolidated IFRS income statement

at 31 December 2010

<i>in € thousands</i>	Notes	2010	2009 (*)
Revenue	12	558,719	620,724
Revenue from ancillary activities		4,534	1,714
Operating income	13	563,253	622,438
Purchases consumed		(229,564)	(146,023)
Subcontracting and other external expenses		(137,100)	(255,464)
Employment costs	20	(178,092)	(176,964)
Taxes and levies		(8,589)	(8,767)
Other operating income and expenses		(472)	(238)
Net depreciation, amortisation and provision expenses		8,000	712
OPERATING PROFIT FROM ORDINARY ACTIVITIES	13	17,436	35,694
<i>(as % of revenue)</i>		3.12%	5.75%
Share-based payments (IFRS 2)	14	(2,003)	(1,704)
Profit / (loss) of equity-accounted companies		9,794	6,206
OPERATING PROFIT		25,227	40,196
<i>(as % of revenue)</i>		4.52%	6.48%
Cost of gross financial debt		(919)	(615)
Financial income from cash management investments		3,507	7,965
COST OF NET FINANCIAL DEBT		2,588	7,350
Other financial income and expenses	15	943	(3,633)
Income tax expense	16	(2,091)	(4,897)
NET PROFIT FOR THE PERIOD		26,667	39,016
Net-profit attributable to minority interests		(1,935)	960
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO HOLDERS OF THE PARENT		28,602	38,056
<i>(as % of revenue)</i>		5.12%	6.13%
Number of shares		4,523,591	4,523,591
EARNINGS PER SHARE (in euros)		6.32	8.41

(*) Restated following the change of method described in Note I.1.2 "Change of method: election for equity accounting of jointly controlled entities (IAS 31)".

Consolidated statement of comprehensive income

<i>in € thousands</i>	2010	2009
NET PROFIT FOR THE PERIOD (including minority interests)	26,667	39,016
Currency translation differences	1,335	272
Income and expenses recognised directly in equity	1,335	272
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	28,002	39,288
of which: Attributable to holders of the parent	29,906	38,334
Attributable to minority interests	(1,904)	954

Consolidated IFRS cash flow statement

at 31 December 2010

<i>in € thousands</i>	31.12.2010	31.12.2009 (*)
Net profit for the period (including minority interests)	26,667	39,016
Depreciation and amortisation	18,947	18,120
Net increase / (decrease) in provisions	451	2,098
Share-based payments (IFRS 2)	(1,621)	(3,704)
Gain or loss on disposals	(344)	(2,347)
Dividends received from unconsolidated companies and share in profit or loss of equity-accounted companies	(9,794)	(6,285)
Change in fair value of foreign exchange derivative financial instruments and others	(897)	887
Cost of net financial debt recognised	(2,588)	(7,350)
Current and deferred tax expense recognised	2,091	4,897
Cash flows (used in) / from operations before tax and financing costs	32,912	45,332
Change in operating working capital requirement (including debts related to employee benefits)	(30,471)	(16,302)
Change in current provisions	(19,363)	(21,827)
Income taxes paid	(2,749)	(13,523)
Net financial interest paid (including finance lease interest)	2,387	7,467
Cash flows (used in) / from operating activities (I)	(17,284)	1,147
Purchases of property, plant and equipment and intangible assets	(27,764)	(25,855)
Proceeds from sales of property, plant and equipment and intangible assets	5,105	6,063
Purchases of non-current financial assets	-	(40)
Proceeds from sales of non-current financial assets	-	2,207
Net effect of changes in scope of consolidation	170	(6,770)
Dividends received from unconsolidated and equity-accounted companies	3,908	590
Change in non-current financial assets and liabilities	(8,566)	675
Net cash flows (used in) / from investing activities (II)	(27,147)	(23,130)
Dividends paid by the parent company	(29,038)	(21,894)
Change in loans and other financial liabilities	(10,969)	(28)
Change in cash management assets and liabilities	63,478	29,432
Net cash flows (used in) / from financing activities (III)	23,471	7,510
CHANGE IN NET CASH (I+II+III)	(20,960)	(14,473)
Net cash and cash equivalents at beginning of period	95,705	109,444
Effect of changes in foreign exchange rates	520	734
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	75,265	95,705
Net cash and cash equivalents at end of period	75,265	95,705
Cash management financial assets	379,028	438,518
Other current and non-current financial debt (excluding bank overdrafts)	(3,962)	(13,973)
NET FINANCIAL SURPLUS AT THE END OF THE PERIOD	450,331	520,250

(*) Restated following the change of method described in Note I.1.2 "Change of method: election for equity accounting of jointly controlled entities (IAS 31)".

Statement of changes in consolidated equity

at 31 December 2010

<i>in € thousands</i>	Share capital	Premiums and reserves	Currency translation differences	Net profit for the period	Net income recognised directly in equity	Total attributable to equity holders of the parent	Minority interests	Total
At 31 December 2008	67,854	13,697	1,959	40,496	-	124,006	1,309	125,315
Allocation of net income of previous period	-	40,496	-	(40,496)	-	-	-	-
Currency translation differences and miscellaneous	-	27	251	-	-	278	(719)	(441)
Interim dividends paid	-	(13,978)	-	-	-	(13,978)	-	(13,978)
Dividends paid	-	(7,916)	-	-	-	(7,916)	(175)	(8,091)
Share-based payments (IFRS 2)	-	(1,132)	-	-	-	(1,132)	-	(1,132)
Net profit for the period	-	-	-	38,056	-	38,056	960	39,016
At 31 December 2009	67,854	31,194	2,210	38,056	-	139,314	1,375	140,689
Allocation of net income for previous period	-	38,056	-	(38,056)	-	-	-	-
Currency translation differences and miscellaneous	-	(869)	1,304	-	-	435	628	1,063
Interim dividends paid	-	(5,021)	-	-	-	(5,021)	-	(5,021)
Dividends paid	-	(24,017)	-	-	-	(24,017)	(68)	(24,085)
Share-based payments (IFRS 2)	-	(996)	-	-	-	(996)	-	(996)
Net profit for the period	-	-	-	28,602	-	28,602	(1,935)	26,667
At 31 December 2010	67,854	38,347	3,514	28,602	-	138,317	-	138,317

At 31 December 2010, the parent company's share capital was represented by 4,523,591 shares of €15 nominal value.

Notes to the consolidated IFRS financial statements

at 31 December 2010

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Notes to the consolidated IFRS financial statements at 31 December 2010

I - Accounting policies and measurement methods

1 ► General principles

In application of Regulation (EC) No. 1606/2002 of 19 July 2002, the Group's consolidated financial statements for the year ended 31 December 2010 have been prepared under the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2010.

The accounting policies retained are the same as those used in preparing the consolidated financial statements at 31 December 2009, except for:

- the Standards and Interpretations adopted by the European Union applicable as from 1 January 2010 (see Note I.1.1. *"New Standards and Interpretations applicable from 1 January 2010"*);
- the change of method under IAS 31 *Interests in Joint Ventures*, as the Group has elected to recognise jointly controlled entities using the equity method (see Note I.1.2 *"Change of method: election for equity accounting of jointly controlled entities"*).

1.1 ► New Standards and Interpretations applicable from 1 January 2010

1.1.1. Application of the revised versions of IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements*

Application of these Standards is mandatory for reporting periods commencing on or after 1 July 2009, *i.e.* as from 1 January 2010 for VINCI Construction Grands Projets.

The revised Standards IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements* are based on two fundamental concepts:

- the obtaining of control is a major event that constitutes a change in the nature of the investment; and
- not only identifiable assets, liabilities and contingent liabilities, but also the amount of the investment made to obtain control must be measured at fair value, at the date of acquisition of control.

IFRS 3 Revised introduces changes to the acquisition method as defined in the previous IFRS 3. In particular, these include:

- the option to measure minority interests in the acquiree either at their share of the acquiree's net identifiable assets, or at fair value. This option is applied on a case-by-case basis for each acquisition.
- recognition of costs directly related to the acquisition in expenses for the period.
- measurement at fair value at the acquisition date of any adjustments to the purchase price. After the acquisition date, adjustments to the purchase price are measured at fair value at each balance sheet date. After one year from the acquisition date, any subsequent change to this fair value is recognised in profit or loss if the price adjustment generates a financial liability.
- in the case of a business combination achieved in stages, measurement of previously acquired shareholdings in the acquiree at fair value at the date of acquisition of control. Any resulting gain or loss is recognised in profit or loss.

IFRS 3 Revised is applied prospectively. It therefore does not affect business combinations made before 1 January 2010.

IAS 27 Revised introduces several changes, including in particular:

- acquisitions or disposals of minority interests, with no change of control, are considered as transactions with the Group's shareholders. Under this approach, the difference between the consideration paid to increase the percentage shareholding in an already-controlled entity and the supplementary share of equity thus acquired is recorded under the Group's consolidated equity. Similarly, a decrease in the Group's percentage holding in an entity that continues to be controlled is booked in the accounts through equity, with no impact on profit or loss. VINCI Construction Grands Projets has applied these principles relating to transactions with minority shareholders already since 31 December 2007.
- disposals of shares with loss of control result in the inclusion in the disposal gain or loss of the change in fair value calculated on the full amount of the shareholding at the transaction date. Any residual shareholding retained will therefore be measured at its fair value at the time of loss of control.

IAS 27 Revised is applied prospectively. It therefore does not affect business combinations made before 1 January 2010.

Notes to the consolidated IFRS financial statements

at 31 December 2010

1.2 > Change of method: equity accounting of jointly controlled entities (IAS 31)

1.2.1. Reporting method applicable to jointly controlled entities under the IAS 31 option

To improve its financial information, VINCI Construction Grands Projets has elected to apply, as from the financial year ended 31 December 2010, the option available under IAS 31 *Interests in Joint Ventures*, which enables jointly controlled entities to be reported using the equity method.

This option, which is already applied by other groups in the same sector, is consistent with the IASB's recent decision to abolish proportionate consolidation for jointly controlled entities and, in particular, the draft standard on Joint Arrangements that is expected to be published at the beginning of 2011. In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the data for 2009 has been restated to take account of this change of method.

IAS 31 distinguishes between three categories of joint ventures:

- jointly controlled operations;
- jointly controlled assets;
- jointly controlled entities (for which the Standard permits reporting using the equity method).

The first two categories are accounted for on the basis of the Group's share of assets, liabilities, income and expenses. They mainly relate to activities carried out through consortiums or partnerships.

Jointly controlled entities are recognised using the equity method.

1.2.2. Consequences for the Group's consolidated financial statements of the change of method to equity accounting of jointly controlled entities (IAS 31)

Jointly controlled entities, consolidated using the proportionate method until now, are henceforth accounted for using the equity method.

They are reported in the line *Investments in equity-accounted companies* of the balance sheet, in *Profit / (loss) of equity-accounted companies* of the income statement, and in *Share of profit / (loss) of equity-accounted companies, dividends received from unconsolidated companies and profit or loss from operations classified as held for sale* of the cash flow statement.

The only entity affected by this change is QDVC.

The impacts of the change of method on the Group's financial statements are given in Note II, *"Impact of change of method: election for equity accounting of jointly controlled entities (IAS 31)"*.

Notes to the consolidated IFRS financial statements at 31 December 2010

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 of subsidiaries whose revenue is below this figure but whose impact on the Group's financial statements is material.

Companies in which the Group holds, whether directly

or indirectly, the majority of voting rights or exercises *de facto* control are fully consolidated. Companies over which VINCI Construction Grands Projets exercises significant influence, and jointly controlled entities, are henceforth accounted for using the equity method.

Jointly controlled operations and assets are recognised on the basis of the Group's share of the assets, liabilities, income and expenses. This mainly relates to construction work carried out in partnership, which represents a major part of the Group's revenue and balance sheet accounts.

Consolidation scope by reporting method	31 December 2010			31 December 2009 (*)			
	(number of companies)	Total	France	Foreign	Total	France	Foreign
Full consolidation		41	9	32	44	11	33
Equity method		1	-	1	1	-	1
TOTAL		42	9	33	45	11	34

(*) Restated following the change of method described in Note I.1.2 "Change of method: election for equity accounting of jointly controlled entities (IAS 31)".

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 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 companies 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.

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*.

Notes to the consolidated IFRS financial statements

at 31 December 2010

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 recognition of the business combination in question.

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 percentage of completion is calculated on the basis of chargeable costs, corresponding to a physical measurement of work which is 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 materially affect future results.

3.1.2. Measurement of share-based payment expense under IFRS 2

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

3.1.3. Measurement of retirement benefit obligations

The Group is involved in defined contribution and defined benefit retirement plans. These 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 2010 and how they are determined are given in Note III.7 *"Provisions for employee benefits"*.

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

Notes to the consolidated IFRS financial statements at 31 December 2010

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 I.3.4. "Construction contracts");
- the discount rates used to determine the present value of these provisions.

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 operations and assets on the basis of the Group's share. This relates to our construction work carried out through partnerships.

The method for recognising revenue in respect of construction contracts is explained in Note I.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.

3.5 > Share-based payments

The measurement and recognition methods for share subscription and purchase plans, 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. For some of these plans, definitive vesting of share subscription or purchase option plans is conditional on performance conditions being met. The fair value of options is determined, at grant date, using the *Monte Carlo* measurement method, taking account of the impact of the market performance condition if applicable.

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/or financial

Notes to the consolidated IFRS financial statements

at 31 December 2010

criteria, the fair value of the VINCI performance shares has been estimated, at grant date, using a *Monte Carlo* simulation model in order to incorporate the impact of the market performance condition (i.e. in respect of the risk-free 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, VINCI issues new shares in France reserved for its employees three times a year 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 circumstances.

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 and approved by the Shareholders' General Meeting, and are not, in general, systematically renewed. As their measurement is not directly linked to business lines' operations, the Group has considered it appropriate not to include the corresponding 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 payments expense* (IFRS 2), in operating profit.

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*, which 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 comprise 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 interests, divided by the weighted average number of shares outstanding during the period. The Group has issued no equity instruments that could have a dilutive effect.

Notes to the consolidated IFRS financial statements

at 31 December 2010

3.10 > Intangible assets

This is mainly computer software. Purchased intangible assets are measured at cost less cumulative amortisation and impairment losses and are 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 fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date(s) of acquisition, recognised on first consolidation.

Goodwill in fully consolidated subsidiaries is recognised under *Goodwill* in consolidated assets. Goodwill relating to equity-accounted companies is included in the line-item *Investments in equity-accounted companies*.

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 in operating profit or loss in the period and is not reversible.

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

Following adoption of IFRS 3 Revised, an option is available to measure minority interests at acquisition date either at fair value (the full goodwill method), or for the portion of the net assets acquired that they represent (the partial goodwill method). The choice can be made for each business combination.

3.12 > 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 equity-accounted companies

Equity-accounted investments are initially recognised at cost of acquisition, including any goodwill arising. Their carrying amount is then increased or decreased to recognise the Group's share of the entity's profits or losses after the date of acquisition.

Whenever losses are greater than the value of the Group's net investment in the equity-accounted company, these losses are not recognised unless the Group has entered into a commitment to recapitalise the company or has made payments on its behalf.

Notes to the consolidated IFRS financial statements at 31 December 2010

If there is an indication that an investment may be impaired, its recoverable value is tested as described in Note I.3.14 “*Impairment of non-financial non-current assets*”. Impairment losses shown by these impairment tests are recognised as a deduction from the carrying amount of the corresponding investments.

In order to present operational performance in the best way possible, the profit or loss of equity-accounted entities is reported on a specific line, between the lines *Operating profit from ordinary activities* and *Operating profit*.

These shareholdings are those in companies in which the Group has significant influence and jointly controlled entities.

3.16 > Other non-current financial assets

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

> Available-for-sale securities

Available-for-sale securities comprise 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.

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

Changes in fair value are recognised directly in equity 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 comprise 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 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 comprise investments of cash surpluses, monetary and bond securities and units in UCITS (Undertakings for Collective Investment in Transferable Securities), 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.

Notes to the consolidated IFRS financial statements at 31 December 2010

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 deposits at one month at 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, 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.

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.

Notes to the consolidated IFRS financial statements

at 31 December 2010

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, subcontractors, joint contractors or suppliers. Restructuring provisions include the cost of plans and measures for which there is a commitment whenever these have been announced before the 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 the *Cost of gross financial debt*. The part at less than one year of borrowings is included in *Current borrowings*.

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** allows the exposure to the risk of a change in the 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.

3.25 > 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.

Notes to the consolidated IFRS financial statements

at 31 December 2010

II - Impact of the change of method: election for equity accounting of jointly controlled entities (IAS 31)

In accordance with IAS 8, this change of method has been applied retrospectively from 1 January 2009. Equity at the beginning of the period and the comparative annual data presented have been restated.

1 > 2009 Income statement restated

<i>in € thousands</i>	2009 As published	Impact IAS 31	2009 Restated
Revenue	724,449	(103,725)	620,724
Revenue from ancillary activities	1,395	319	1,714
Operating income	725,844	(103,406)	622,438
Operating expenses	(683,663)	96,919	(586,744)
Operating profit from ordinary activities	42,181	(6,487)	35,694
Share-based payments (IFRS 2)	(1,704)	-	(1,704)
Profit / (loss) of equity-accounted companies	(1)	6,207	6,206
Operating profit	40,476	(280)	40,196
Cost of net financial debt	7,372	(22)	7,350
Other financial income and expenses	(3,935)	302	(3,633)
Income tax expense	(4,897)	-	(4,897)
Net profit for the period	39,016	-	39,016
Net-profit attributable to minority interests	960	-	960
Net profit for the period attributable to equity holders of the parent	38,056	-	38,056

Notes to the consolidated IFRS financial statements at 31 December 2010

III - Notes to the balance sheet and income statement

1 > Net intangible assets

<i>in € thousands</i>	31.12.2009	Increase	Decrease	Currency translation differences and other changes	31.12.2010
Gross	9,085	98	(159)	8	9,032
Amortisation and provisions	(8,747)	(276)	147	(9)	(8,885)
TOTAL NET	338	(178)	(12)	(1)	147

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 2010.

2 > Property, plant and equipment

2.1 > Changes in the period

<i>in € thousands</i>	31.12.2009	Increase	Decrease	Currency translation differences and other changes	31.12.2010
Gross	109,799	27,666	(18,020)	4,085	123,530
Depreciation and provisions	(67,130)	(21,329)	15,571	(2,253)	(75,141)
TOTAL NET	42,669	6,337	(2,449)	1,832	48,389

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 2010.

2.2 > Breakdown by type of asset

<i>in € thousands</i>	Gross	Amortisation	Net
Lands	654	-	654
Buildings	1,608	(1,603)	5
Plant and equipment	100,062	(58,641)	41,421
Vehicles	8,413	(4,417)	3,996
Office furniture, computer equipment, fixtures and fittings	12,793	(10,480)	2,313
Non-current assets in progress	-	-	-
TOTAL	123,530	(75,141)	48,389

Notes to the consolidated IFRS financial statements

at 31 December 2010

2.3 > Investments in the period

in € thousands

31.12.2010

Lands	-
Buildings	-
Plant and equipment	24,648
Vehicles	2,193
Office furniture, computer equipment, fixtures and fittings	825
Non-current assets in progress	-
TOTAL INVESTMENTS	27,666

3 > Investments in equity-accounted companies

3.1 > Changes in the period

in € thousands

31.12.2009

31.12.2010

Value of shares at start of the period	1,257	6,827
Share capital increases of equity-accounted companies	-	-
Group share of profit / (loss) for the period	6,206	9,794
Dividends paid	(416)	(3,906)
Changes in consolidation scope, currency translation differences and other	(220)	542
TOTAL NET	6,827	13,257

3.2 > Financial information on equity-accounted companies

Investments in equity-accounted companies break down as follows:

	% held	31.12.2009	31.12.2010
QDVC	49.00	6,827	13,257

Notes to the consolidated IFRS financial statements

at 31 December 2010

The main financial data on the equity-accounted companies are as follows (Group's share):

<i>in € thousands</i>	31.12.2009	31.12.2010
INCOME STATEMENT		
Revenue	103,725	143,432
Operating profit	6,487	9,212
Net profit	6,206	9,794
BALANCE SHEET		
Equity	6,827	13,257
Current assets	58,578	59,284
Non-current assets	2,389	5,547
Current liabilities	54,140	51,574
Non-current liabilities	-	-

4 > Other non-current financial assets

<i>in € thousands</i>	Gross	Provisions	Net
Investments in subsidiaries	3,475	(2,002)	1,473
Other available-for-sale financial assets	373	(202)	171
Other non-current financial assets	12,929	(3,243)	9,686
Discounting of non-current financial assets	(276)	-	(276)
TOTAL	16,501	(5,447)	11,054

There have 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 2010.

At 31 December 2010, the main unconsolidated companies were:

<i>in € thousands</i>	% held	Net
GTM Europe	100.00	762
Sitec	99.68	275
Société centrale de matériel	99.99	152

Notes to the consolidated IFRS financial statements at 31 December 2010

5 > Cash management financial assets

Cash management financial assets break down as follows:

<i>in € thousands</i>	31.12.2009	31.12.2010
CASH MANAGEMENT FINANCIAL ASSETS	438,518	379,028
UCITS	106,891	84,198
Cash	5,647	10,174
CASH AND CASH EQUIVALENTS	112,538	94,372

Cash management financial assets include investments with parent companies of €329,951 thousand attracting interest at rates close to market rates.

6 > Working capital requirement / (surplus)

<i>in € thousands</i>	31.12.2009	31.12.2010
Inventories and work in progress (net)	23,808	24,493
Trade receivables and related accounts	265,920	305,305
Other operating receivables	253,527	177,703
Other current assets	22,921	29,171
Current tax assets	8,331	1,102
Inventories and operating receivables (I)	574,507	537,774
Trade payables	224,638	240,948
Other current payables	548,399	479,351
Current tax payables	1,476	2,049
Trade and other operating payables (II)	774,513	722,348
WORKING CAPITAL REQUIREMENT (I - II)	(200,006)	(184,574)
<i>Current provisions</i>	<i>(214,501)</i>	<i>(188,356)</i>
WORKING CAPITAL REQUIREMENT (after current provisions)	(414,507)	(372,930)

Notes to the consolidated IFRS financial statements

at 31 December 2010

7 > Provisions for employee benefits

RETIREMENT BENEFIT OBLIGATIONS

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

	31.12.2009	31.12.2010
Discount rate	5.10%	4.35%
Inflation rate	1.9%	1.9%
Rate of salary increases	2.9%	2.9%
Average remaining working life of employees	10 - 15 years	10 - 15 years

Retirement benefit obligations relate to contractual lump sums 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	9,329
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Of which, due within one year 1 369

RECONCILIATION OF OBLIGATIONS AND PROVISIONS IN THE BALANCE SHEET

in € thousands

	31.12.2010
Present value of retirement benefit obligations	16,532
Fair value of plan assets	-
Provisions recognised in balance sheet	9,329
Items not recognised in balance sheet:	
- actuarial gains and losses	4,959
- past service cost	2,244

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 €6.8 million at 31 December 2010, compared with €8.1 million at 31 December 2009. 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	1,016
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Of which, due within one year 96

Notes to the consolidated IFRS financial statements at 31 December 2010

8 > Provisions

<i>in € thousands</i>	31.12.2009	Provisions expense	Reversals	Reversals of unused provisions	Currency translation differences and other changes	31.12.2010
Warranties given to customers	45,114	3,761	(13,061)	(3,913)	1,118	33,019
Site restoration	5,038	475	(98)	(3,772)	28	1,671
Losses on completion	98,911	33,843	(38,213)	-	(2,752)	91,789
Disputes	18,598	5,196	(2,452)	(1,739)	779	20,382
Restructuring	4,603	3,220	(2,614)	-	1	5,210
Other current provisions	1,269	597	(400)	(193)	14	1,287
Discounting of current provisions	(201)	-	-	-	-	(201)
Reclassification of the part at less than one year of non-current provisions	41,169	-	-	-	(5,970)	35,199
Current provisions	214,501	47,092	(56,838)	(9,617)	(6,782)	188,356
Financial risks	1,013	66	(292)	-	3	790
Other non-current provisions	50,770	10,050	(12,259)	(3,381)	(399)	44,781
Discounting of non-current provisions	(874)	-	-	-	-	(874)
Reclassification of the part at less than one year of non-current provisions	(41,169)	-	-	-	5,970	(35,199)
Non-current provisions	9,740	10,116	(12,551)	(3,381)	5,574	9,498
TOTAL	224,241	57,208	(69,389)	(12,998)	(1,208)	197,854

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

9 > Financial surplus / (debt)

At the balance sheet date the Group had a net cash surplus of €450,331 thousand, breaking down as follows:

<i>in € thousands</i>	31.12.2009	31.12.2010
Cash management current account liabilities	(12,521)	(2,430)
Other current financial liabilities	(1,452)	(1,531)
Bank overdrafts	(16,833)	(19,108)
Current borrowings	(30,806)	(23,069)
GROSS DEBT	(30,806)	(23,069)
Cash management financial assets	438,518	379,028
Cash and cash equivalents	112,538	94,372
NET FINANCIAL SURPLUS	520,250	450,331

Debts guaranteed by collateral: none.

Notes to the consolidated IFRS financial statements

at 31 December 2010

10 > Other current payables

Other current payables represent a working capital resource of €479,351 thousand, breaking down as follows:

<i>in € thousands</i>	31.12.2009	31.12.2010
Clients - Advances received on work	187,602	142,438
Deferred income	73,647	78,800
Operating current accounts	114,609	92,954
Tax, employment and social benefit liabilities	32,623	24,127
Other current liabilities	139,918	141,032
OTHER CURRENT PAYABLES	548,399	479,351

11 > Revenue including jointly controlled entities

The effect of VINCI's election for the method available under IAS 31 *Interests in Joint Ventures* consisting in accounting for jointly controlled entities using the equity method is that the true volume of business handled by VINCI Construction Grands Projets is not reflected.

<i>in € millions</i>	31.12.2010	31.12.2009
CONSOLIDATED REVENUE	558.7	620.7
Revenue of jointly controlled entities	143.4	103.7
REVENUE INCLUDING JOINTLY CONTROLLED ENTITIES	702.1	724.4

12 > Revenue

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

<i>in € millions</i>	31.12.2010	31.12.2009
Revenue for the period	558.7	620.7
including:		
- changes of consolidation scope	-	-
- effect of foreign exchange rate fluctuations	-	(13.7)
REVENUE AT CONSTANT SCOPE AND EXCHANGE RATES	558.7	634.4

At comparable consolidation scope and exchange rates, revenue shows a decrease of 12% against the previous period.

Notes to the consolidated IFRS financial statements

at 31 December 2010

Revenue by geographical area (by destination)

<i>in € millions</i>	31.12.2010	31.12.2009
France	35.3	118.9
Europe	309.3	284.8
The Americas	70.1	48.7
Africa	55.0	136.5
Asia	11.9	8.9
Middle East	76.8	21.4
Other	0.3	1.5
TOTAL	558.7	620.7

13 > Operating profit from ordinary activities

<i>in € thousands</i>	31.12.2010	31.12.2009
Revenue	558,719	620,724
Revenue from ancillary activities	4,534	1,714
Operating income	563,253	622,438
Purchases consumed	(229,564)	(146,023)
Subcontracting and other external expenses	(137,100)	(255,464)
Wages, salaries and social benefit charges	(178,092)	(176,964)
Taxes and levies	(8,589)	(8,767)
Other operating income and expenses	(472)	(238)
Depreciation and amortisation	(18,947)	(18,120)
Net provisions charges:		
- Impairment losses on intangible and tangible assets	(4)	(677)
- Impairment of assets	7,563	(1,194)
- Retirement and other benefit obligations	638	414
- Current and non-current provisions	18,750	20,289
OPERATING PROFIT FROM ORDINARY ACTIVITIES	17,436	35,694

Revenue from ancillary activities amounted to €4.5 million at 31 December 2010 and mainly related to sales of study work and equipment, and rental income.

Notes to the consolidated IFRS financial statements

at 31 December 2010

14 > Share-based payments

The expense relating to benefits granted to employees has been assessed at €2 million before tax. It comprises Group Savings Scheme, share option plans and performance share plans.

14.1 > Group Savings Schemes

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

For France, VINCI issues new shares reserved for employees three times a year at a subscription price that includes a discount of 10% against the average stock market price over 20 trading days. Subscribers benefit from an employer's contribution with an annual maximum of €3,500 per person. The benefits granted in this way to employees of the Group 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.

14.2 > Share subscription and purchase options

On 9 July 2010, the VINCI Board of Directors set up a new share option plan with effect from 9 July 2010.

The fair values of the options have been calculated at their respective grant dates by an external actuary using a binomial valuation model of the *Monte Carlo* type.

The 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.

The main assumptions used to determine the fair values of the options in question, in accordance with IFRS 2, were:

Plan	09.07.2010	15.09.2009
Volatility (*)	34.22%	32.91%
Expected return on share	7.24%	8.01%
Risk-free rate of return (**)	1.59%	2.38%
Dividend distribution rate hoped-for (***)	4.99%	4.21%
FAIR VALUE OF THE OPTION (in euros)	4.43	5.65

(*) Volatility estimated using a multi-criteria approach.

(**) 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.

Notes to the consolidated IFRS financial statements at 31 December 2010

14.3 > Performance shares

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

	2010 Plan	2009 Plan	2008 Plan
Price of VINCI share on date plan was announced (<i>in euros</i>)	35.440	37.425	55.700
Fair value of performance share at grant date (<i>in euros</i>)	28.30	31.17	28.20
Fair value of share price at grant date	79.85%	83.29%	50.53%
Original maturity - vesting period	2 or 3 years	2 or 3 years	2 or 3 years
Volatility	34.22%	32.91%	26.51%
Risk-free interest rate	0.97%	1.72%	4.07%

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

15 > Other financial income and expenses

<i>in € thousands</i>	31.12.2010	31.12.2009
Foreign exchange gains and losses	993	(3,882)
Effect of discounting to present value	(803)	(640)
Other financial income and expenses	753	889
OTHER FINANCIAL INCOME AND EXPENSES, NET	943	(3,633)

16 > Income tax expense

16.1 > Breakdown of net tax expense

<i>in € thousands</i>	31.12.2010	31.12.2009
Current tax	(5,631)	(7,804)
Deferred tax	3,540	2,907
TOTAL	(2,091)	(4,897)

Notes to the consolidated IFRS financial statements

at 31 December 2010

16.2 > Effective tax rate

in € thousands

Taxable profit	28,758
Theoretical tax rate	34.43%
EXPECTED TAX CHARGE	(9,901)
Tax rate differences (foreign countries)	(2,198)
Creation (use) of carryforward tax losses not having given rise to deferred tax	(548)
Fixed-sum and other additional taxes	(3,799)
Permanent differences and miscellaneous	14,355
TAX CHARGE RECOGNISED	(2,091)
Effective tax rate	7.27%

16.3 > Analysis of deferred tax assets and liabilities

Deferred tax assets and liabilities arise from temporary differences and break down as follows at the balance sheet date:

in € thousands	Assets	Liabilities	Net
	8,766	2,319	6,447

16.4 > Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €15.3 million at 31 December 2010.

17 > 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 on the basis of market prices.

17.1 > Remuneration of members of the Management Committee

The share falling to VINCI Construction Grands Projets of remuneration paid to the members of the Management Committee amounted to €1,930,443 in 2010.

17.2 > Other

The information on equity-accounted companies is given in Note III.3.2 "Financial information on equity-accounted companies".

Notes to the consolidated IFRS financial statements at 31 December 2010

18 > Financial information relating to construction contracts

Costs 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:

<i>in € thousands</i>	31.12.2010	31.12.2009
Construction contracts in progress – assets	45,655	53,272
Construction contracts in progress – liabilities	(126,059)	(120,080)
Construction contracts in progress	(80,404)	(66,808)
Costs incurred plus profits recognised, less losses recognised to date	1,613,049	1,650,737
Less invoices issued	(1,693,453)	(1,717,545)
Construction contracts in progress before advances received from customers	(80,404)	(66,808)
Advances received from customers	(109,033)	(104,708)
Construction contracts in progress, net	(189,437)	(171,516)

19 > Off-balance sheet commitments

Off-balance sheet commitments break down as follows:

<i>in € thousands</i>	Commitments given	Commitments received
Performance guarantees and performance bonds	658,670	50,721
Retention payments	46,101	6,866
Deferred payments to subcontractors	16,859	373
Balance sheet warranties given	19,156	-
Bid bonds	2,204	-
Tax and customs bonds	504	-
Other commitments	3,693	5,708
TOTAL	747,187	63,668

Notes to the consolidated IFRS financial statements at 31 December 2010

20 > Employment costs and numbers employed

Number of employees	31.12.2010	31.12.2009
Engineers and managers	990	997
Non-management	2,312	2,245
TOTAL	3,302	3,242

Employment costs for all companies in the Group amounted to €178,092 thousand.

Employee training rights

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 35,700 hours of such training at 31 December 2010.

21 > Other information

DISPUTES AND ARBITRATION

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

22 > Main consolidated companies at 31 December 2010

	Country	% holding
1/ Parent		
VINCI Construction Grands Projets	France	100
2/ Fully consolidated subsidiaries in the construction and civil engineering sector		
Campenon Saigon Builders	Vietnam	100
Constructora VCGP Chile SA	Chile	100
Dumez Jaya SDN BHD	Malaysia	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 2010

3/ Equity-accounted subsidiary in the construction and civil engineering sector

QDVC	Qatar	49
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4/ Percentage in subsidiaries in the construction and civil engineering sector

Socaso	France	67
Socatop	France	42
Socaly	France	24

5/ Percentage in partnerships and economic interest groupings formed to carry out major projects

Brightwater tunnels	USA	60
Cairo Metro, line 3	Egypt	29
Chernobyl containment shelter	Ukraine	50
Clackmannanshire bridge	Scotland	50
Coentunnel	The Netherlands	19
Doha pumping station	Qatar	30
Evacuation tunnel at Flamanville EPR	France	50
Hallandsås tunnels	Sweden	40
Lee Tunnel	England	30
Liefkenshoek Tunnel	Belgium	25
M1 motorway	England	33
Magenta storage unit	France	33
Maliakos - Kleidi motorway	Greece	11
Patras - Corinth motorway	Greece	27
Qatar Bahrain Causeway	Bahrain / Qatar	17
Soyuz launch pad and ground infrastructure	French Guyana	80
Wadi Dayqah dam	Sultanate of Oman	50

Report of the statutory auditors on the consolidated financial statements

For the year ended 31 December 2010

In accordance with our appointment as Statutory Auditors by your Shareholders General Meeting, we hereby report to you for the year ended 31 December 2010 on:

- the audit of the accompanying consolidated financial statements of VINCI Construction Grands Projets S.A.S.;
- the justification of our assessments; and
- 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 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 have been correctly prepared and give a true and fair view of the financial position, the assets and liabilities and the results of the operations of the group formed by the persons and entities included in the consolidation, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Without bringing the above opinion into question, we draw your attention to Note I.1.2. to the consolidated financial statements which describes a change of accounting method

relating to the accounting for jointly controlled entities using the equity method in accordance with the option available under IAS 31.

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:

- In assessing the accounting policies applied by your Group, we have satisfied ourselves of the justification of the change of accounting method referred to above and of the manner in which it is presented.
- As stated in Note I.3.1.1 to the consolidated financial statements entitled *Measurement of construction contract profit or loss using the stage of completion method*, the Group recognises income from its long-term contracts using the stage of completion method. We have assessed the assumptions used and reviewed your Company's calculations.

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, in accordance with the professional standards applicable in France and 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, 24 February 2011
The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Philippe BOURHIS
Partner

DELOITTE & ASSOCIÉS

Marc de VILLARTAY
Partner



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