VINCI CONSTRUCTION | GRANDS PROJETS

CONSOLIDATED FINANCIAL STATEMENTS 2014

CONSOLIDATED FINANCIAL STATEMENTS **2014**

CONTENT

2014 KEY FIGURES

(including joint ventures)

€ 1,267.5 M

OF REVENUE

€ 53.0 M

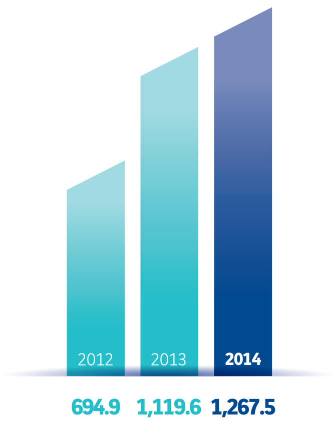
OF OPERATING INCOME FROM ORDINARY ACTIVITIES

€ 40.5 M

OF NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

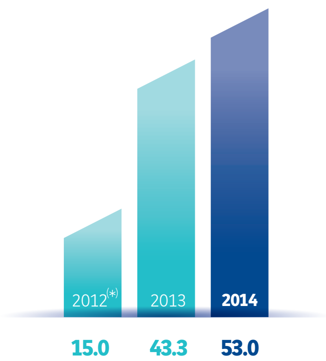
KEY FIGURES *(IN € MILLIONS)*

REVENUE



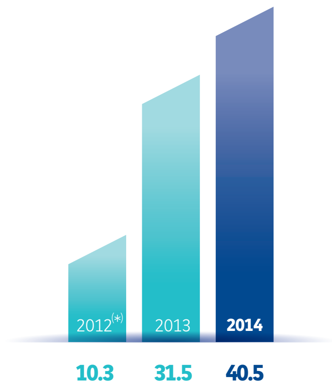
OPERATING INCOME

FROM ORDINARY ACTIVITIES



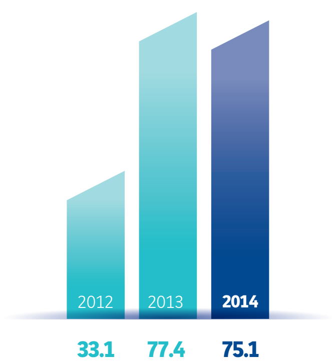
NET INCOME

AFTER TAX



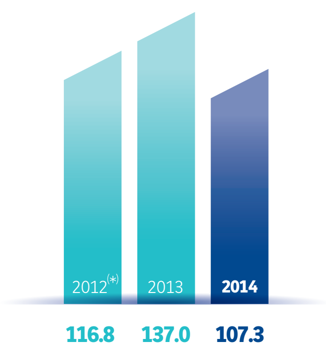
CASH FLOW FROM OPERATIONS

BEFORE TAX AND FINANCING COSTS

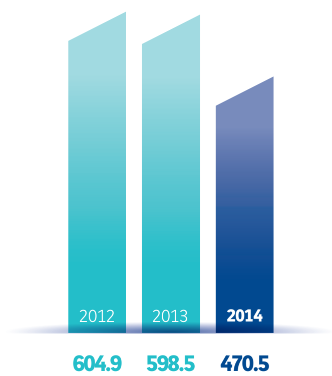


EQUITY

INCLUDING NON-CONTROLLING INTERESTS



CASH



(*) Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 amended "Employee Benefits".

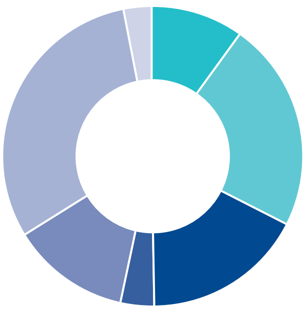
2014 KEY FIGURES
(including joint ventures)

63	OPERATIONS IN 32	6.974
PROJECTS	COUNTRIES	EMPLOYEES WORLDWIDE

REVENUE: € 1,267.5 M

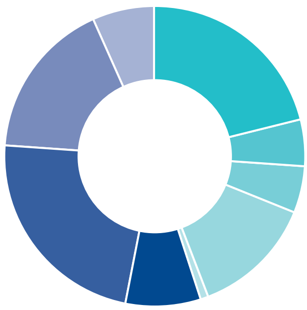
BY GEOGRAPHICAL ZONE

France	128.6
Europe	286.7
The Americas	217.1
Africa	44.0
Middle East	162.8
Asia	392.2
Australia	36.1



BY BUSINESS LINE

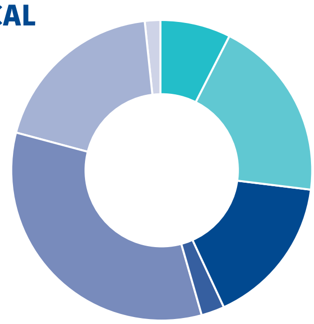
Tunnels	269.7
Roads	64.6
Bridges	61.5
Rail	166.0
Other	10.2
Transport infrastructure	***572.0***
Hydraulic	101.7
Energy	291.8
Building	218.4
Major facilities	83.6



ORDER BOOK: € 3,040.9 M

BY GEOGRAPHICAL ZONE

France	230.8
Europe	589.2
The Americas	491.1
Africa	78.5
Middle East	1,020.3
Asia	580.5
Australia	50.5



BY BUSINESS LINE

Tunnels	517.1
Roads	340.1
Bridges	323.3
Rail	690.7
Other	24.2
Transport infrastructure	***1,895.4***
Hydraulic	170.3
Energy	706.1
Building	148.7
Major facilities	120.4

2014 KEY FIGURES

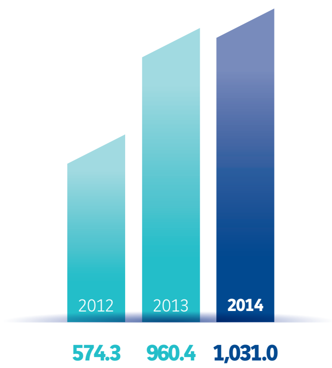
€ 1,031.0 M
OF REVENUE

€ 50.1 M
OF OPERATING INCOME FROM ORDINARY ACTIVITIES

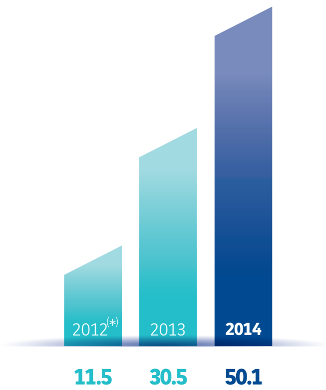
€ 40.5 M
OF NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

KEY FIGURES *(IN € MILLIONS)*

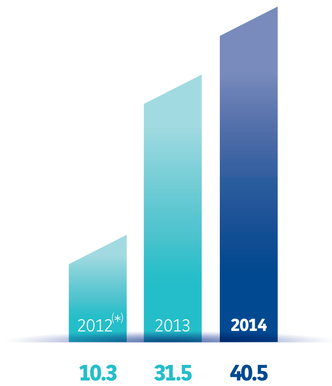
REVENUE



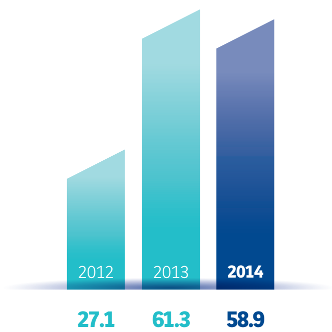
OPERATING INCOME
FROM ORDINARY ACTIVITIES



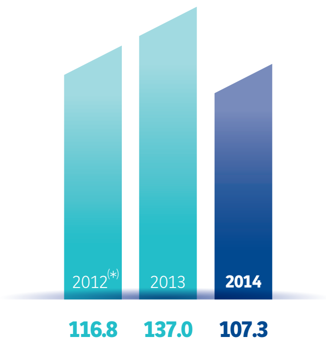
NET INCOME
AFTER TAX



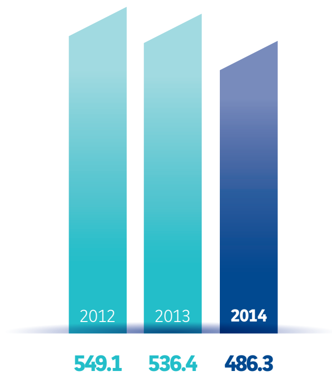
CASH FLOW FROM OPERATIONS
BEFORE TAX AND FINANCING COSTS



EQUITY
INCLUDING NON-CONTROLLING INTERESTS



CASH



(*) Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 amended "Employee Benefits".

2014 KEY FIGURES

52 PROJECTS

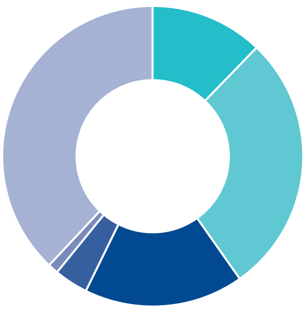
OPERATIONS IN **29** COUNTRIES

4.985 EMPLOYEES WORLDWIDE

REVENUE: € 1,031.0 M

BY GEOGRAPHICAL ZONE

France	128.6
Europe	286.7
The Americas	177.0
Africa	37.7
Middle East	8.8
Asia	392.2



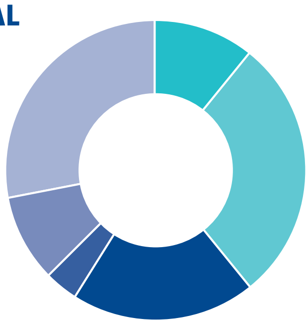
BY BUSINESS LINE

Tunnels	193.9
Roads	64.6
Bridges	61.5
Rail	117.5
Other	10.2
Transport infrastructure	***447.7***
Hydraulic	100.9
Energy	255.6
Building	163.1
Major facilities	63.7

ORDER BOOK: € 2,079.4 M

BY GEOGRAPHICAL ZONE

France	230.8
Europe	589.2
The Americas	408.3
Africa	73.9
Middle East	196.7
Asia	580.5



BY BUSINESS LINE

Tunnels	257.5
Roads	340.1
Bridges	323.3
Rail	66.4
Other	24.2
Transport infrastructure	***1,011.5***
Hydraulic	170.3
Energy	655.6
Building	131.6
Major facilities	110.4

CONSOLIDATED BALANCE SHEET

at 31 December 2014

ASSETS

in € thousands	NOTES	2014			2013
		Gross	Depreciation, amortisation and provisions.	Net	Net
NON-CURRENT ASSETS					
Intangible assets	1	**8,930**	**8,708**	**222**	180
Goodwill		**263**	**263**	**-**	-
Property, plant and equipment	2	**164,752**	**98,085**	**66,667**	66,593
Investments in equity-accounted companies	3	**14,009**	**-**	**14,009**	16,054
Other non-current financial assets	4	**11,757**	**1,865**	**9,892**	10,333
Non-current deferred tax assets	16	**10,298**	**-**	**10,298**	9,215
TOTAL NON-CURRENT ASSETS		**210,009**	**108,921**	**101,088**	**102,375**
CURRENT ASSETS					
Inventories and work in progress	6	**23,264**	**-**	**23,264**	16,519
Trade receivables and related accounts	6	**365,015**	**353**	**364,662**	322,903
Other operating receivables	6	**422,177**	**37,123**	**385,054**	357,541
Other current assets	6	**41,394**	**19**	**41,375**	43,047
Current tax assets	6	**1,831**	**-**	**1,831**	1,498
Current deferred tax assets	16	**185**	**-**	**185**	850
Cash management financial assets	5-9	**369,029**	**139**	**368,890**	376,247
Cash and cash equivalents	5-9	**193,649**	**-**	**193,649**	181,532
TOTAL CURRENT ASSETS		**1,416,544**	**37,634**	**1,378,910**	**1,300,137**
TOTAL ASSETS		**1,626,553**	**146,555**	**1,479,998**	**1,402,512**

CONSOLIDATED BALANCE SHEET

at 31 December 2014

EQUITY AND LIABILITIES

in € thousands	NOTES	2014	2013
EQUITY			
Share capital		**67,854**	67,854
Share premium		**19,252**	19,252
Consolidated reserves		**14,757**	18,417
Net income		**40,450**	31,495
Interim dividend		**(35,013)**	-
Equity attributable to owners of the parent		**107,300**	**137,018**
Non-controlling interests		**-**	-
TOTAL EQUITY		**107,300**	**137,018**
NON-CURRENT LIABILITIES			
Retirement and other employee benefit obligations	7	**23,520**	20,064
Non-current provisions	8	**54,737**	14,090
Other non-current liabilities		**1,998**	2,520
Non-current deferred tax liabilities	16	**945**	945
TOTAL NON-CURRENT LIABILITIES		**81,200**	**37,619**
CURRENT LIABILITIES			
Current provisions	6-8	**186,644**	197,019
Trade payables	6	**443,985**	381,573
Current tax liabilities	6	**4,202**	3,295
Current deferred tax liabilities	16	**185**	850
Current borrowings	9	**76,192**	21,374
Other current payables	6-10	**580,290**	623,764
TOTAL CURRENT LIABILITIES		**1,291,498**	**1,227,875**
TOTAL EQUITY AND LIABILITIES		**1,479,998**	**1,402,512**

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 December 2014

in € thousands	NOTES	2014	2013
Revenue	**12**	**1,031,012**	**960,377**
Revenue from ancillary activities		**1,373**	892
Revenue and other operating income	**13**	**1,032,385**	**961,269**
Purchases consumed		**(200,051)**	(224,288)
Subcontracting and other external expenses		**(514,044)**	(471,384)
Employment costs	20	**(214,377)**	(228,081)
Taxes and levies		**(10,329)**	(8,574)
Other operating income and expense		**1,750**	(7,062)
Net depreciation, amortisation and provision expenses		**(45,272)**	8,667
OPERATING INCOME FROM ORDINARY ACTIVITIES	**13**	**50,062**	**30,547**
(% of revenue)		***4.86%***	*3.18%*
Share-based payments	14	**(2,338)**	(2,414)
Profit/(loss) equity accounted companies		**2,737**	12,693
Other recurring operating items		**(346)**	(1,706)
RECURRING OPERATING INCOME		**50,115**	**39,120**
(% of revenue)		***4.86%***	*4.07%*
Impact of changes in scope and gain/(loss) on disposals of shares		**(186)**	373
OPERATING INCOME		**49,929**	**39,493**
(% of revenue)		***4.84%***	*4.11%*
Cost of gross financial debt		**(1,095)**	(502)
Financial income from cash investments		**4,108**	2,809
COST OF NET FINANCIAL DEBT		**3,013**	**2,307**
Other financial income and expense	15	**(963)**	(804)
Income tax expense	16	**(11,529)**	(9,926)
NET INCOME FOR THE PERIOD		**40,450**	**31,070**
Net income attributable to non-controlling interests		**-**	(425)
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**40,450**	**31,495**
(% of revenue)		***3.92%***	*3.28%*
Number of shares		**4,523,591**	4,523,591
EARNINGS PER SHARE (IN €)		**8.94**	**6.96**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

in € thousands	2014	2013
Net income for the period (including non-controlling interests)	**40,450**	**31,070**
Currency translation differences	**(682)**	541
Actuarial gains and losses on retirement benefit obligations	**(2,777)**	(326)
Income and expense recognised directly in equity	**(3,459)**	**215**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**36,991**	**31,285**
of which: Attributable to owners of the parent	**37,239**	31,574
Attributable to non-controlling interests	**(248)**	(289)

CONSOLIDATED CASH FLOW STATEMENT

at 31 December 2014

in € thousands	2014	2013
Consolidated net income for the period (including non-controlling interests)	**40,450**	31,070
Depreciation and amortisation	**24,673**	38,615
Net increase (decrease) in provisions	**(3,669)**	(527)
Share-based payments	**(1,951)**	(2,077)
Gains or losses on disposal	**(6,390)**	(740)
Dividends received from unconsolidated companies and share of profit or loss of equity-accounted companies	**(2,769)**	(12,693)
Change in fair value of foreign exchange derivative financial instruments and other	**-**	(2)
Cost of net financial debt recognised	**(3,013)**	(2,307)
Current and deferred tax expense recognised	**11,529**	9,926
Cash flow (used in) / from operations before tax and financing costs	**58,860**	**61,265**
Change in operating working capital (including liabilities relating to employee benefits)	**(24,331)**	5,122
Change in current provisions	**10,736**	(34,216)
Income taxes paid	**(7,016)**	(943)
Net financial interest paid (including finance lease interest)	**3,021**	2,297
Dividends received from equity-accounted companies	**9,537**	7,679
Cash flow (used in) / from operating activities (I)	**50,807**	**41,204**
Purchases of intangible assets and property, plant and equipment	**(39,751)**	(44,507)
Proceeds from sales of intangible assets and property, plant and equipment	**3,082**	1,731
Purchases of non-current financial assets	**(418)**	-
Proceeds from sales of non-current financial assets	**64**	600
Net effect of changes in scope of consolidation	**5,855**	-
Dividends received from non-consolidated companies	**32**	-
Change in non-current financial assets and liabilities	**774**	1,186
Net cash flows (used in)/from investing activities (II)	**(30,362)**	**(40,990)**
Non-controlling interests in share capital increases and decreases of subsidiaries	**-**	-
Dividends paid by the parent company	**(65,771)**	(9,861)
Change in loans and other financial liabilities	**-**	(258)
Change in cash management assets and liabilities	**59,962**	38,023
Net cash flows (used in)/from investing activities (III)	**(5,809)**	**27,904**
CHANGE IN NET CASH (I+II+III)	**14,636**	**28,118**
Net cash and cash equivalents at beginning of period	**170,968**	145,267
Effect of changes in foreign exchange rates	**1,740**	(2,417)
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**187,344**	**170,968**

Net cash and cash equivalents at end of period	**187,344**	170,968
Cash management financial assets	***368,890***	*376,247*
Other current and non-current financial debt (excluding overdrafts)	***(69,887)***	*(10,810)*
NET FINANCIAL SURPLUS AT END OF PERIOD	**486,347**	**536,405**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

at 31 December 2014

in € thousands	SHARE CAPITAL	PREMIUMS AND RESERVES	CURRENCY TRANSLATION DIFFERENCES	NET INCOME	NET INCOME RECOGNISED DIRECTLY IN EQUITY	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROL-LING INTERESTS	TOTAL
31 December 2012(*)	**67,854**	**37,815**	**3,929**	**10,338**	**(3,146)**	**116,790**	**-**	**116,790**
Allocation of net income of previous period	-	10,338	-	(10,338)	-	**-**	-	-
Currency translation differences and miscellaneous	-	(2)	407	-	-	**405**	425	830
Dividend payments	-	(9,860)	-	-	-	**(9,860)**	-	(9,860)
Net income recognised directly in equity	-	-	-	-	(326)	**(326)**	-	(326)
Share-based payments	-	(1,486)	-	-	-	**(1,486)**	-	(1,486)
Net income for the period	-	-	-	31,495	-	**31,495**	(425)	31,070
31 December 2013	**67,854**	**36,805**	**4,336**	**31,495**	**(3,472)**	**137,018**	**-**	**137,018**
Allocation of net income of previous period	-	31,495	-	(31,495)	-	**-**	-	-
Currency translation differences and miscellaneous	-	(42)	(392)	-	-	**(434)**	-	(434)
Interim dividend	-	(35,013)	-	-	-	**(35,013)**	-	(35,013)
Dividend payments	-	(30,758)	-	-	-	**(30,758)**	-	(30,758)
Net income recognised directly in equity	-	-	-	-	(2,777)	**(2,777)**	-	(2,777)
Share-based payments	-	(1 186)	-	-	-	**(1,186)**	-	(1,186)
Net income for the period	-	-	-	40,450	-	**40,450**	-	40,450
31 December 2014	**67,854**	**1,301**	**3,944**	**40,450**	**(6,249)**	**107,300**	**-**	**107,300**

At 31 December 2014, the share capital consisted of 4,523,591 shares with par value of €15 each.

(*) Amounts adjusted in line with the change in accounting method arising from the application of IAS 19 Amended "Employee Benefits" and described in Note I.4 to the 2013 consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

CONTENT

I ACCOUNTING POLICIES AND MEASUREMENT METHODS

II NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

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 period ended 31 December 2014 have been prepared under the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2014.

The accounting policies used at 31 December 2014 are the same as those used in preparing the consolidated financial statements at 31 December 2013, except for the Standards and Interpretations adopted by the European Union applicable as from 1 January 2014, (see Note I.1.1. "New Standards and Interpretations applicable from 1 January 2014").

IFRS 11 deals with the recognition of joint arrangements (joint control agreements) and replaces IAS 31. It applies in particular to construction and civil engineering contracts performed through joint arrangements. These were proportionately consolidated under the old Standard. In application to IFRS 11, these contracts, when realized through a joint venture in line with the norm, are now consolidated under the equity method.

The removal of the proportionate consolidation method of some construction and civil engineering contracts under joint control causes changes in the presentation of financial statements (revenue, non-current operating assets, trade receivables, debt, etc.) whereas net income remains unchanged.

For its operational reporting, which is the basis for Group management, VINCI Construction Grands Projets includes joint ventures using the proportional mode, in its opinion this presentation provides a more accurate view of the Group's performance and risks in terms of revenue, operating income, working capital requirement and debt. Business segment reporting reflects operational reporting and is presented in Note I.5, with joint ventures consolidated in proportional mode.

1. 1 New Standards and Interpretations applicable from 1 January 2014

The new Standards and Interpretations applicable from 1 January 2014 have no material impact on VINCI Construction Grands Projets' financial statements at 31 December 2014. These are mainly:

Standards relating to consolidation methods:

- IFRS 10 "Consolidated Financial Statements";
- IFRS 11 "Joint Arrangements";
- IFRS 12 "Disclosure of Interests in Other Entities";
- Amendments to IFRS 10, 11 and 12 on transition guidance;
- IAS 28 Amended "Interests in Associates and Joint Ventures".

Other Standards and Interpretations:

- IAS 32 Amended "Offsetting Financial Assets and Financial Liabilities".
- Adjustments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets".

1. 2 Standards and Interpretations adopted by the IASB but not yet applicable at 31 December 2014

The Group has not applied early the following Standards and Interpretations that could concern the Group and of which application is not mandatory at 1 January 2014:

- IFRS 15 "Revenue from Contracts with Customers";
- IFRS 9 "Financial Instruments";
- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture";
- Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations";
- Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions";
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation";
- Amendments to IAS 1 "Disclosure initiative";
- Annual improvements 2010-2012, 2011-2013 and 2012-2014;
- IFRIC 21 "Levies".

VINCI Construction Grands Projets is currently analysing the impacts and practical consequences of the application of these Standards and Interpretations.

The application of IFRIC 21 "Levies" as of 1 January 2015, will have no material impact on the Group's consolidated full-year or interim financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

2. CONSOLIDATION METHODS

2. 1 Consolidation scope

From 1 January 2014, the Group has applied new Standards (IFRS 10, 11, 12 and IAS 28 Amended) relating to the consolidation scope.

IFRS 10 "Consolidated Financial Statements" replaces IAS 27 and SIC 12 "Consolidation – Special Purpose Entities" for all aspects relating to control and full consolidation procedures. It redefines the notion of control over an entity on the basis of three criteria:

- power over the entity, i.e. the ability to direct the activities that have the greatest impact on its profitability;
- exposure to variable returns from the entity, which may be positive in the form of dividends or any other financial benefit, or negative;
- and the connection between power and these returns, i.e. the ability to exert power over the entity in order to influence the returns obtained.

In practice, companies in which VINCI Construction Grands Projets holds, whether directly or indirectly, the majority of voting rights in shareholders' general meetings, in the Boards of Directors or in the equivalent management bodies, giving it the power to direct their operational and financial policies, are generally deemed to be controlled and are fully consolidated. To determine control, VINCI Construction Grands Projets carries out an in-depth analysis of the established governance arrangements and of the rights held by other shareholders, to see whether they are purely protective. Where necessary, an analysis is performed in relation to instruments held by the Group or third parties (potential voting rights, dilutive instruments, convertible instruments etc.) that, if exercised, could alter the type of influence exerted by each party.

For some infrastructure project companies operating under concessions or public-private partnership contracts and in which VINCI Construction Grands Projets is not the only capital investor, in addition to the analysis of the governance arrangements with each partner, VINCI Construction Grands Projets may look at the characteristics of subcontracting contracts, to check that they do not confer additional powers that could lead to a situation of control.

An analysis is performed if a specific event takes place that may affect the level of control exerted by VINCI Construction Grands Projets, such as a change in an entity's ownership structure or governance, or the exercise of a dilutive financial instrument.

IFRS 11 "Joint arrangements" replaces IAS 31 regarding all aspects relating to the recognition of jointly controlled entities.

Joint control is established where decisions relating to the entity's main activities require the unanimous consent of the parties sharing control.

Joint arrangements now fall into two categories (joint ventures and joint operations) depending on the nature of the rights and obligations held by each party. That classification is generally determined by the legal form of the project vehicle.

- A joint venture is an arrangement where the parties exerting joint control over the entity (joint venturers) have rights to the entity's net assets. Joint ventures are accounted for under the equity method.
- A joint operation is a joint arrangement in which the parties (joint operators) have direct rights over the assets and direct obligations with respect to the entity's liabilities. Each joint operator must account for the portion of assets, liabilities, income and expenses that corresponds to its interest in the joint operation.

Most of VINCI Construction Grands Projets' joint arrangements are joint operations. Our joint arrangements generally take the form of partnerships or consortiums.

IAS 28 Amended defines the notion of significant influence and describes the equity method of accounting applicable to stakes in associates and joint ventures within the meaning of IFRS 11. It also includes the provisions formerly contained in SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". Associates are entities in which the Group exerts significant influence. Significant influence is presumed where VINCI Construction Grands Projets' stake is more than or equal to 20%.

However, it may arise where the ownership interest is lower, particularly where the Group is represented on the Board of Directors or any equivalent governance body, and therefore takes part in determining the entity's operational and financial policies and strategy.

Within VINCI Construction Grands Projets' consolidation scope, work to implement these new Standards (IFRS 10, IFRS 11 and IAS 28 Amended) has only resulted in changes to consolidation methods in respect of two entities. As a result, comparative figures for the first half of 2013 have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

CHANGES IN THE CONSOLIDATION SCOPE:	**31.12.2014**			**31.12.2013**		
number of companies	**TOTAL**	France	Foreign	**TOTAL**	France	Foreign
Full consolidation	**17**	**4**	**13**	**20**	6	14
Equity method	**2**	**-**	**4**	**2**	-	2
TOTAL	**21**	**4**	**17**	**22**	**6**	**16**

2. 2 Intragroup transactions

Reciprocal operations and transactions relating to assets, liabilities, income and expenses between companies that are fully consolidated are eliminated in the consolidated financial statements.

Where a fully consolidated Group entity carries out a transaction with an equity-accounted joint venture or associate, income and losses resulting from the transaction are only recognised in the Group's consolidated financial statements to the extent of the interest owned by third parties in the joint venture or associate.

2. 3 Translation of the financial statements of foreign companies and establishments

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

The financial statements of foreign companies of which the functional currency is different from that used in preparing the Group’s consolidated financial statements are translated at the closing rate for balance sheet items and at the average rate for the period for income statement items. Any resulting translation differences are recognised under translation differences in consolidated reserves. Goodwill relating to foreign entities is considered as comprising part of the assets and liabilities acquired and is therefore translated at the exchange rate in force at the balance sheet date.

2. 4 Foreign currency transactions

Transactions in foreign currency are translated into euros at the exchange rate at the transaction date. At the balance sheet date, trade receivables and trade payables expressed in foreign currencies are translated at the closing rate. Resulting exchange gains and losses are recognised under "Foreign exchange gains and losses" and are shown under "Other financial income and expense" in the income statement.

Foreign exchange gains and losses arising on loans denominated in foreign currency or on foreign currency derivative instruments qualifying as hedges of net investments in foreign subsidiaries, are recorded under currency translation differences in equity.

2. 5 Business combinations

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

Under IFRS 3 Revised, the cost of a business combination is the fair value, at the date of exchange, of the assets given, liabilities assumed, and/or equity instruments issued by the acquirer in exchange for control of the acquiree. Contingent price adjustments are included in the cost of the business combination and are measured at fair value at each balance sheet date. From the acquisition date, any subsequent changes to this fair value resulting from events taking place after control was acquired are recognised in profit or loss.

Expenses that are directly attributable to the acquisition, such as professional fees for due diligence and other related fees, are expensed as they are incurred. They are presented in the "Impact of changes in scope and gain/(loss) on disposals of shares" item on the income statement.

Non-controlling interests in the acquiree, where they give their holders present ownership interests in the entity (voting rights, a share of earnings etc.) and entitle them to a proportionate share of net assets in the event of liquidation, are measured either at their share of the acquiree’s net identifiable assets, or at their fair value. This option is applied on a case-by-case basis for each acquisition.

On the date control is acquired, the cost of acquisition is allocated by recognising the identifiable assets acquired and liabilities assumed from the acquiree at their fair value at that date, except for tax assets and liabilities and employee benefits, which are measured according to their reference Standard (IAS 12 and IAS 19 respectively) and asset groups classified as held for sale, which are recognised under IFRS 5 at their fair value less costs to sell. The positive difference between the cost of acquisition and the fair value of the identifiable assets and liabilities acquired constitutes goodwill. Where applicable, goodwill can include a portion of the fair value of non-controlling interests if the full goodwill method has been selected.

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

In the case of a business combination achieved in stages, previously acquired shareholdings in the acquiree are measured at fair value at the date of acquisition of control. Any resulting gain or loss is recognised in profit or loss.

2. 6 Transactions between shareholders, acquisitions and disposals of non-controlling interests after acquisition of control

In accordance with IFRS 10, acquisitions or disposals of non-controlling interests, with no impact on control, are considered as transactions with the Group's shareholders. 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 equity attributable to owners of the parent. Similarly, a decrease in the Group's percentage interest in an entity that continues to be controlled is booked in the accounts as a transaction between shareholders, with no impact on profit or loss. Professional fees and other incremental costs relating to acquisitions and disposals of non-controlling interests that have no impact on control, and any associated tax effects, are recorded under equity. Cash flows related to transactions between shareholders are presented under cash flows (used in)/from financing activities in the consolidated cash flow statement.

3. MEASUREMENT RULES AND METHODS APPLIED BY THE GROUP

3. 1 Use of estimates

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

These estimates assume the operation is a going concern and are made on the basis of information available at the time. Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates. The consequences of the ongoing economic crisis in Europe, particularly on economic growth, make it difficult to assess the outlook for business in the medium term. The consolidated financial statements for the period have therefore been prepared with reference to the immediate environment, in particular as regards the estimates given below.

3. 1.1 Measurement of construction contract profit or loss using the percentage-of-completion method

The Group uses the percentage-of-completion method to recognise revenue and profit or loss on construction contracts, applying general revenue recognition rules on the basis of the percentage of completion.

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

The stage of completion and the revenue to be recognised are determined on the basis of a large number of estimates made by monitoring the work performed and using the benefit of experience to take account of unforeseen circumstances. In consequence, adjustments may be made to initial estimates throughout the contract and may materially affect future results.

3. 1.2 Measurement of share-based payments under IFRS 2

The Group recognises a share-based payment relating to offers made to employees to subscribe VINCI shares and to take part in VINCI performance share plans and the VINCI Group savings plan. 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 in connection with these defined benefit plans are measured actuarially, based on assumptions such as the discount rate, future increases in wages and salaries, employee turnover, mortality rates and the rate of increase of health expenses.

Those obligations may therefore change if assumptions change, most of which are updated annually. Details of the assumptions used and how they are determined are given in Note II.7 "Provisions for employee benefits".

The Group considers that the actuarial assumptions used are appropriate and justified in the current conditions.

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");
- the discount rates used.

3. 1.5 Fair value measurement

The Group mainly uses fair value in measuring, on a consistent basis, the derivative instruments, available-for-sale financial assets, cash management financial assets and identifiable assets and liabilities acquired in business combinations on its balance sheet.

Fair value is the price that would be received from selling an asset or paid to transfer a liability in a normal transaction. It is recognised on the basis of the asset or liability's main market (or the most advantageous market if there is no main market), i.e. the one that offers the highest volume and activity levels.

To determine these fair values, the Group uses the following measurement methods:

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

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

- level 1: price quoted on an active market. Marketable securities and some available-for-sale financial assets and listed bond issues are measured in this way.
- level 2: internal model using internal measurement techniques with observable factors. These techniques are based on usual mathematical computation methods, which incorporate observable market data (forward prices, yield curves, etc.). The calculation of the fair value of most derivative financial instruments (swaps, caps, floors, etc.) traded on markets is made on the basis of internal models commonly used by market participants to price such financial instruments.

  Every quarter, the internally calculated values of derivative instruments are checked for consistency with those sent by the counterparties.
- level 3: internal model using non-observable factors. This model applies to customer relationships and contracts acquired through business combinations, as well as to holdings of unlisted shares, which, in the absence of an active market, are measured at their cost of acquisition plus transaction costs.

3. 2 Revenue

Consolidated revenue is recognised in accordance with IAS 11, as described below. They include the following, after elimination of intragroup transactions:

- fully consolidated companies;
- jointly controlled operations and assets on the basis of the Group's share. This relates to the Group's construction work carried out through partnerships.

The method for recognising revenue under construction contracts is explained in Note 3.4 "Construction contracts" below.

3. 3 Revenue from ancillary activities

Revenue from ancillary activities mainly comprises rental income, sales of equipment, materials and merchandise, study work and fees.

3. 4 Construction contracts

The Group recognises construction contract income and expense using the percentage-of-completion method defined by IAS 11, with the percentage of completion generally determined on a physical basis.

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

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

3. 5 Share-based payments

The measurement and recognition methods for share subscription and purchase plans, Group savings plans and performance share plans, are defined by IFRS 2 "Share-based payments". The granting of share options, VINCI performance shares and offers to subscribe to the VINCI group savings plan represent a benefit granted to their beneficiaries and therefore constitute supplementary remuneration borne by VINCI Construction 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.

Benefits granted under stock option plans, performance share plans and the Group savings plan are implemented as decided by VINCI SA's Board of Directors after approval by the Shareholders' General Meeting, and are not, in general, systematically renewed. As their measurement is not directly linked to the business lines' operations, VINCI has considered it appropriate not to include the corresponding expense in the operating income from ordinary activities, which is an indicator of business lines' performance, but to report it on a separate line, labelled "Share-based payments", in operating income.

3. 5.1 Share subscription option plans

Options to subscribe VINCI shares have been granted to Group employees and senior executives. For some of these plans, definitive vesting of share subscription option plans is conditional on performance conditions (stock market performance or financial criteria) being met. The fair value of options is determined, at the grant date, using the Monte Carlo valuation model, taking into account the impact of the market performance condition if applicable. The Monte Carlo model allows a larger number of scenarios to be modelled, by including in particular the valuation of assumptions about beneficiaries' behaviour on the basis of historical observations.

3. 5.2 Performance share plans

Performance shares subject to vesting conditions have been granted to Group employees and senior executives. As regards plans where the final vesting of shares may depend on meeting financial criteria, the number of performance shares measured at fair value in the calculation of the IFRS 2 expense is adjusted at each balance sheet date for the impact of the change in the likelihood of the financial criteria being met.

3. 5.3 Group savings plan

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

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

3. 6 Cost of net financial debt

The cost of net financial debt comprises:

- the cost of gross financial debt, which includes the interest expense calculated at the effective interest rate, and gains and losses on interest rate derivatives allocated to gross financial debt whether designated as hedges for accounting purposes or not; and
- the line item "financial income from cash management investments", which comprises the return on investments of cash and cash equivalents. Investments of cash and cash equivalents are measured at fair value through profit or loss.

3. 7 Other financial income and expense

Other financial income and expense comprises mainly foreign exchange gains and losses, the effects of discounting to present value, dividends received from unconsolidated 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 substantively enacted at the accounts closing date and applied according to the schedule for the reversal of temporary differences. The effects of a change in the tax rate from one period to another are recognised in the income statement in the period in which the change occurs.

Deferred tax relating to share-based payments (IFRS 2) is taken to income to the extent that the deductible amount does not exceed the fair value of plans established according to IFRS 2.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

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 represent the net income for the period after non-controlling interests, divided by the weighted average number of shares outstanding during the period. The Group has issued no equity instruments that could have a dilutive effect.

3. 10 Intangible assets

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

3. 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 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 goodwill is impaired, the difference between its carrying amount and its recoverable amount is recognised in operating income in the period and is not reversible.

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

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

3. 12 Property, plant and equipment

Items of property, plant and equipment are recorded at their acquisition or production cost less cumulative depreciation and any recognised impairment losses. They are not revalued.

Depreciation is generally calculated on a straight-line basis over the asset's period of use. Accelerated depreciation may however be used when it appears more appropriate to the conditions under which the asset is used. For certain complex assets comprising several components, in particular buildings and constructions, each component of the asset is 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 50 years**
■ General technical installations	**between 5 and 20 years**
Site equipment and technical installations	**between 3 and 12 years**
Vehicles	**between 3 and 5 years**
Fixtures and fittings	**between 8 and 10 years**
Office furniture and equipment	**between 3 and 10 years**

Depreciation commences as from the date when the asset is ready to enter into service.

3. 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 non-current assets. For assets with an indefinite useful life and goodwill, a test is performed at least annually and whenever there is an indication of a loss of value. For other non-current assets, a test is performed only when there is an indication of a loss of value.

3. 15 Investments in equity-accounted companies

These shareholdings are in joint ventures and companies over which the Group has significant influence, and are accounted for under the equity method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

They are initially recognised at the cost of acquisition, including any goodwill arising. Their carrying amount is then increased or decreased to recognise the Group's share of the entity's profits or losses after the date of acquisition. Whenever losses are greater than the value of the Group's net investment in the equity-accounted entity, these losses are not recognised unless the Group has entered into a commitment to recapitalise the entity or provide it with funding. The share of the negative net equity of equity-accounted companies arising from decreases in the fair value of financial hedging instruments is presented under provisions for financial risks.

If there is an indication that an investment may be impaired, its recoverable value is tested as described in Note 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 business lines' operational performance in the best way possible, the income or loss of equity-accounted companies is reported on a specific line, between the "operating income from ordinary activities" and "recurring operating income" lines.

3. 16 Other non-current financial assets

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

3. 16.1 Available-for-sale securities

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

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

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

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

Where an impairment test leads to recognition of an unrealised loss relative to the historical acquisition cost and where this is considered to be a material and/or non-temporary loss of value, that loss is recognised in profit or loss and may not be reversed.

- For securities quoted on an active market, a long-lasting or material decline in fair value below their cost is an objective indication of their impairment. The factors considered by the Group in assessing the long-lasting or material nature of a decline in fair value are generally the following:
  - the impairment is long-lasting whenever the closing stock market price has been lower than the cost of the security for more than 18 months;
  - the impairment is material whenever, at the balance-sheet date, there has been a 30% fall in the current market price compared with the cost of the financial asset.
- For unlisted securities, the factors considered are the decrease in value of the share of equity held and the absence of prospects for generating profits.

3. 16.2 Loans and receivables at amortised cost

"Loans and receivables at amortised cost" mainly comprise receivables connected with shareholdings, current account advances to equity-accounted companies 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 less 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 impairment of these loans and receivables, 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 positive 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 receivables and other current operating assets

"Trade receivables" and "other current operating assets" 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 and other current operating assets are measured at their amortised cost less any impairment losses taking account of any likelihood of non-recovery.

An estimate of the likelihood of non-recovery is made at each balance sheet date and an impairment loss is recognised if necessary. The likelihood of non-recovery is assessed in the light of payment delays and guarantees obtained.

3. 19 Cash management financial assets

"Cash management financial assets" comprises investments in cash, money market securities and bonds, and units in UCITS, made with a short-term management objective, that do not satisfy the IAS 7 criteria for recognition as cash (see Note I.3.20 "Cash and cash equivalents").

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

Purchases and sales of cash management financial assets are recognised at their transaction date.

Their fair value is determined using commonly used valuation models or, for non-listed cash management assets, at the present value of future cash flows. In assessing the fair value of listed instruments, the Group uses the market price at the balance sheet date or the net asset value of UCITS.

3. 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 and certificates of deposit with maturities not exceeding three months at the origin. 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.

Their fair value is determined using commonly used valuation models or, for non-listed cash management assets, at the present value of future cash flows. In assessing the fair value of listed instruments, the Group uses the market price at the balance sheet date or the net asset value of UCITS.

3. 21 Non-current provisions

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

3. 21.1 Provisions for retirement benefit obligations

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

Under IAS 19, 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.

The expense recognised under operating income or loss in each period comprises the current service cost and the effects of any change, reduction or winding up of the plan. The accretion impact recognised on actuarial debt and interest income on plan assets are recognised under other financial income and expenses. Interest income from plan assets is calculated using the discount rate used to calculate obligations with respect to defined benefit plans.

The impacts of remeasuring net liabilities (or assets as the case may be) with respect to defined-benefit plans are recorded under other comprehensive income. They comprise:

- actuarial gains and losses on obligations resulting from changes in actuarial assumptions and from experience adjustments (the effects of differences between the actuarial assumptions adopted and that which has actually occurred);
- plan asset outperformance/underperformance (i.e. the difference between the effective return on plan assets and the return calculated using the discount rate applied to the actuarial liability);
- and changes in the asset ceiling effect.

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

The part of provisions for retirement benefit obligations that matures within less than one year is shown under other current non-operating liabilities.

3. 21.2 Oher non-current provisions

These comprise provisions for other employee benefits, measured in accordance with IAS 19, and those provisions that

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

are not directly linked to the operating cycle, measured in accordance with IAS 37. These are recognised whenever, at the balance sheet date, the Group has a legal or constructive present obligation towards non-Group companies arising from a past event, whenever it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation and whenever a reliable estimate can be made of the amount of the obligation. These provisions are measured at their present value, corresponding to the best estimate of the outflow of resources required to settle the obligation.

The part at less than one year of other employee benefits is stated under "Other current liabilities". The part at less than one year of provisions not directly linked to the operating cycle is stated 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 set aside mainly when end-of-contract projections, based on the most likely estimated outcome, indicate a loss, and when work needs to be carried out in respect of completed projects under completion warranties.

Provisions for disputes connected with operations mainly relate to disputes with customers, subcontractors, joint contractors or suppliers. Restructuring provisions include the cost of plans and measures for which there is a commitment whenever these have been announced before the period end.

Provisions for other current liabilities mainly comprise provisions for late delivery penalties, for individual dismissals and for other risks related to operations.

3. 23 Financial debt (current and non-current)

Financial debt comprises bonds, other borrowings 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 instruments to hedge its exposure to market risks (interest rates, foreign currency exchange rates and equity). In accordance with IAS 39, all derivatives must 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 profit or loss. 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 situations:

- **a fair value hedge** enables the exposure to the risk of a change in the fair value of an asset, a liability or unrecognised firm commitments attributable to changes in financial variables (interest rates, exchange rates, share prices, commodity prices etc.) to be hedged;
- **a cash-flow hedge** allows exposure to fluctuations in future cash flows associated with a recognised asset or liability, or a highly probable forecast transaction, to be hedged;
- **a hedge of a net investment denominated in a foreign currency** hedges the exchange rate risk relating to the net investment in a consolidated foreign subsidiary.

Most of the interest rate and foreign currency derivatives used by VINCI Construction 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 reported at each full-year and half-year close.

Off-balance sheet commitments are presented with respect to the business to which they relate, in the appropriate notes.

4. CHANGE IN THE PRESENTATION OF THE CONSOLIDATED INCOME STATEMENT

From 1 January 2014 and in order to present its performance more effectively, the Group decided to change the presentation of its consolidated income statement by adding an item between operating income from ordinary activities and operating income called "recurring operating income".

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

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

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

The change in presentation has been applied retrospectively to the 2013 comparison period, in accordance with IAS 1.

5. BUSINESS SEGMENT REPORTING

IFRS 11 "Joint arrangements" which is required to be applied as of 1 January 2014, states that projects, which are carried out in partnership through a joint venture, must be accounted for the equity method, whereas they were previously consolidated in proportional mode. For VINCI Construction Grands Projets, joint ventures mainly involve construction and civil engineering contracts performed through joint arrangements. For its operational reporting, which is the basis for Group management, VINCI Construction Grands Projets includes joint ventures using the proportional mode, and in its opinion this presentation provides a more accurate view of the Group's performance and risks in terms of revenue, operating income, working capital requirement and debt. Business segment reporting reflects operational reporting.

The financial statements presented below show the impact of the restatement for joint ventures reported using proportional mode on the IFRS financial statements in order to produce the economic financial statements used for operational reporting (with joint ventures presented on a proportionate basis).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

5. 1 Consolidated balance sheet

ASSETS

in € thousands	31.12.2014	Adjustment for joint ventures	Business segment reporting	31.12.2013 reported	31.12.2013 Business segment reporting
NON-CURRENT ASSETS					
Intangible assets	**222**	235	457	180	262
Goodwill	**-**	-	-	-	-
Property, plant and equipment	**66,667**	47,207	113,874	66,593	75,715
Investments in equity-accounted companies	**14,009**	(14,009)	-	16,054	-
Other non-current financial assets	**9,892**	-	9,892	10,333	10,333
Non-current deferred tax assets	**10,298**	-	10,298	9,215	9,215
TOTAL NON-CURRENT ASSETS	**101,088**	**33,433**	**134,521**	**102,375**	**95,525**
CURRENT ASSETS					
Inventories and work in progress	**23,264**	7,904	31,168	16,519	17,343
Trade receivables and related accounts	**364,662**	103,797	468,459	322,903	375,036
Other operating receivables	**385,054**	60,682	445,736	357,541	370,640
Other current assets	**41,375**	10,047	51,422	43,047	46,452
Current tax assets	**1,831**	18	1,849	1,498	1,498
Current deferred tax assets	**185**	-	185	850	850
Cash management financial assets	**368,890**	(16,512)	352,378	376,247	381,925
Cash and cash equivalents	**193,649**	35,404	229,053	181,532	238,296
TOTAL CURRENT ASSETS	**1,378,910**	**201,340**	**1,580,250**	**1,300,137**	**1,432,040**
TOTAL ASSETS	**1,479,998**	**234,773**	**1,714,771**	**1,402,512**	**1,527,565**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

EQUITY AND LIABILITIES

in € thousands	31.12.2014	Adjustment for joint ventures	Business segment reporting	31.12.2013 reported	31.12.2013 Business segment reporting
EQUITY					
Share capital	**67,854**	-	67,854	67,854	67,854
Share premium	**19,252**	-	19,252	19,252	19,252
Consolidated reserves	**14,757**	-	14,757	18,417	18,417
Net income	**40,450**	-	40,450	31,495	31,122
Interim dividend	**(35,013)**	-	(35,013)	-	-
Equity attributable to owners of the parent	**107,300**	**-**	**107,300**	**137,018**	**136,645**
Non-controlling interests	**-**	-	-	-	-
TOTAL EQUITY	**107,300**	**-**	**107,300**	**137,018**	**136,645**
NON-CURRENT LIABILITIES					
Retirement and other employee benefit obligations	**23,520**	-	23,520	20,064	20,064
Non-current provisions	**54,737**	(39,518)	15,219	14,090	14,090
Other non-current liabilities	**1,998**	-	1,998	2,520	2,520
Non-current deferred tax liabilities	**945**	-	945	945	945
TOTAL NON-CURRENT LIABILITIES	**81,200**	**(39,518)**	**41,682**	**37,619**	**37,619**
CURRENT LIABILITIES					
Current provisions	**186,644**	31,003	217,647	197,019	210,662
Trade payables	**443,985**	123,877	567,862	381,573	443,803
Current tax liabilities	**4,202**	655	4,857	3,295	3,846
Current deferred tax liabilities	**185**	-	185	850	850
Current borrowings	**76,192**	34,722	110,914	21,374	21,725
Other current payables	**580,290**	84,034	664,324	623,764	672,415
TOTAL CURRENT LIABILITIES	**1,291,498**	**274,291**	**1,565,789**	**1,227,875**	**1,353,301**
TOTAL EQUITY AND LIABILITIES	**1,479,998**	**234,773**	**1,714,771**	**1,402,512**	**1,527,565**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

5. 2 Consolidated income statement

in € thousands	31.12.2014	Adjustment for joint ventures	Business segment reporting	31.12.2013 reported	31.12.2013 Business segment reporting
Revenue	**1,031,012**	**236,441**	**1,267,453**	**960,377**	**1,119,616**
Revenue from ancillary activities	**1,373**	-	1,373	892	892
Revenue and other operating income	**1,032,385**	**236,441**	**1,268,826**	**961,269**	**1,120,508**
Purchases consumed	**(200,051)**	(40,198)	(240,249)	(224,288)	(275,348)
Subcontracting and other external expenses	**(514,044)**	(119,718)	(633,762)	(471,384)	(531,582)
Employment costs	**(214,377)**	(64,650)	(279,027)	(228,081)	(256,223)
Taxes and levies	**(10,329)**	(1,304)	(11,633)	(8,574)	(9,027)
Other operating income and expense	**1,750**	(3,803)	(2,053)	(7,062)	(8,262)
Net depreciation, amortisation and provision expenses	**(45,272)**	(3,789)	(49,061)	8,667	3,258
OPERATING INCOME FROM ORDINARY ACTIVITIES	**50,062**	**2,979**	**53,041**	**30,547**	**43,324**
Share-based payments	**(2,338)**	-	(2,338)	(2,414)	(2,414)
Profit/(loss) of equity-accounted companies	**2,737**	(2,921)	(184)	12,693	(446)
Other recurring operating items	**(346)**	-	(346)	(1,706)	(1,713)
RECURRING OPERATING INCOME	**50,115**	**58**	**50,173**	**39,120**	**38,751**
Impact from changes in scope and disposals of securities	**(186)**	-	(186)	373	-
OPERATING INCOME	**49,929**	**58**	**49,987**	**39,493**	**38,751**
Cost of gross financial debt	**(1,095)**	(250)	(1,345)	(502)	(575)
Financial income from cash investments	**4,108**	54	4,162	2,809	3,244
COST OF NET FINANCIAL DEBT	**3,013**	**(196)**	**2,817**	**2,307**	**2,669**
Other financial income and expense	**(963)**	-	(963)	(804)	(797)
Income tax expense	**(11,529)**	138	(11,391)	(9,926)	(9,926)
NET INCOME FOR THE PERIOD	**40,450**	**-**	**40,450**	**31,070**	**30,697**
Net income attributable to non-controlling interests	**-**	-	-	(425)	(425)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**40,450**	**-**	**40,450**	**31,495**	**31,122**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

5. 3 Revenue

in € millions	31.12.2014	Adjustment for joint ventures	Business segment reporting	31.12.2013 reported	31.12.2013 Business segment reporting
SEGMENTATION BY GEOGRAPHICAL MARKET (BY DESTINATION)					
France	**128.6**	-	128.6	154.3	154.3
Europe	**286.7**	-	286.7	280.9	280.9
The Americas	**177.0**	40.1	217.1	169.0	169.0
Africa	**37.7**	6.3	44.0	42.8	47.4
Asia	**392.2**	-	392.2	294.1	294.1
Middle East	**8.8**	154.0	162.8	1.2	155.8
Pacific	**-**	36.1	36.1	18.1	18.1
REVENUE	**1,031.0**	**236.5**	**1,267.5**	**960.4**	**1,119.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

5. 4 Cash flow statement *(Part 1/2)*

in € thousands	31.12.2014	Adjustment for joint ventures	Business segment reporting	31.12.2013 reported	31.12.2013 Business segment reporting
Consolidated net income for the period (including non-controlling interests)	**40,450**	-	40,450	31,070	30,697
Depreciation and amortisation	**24,673**	12,680	37,353	38,615	41,050
Net increase (decrease) in provisions	**(3,669)**	386	(3,283)	(527)	(1)
Share-based payments	**(1,951)**	-	(1,951)	(2,077)	(2,077)
Gains or losses on disposal	**(6,390)**	156	(6,234)	(740)	(3)
Dividends received from unconsolidated companies and share of profit or loss of equity-accounted companies	**(2,769)**	2,920	151	(12,693)	446
Cost of net financial debt recognised	**(3,013)**	196	(2,817)	(2,307)	(2,669)
Current and deferred tax expense recognised	**11,529**	(138)	11,391	9,926	9,926
Cash flow (used in)/from operating before tax and financing costs	**58,860**	**16,200**	**75,060**	**61,265**	**77,365**
Change in operating working capital (including liabilities relating to employee benefits)	**(24,331)**	(41,702)	(66,033)	5,122	8,423
Change in current provisions	**10,736**	(9,335)	1,401	(34,216)	(31,957)
Income tax paid	**(7,016)**	294	(6,722)	(943)	(769)
Net financial interest paid (including finance lease interest)	**3,021**	(196)	2,825	2,297	2,717
Dividends received from non-consolidated and equity-accounted companies	**9,537**	(9,537)	-	7,679	-
Cash flow (used in)/from operating activities (I)	**50,807**	**(44,276)**	**6,531**	**41,204**	**55,779**
Purchases of intangible assets and property, plant and equipment	**(39,751)**	(32,958)	(72,709)	(44,507)	(50,065)
Proceeds from sales of intangible assets and property, plant and equipment	**3,082**	946	4,028	1,731	1,731
Purchases of non-current financial assets	**(418)**	-	(418)	-	-
Proceeds from sales of non-current financial assets	**64**	-	64	600	600
Net effect of changes in scope of consolidation	**5,855**	(4,279)	1,576	-	-
Dividends received from non-consolidated companies	**32**	-	32	-	-
Change in non-current financial assets and liabilities	**774**	(1)	773	1,186	1,186
Net cash flows (used in)/from investing activities (II)	**(30,362)**	**(36,292)**	**(66,654)**	**(40,990)**	**(46,548)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

5. 4 Cash flow statement *(Part 2/2)*

in € thousands	31.12.2014	Adjustment for joint ventures	Business segment reporting	31.12.2013 reported	31.12.2013 Business segment reporting
Dividends paid by the parent company	**(65,771)**	(1)	(65,772)	(9,861)	(9,861)
Change in loans and other financial liabilities	**-**	-	-	(258)	(258)
Change in cash management assets and liabilities	**59,962**	35,732	95,694	38,023	35,392
Net cash flows (used in)/from investing activities (III)	**(5,809)**	**35,731**	**29,922**	**27,904**	**25,273**
CHANGE IN NET CASH (I+II+III)	**14,636**	**(44,837)**	**(30,201)**	**28,118**	**34,504**
Net cash and cash equivalents at beginning of period	**170,968**	56,764	227,732	145,267	198,099
Effect of changes in foreign exchange rates	**1,740**	2,337	4,077	(2,417)	(4,871)
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**187,344**	**14,264**	**201,608**	**170,968**	**227,732**
Net cash and cash equivalents at end of period	**187,344**	**14,264**	**201,608**	**170,968**	**227,732**
Cash management financial assets	**368,890**	(16,512)	352,378	376,247	381,925
Other current and non-current financial debt (excluding overdrafts)	**(69,887)**	(13,582)	(83,469)	(10,810)	(11,161)
NET FINANCIAL SURPLUS AT THE END OF THE PERIOD	**486,347**	**(15,830)**	**470,517**	**536,405**	**598,496**

5. 5 Net financial surplus

in € thousands	31.12.2014	Adjustment for joint ventures	Business segment reporting	31.12.2013 reported	31.12.2013 Business segment reporting
Cash management current account liabilities	**(19,587)**	(13,582)	(33,169)	(10,810)	(11,161)
Other current financial liabilities	**(50,300)**	-	(50,300)	-	-
Bank overdrafts	**(6,305)**	(21,140)	(27,445)	(10,564)	(10,564)
Current borrowings	**(76,192)**	**(34,722)**	**(110,914)**	**(21,374)**	**(21,725)**
GROSS DEBT	**(76,192)**	**(34,722)**	**(110,914)**	**(21,374)**	**(21,725)**
Cash management financial assets	**368,890**	(16,512)	352,378	376,247	381,925
Cash and cash equivalents	**193,649**	35,404	229,053	181,532	238,296
Total financial assets	**562,539**	**18,892**	**581,431**	**557,779**	**620,221**
NET FINANCIAL SURPLUS	**486,347**	**(15,830)**	**470,517**	**536,405**	**598,496**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

II NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

1. INTANGIBLE ASSETS

in € thousands	31.12.2013	INCREASE	DECREASE	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	31.12.2014
Gross	8,872	93	(37)	2	**8,930**
Depreciation and provisions	(8,692)	(163)	144	3	**(8,708)**
TOTAL NET	**180**	**(70)**	**107**	**5**	**222**

2. PROPERTY, PLANT AND EQUIPMENT

2. 1 Change in the period

in € thousands	31.12.2013	INCREASE	DECREASE	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	31.12.2014
Gross	179,243	39,658	(23,781)	(30,368)	**164,752**
Depreciation and provisions	(112,650)	(25,204)	23,616	16,153	**(98,085)**
TOTAL NET	**66,593**	**14,454**	**(165)**	**(14,215)**	**66,667**

2. 2 Breakdown by type of asset

in € thousands	GROSS	DEPRECIATION	NET
Land	90	(11)	**79**
Constructions	2,070	(1,030)	**1,040**
Plant and equipment	129,846	(79,603)	**50,243**
Vehicles	15,802	(5,636)	**10,166**
Office furniture, computer equipment, fixtures and fittings	15,566	(11,805)	**3,761**
Non-current assets in progress	1,378		**1,378**
TOTAL NET	**164,752**	**(98,085)**	**66,667**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

2. 3 Investments in the periode

in € thousands	31.12.2014
Constructions	543
Plant and equipment	25,875
Vehicles	8,746
Office furniture, computer equipment, fixtures and fittings	3,127
Non-current assets in progress	1,367
TOTAL INVESTMENTS	39,658

3. INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

3. 1 Change in the period

in € thousands	31.12.2013	31.12.2014
Value of shares at start of the period	11,247	16,054
Increase in share capital of equity-accounted companies	-	-
Group share of profit or loss for the period	12,693	2,737
Dividends paid	(7,679)	(9,537)
Changes in consolidation scope, foreign currency translation differences and other	(207)	4,755
NET	16,054	14,009

3. 2 Financial information on equity-accounted companies

Investments in equity-accounted companies break down as follows:

in € thousands	% OWNED	31.12.2013	31.12.2014
QDVC	49.00%	16,054	14,009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

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

in € thousands	31.12.2013	31.12.2014
INCOME STATEMENT		
Revenue	159,239	**236,441**
Operating income	12,335	**2,796**
Net income	12,693	**2,737**
BALANCE SHEET		
Equity	15,625	**(26,197)**
Current assets	136,520	**235,548**
Non-current assets	9,197	**47,442**
Current liabilities	130,092	**309,187**
Non-current liabilities	-	**-**
Net financial debt	62,194	**(15,994)**

4. OTHER NON-CURRENT FINANCIAL ASSETS

in € thousands	GROSS	PROVISIONS	NET
Investments in subsidiaries and affiliates	3,087	(1,162)	**1,925**
Other available-for-sale financial assets	374	(260)	**114**
Other non-current financial assets	9,599	(443)	**9,156**
Equity value of deconsolidated companies	(1,303)	-	**(1,303)**
TOTAL NET	**11,757**	**(1,865)**	**9,892**

At 31 December 2014, the main non-consolidated companies were:

in € thousands	% OWNED	NET
GTM Europe	100.00%	**762**
VINCI Construction GPASG LLC	87.50%	**331**
WMI Colombia	100.00%	**315**
SITEC	99.68%	**275**
Société Centrale de Matériel	99.99%	**152**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

5. CASH MANAGEMENT FINANCIAL ASSETS

Cash management financial assets break down as follows:

in € thousands	31.12.2013	31.12.2014
CASH MANAGEMENT FINANCIAL ASSETS	**376,247**	**368,890**
UCITS	170,973	**181,493**
Cash	10,559	**12,156**
CASH AND CASH EQUIVALENTS	**181,532**	**193,649**

Cash management financial assets include €307.8 million invested with parent companies, attracting interest at rates close to market rates.

6. WORKING CAPITAL REQUIREMENT (SURPLUS)

in € thousands	31.12.2013	31.12.2014
Inventories and work in progress (net)	16,519	**23,264**
Trade receivables and related accounts	322,903	**364,662**
Other operating receivables	357,541	**385,054**
Other current assets	43,047	**41,375**
Current tax assets	1,498	**1,831**
Inventories and operating receivables (I)	**741,508**	**816,186**
Trade payables	381,573	**443,985**
Other current payables	623,764	**580,290**
Current tax liabilities	3,295	**4,202**
Trade and other operating payables (II)	**1,008,632**	**1,028,477**
WORKING CAPITAL REQUIREMENT (I - II)	**(267,124)**	**(212,291)**
Current provisions	*(197,019)*	***(186,644)***
WORKING CAPITAL REQUIREMENT (after current provisions)	**(464,143)**	**(398,935)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

7. PROVISIONS FOR EMPLOYEE BENEFITS

7. 1 Retirement benefit obligations

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

	31.12.2013	31.12.2014
Discount rate	3.4%	**2.3%**
Inflation rate	2.0%	**1.8%**
Rate of salary increases	3.0%	**2.8%**
Average remaining working life of employees	10 - 15 years	**10 - 15 years**

Retirement benefit commitments 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	**23,347**
Of which part at less than one year 1,342	

7. 2 Change in provisions for retirement benefit obligations during the period

	31.12.2014
Start of period	**19,920**
Total charge recognised with respect to retirement benefit obligations	**650**
Actuarial gains and losses recognised in other comprehensive income	**2,777**
End of period	**23,347**

7. 3 Expenses recognised in respect of defined contribution plans

The Group contributes to basic state pension plans, for which the expense recognised is the amount of the contributions collected by the state bodies. Basic state pension plans are considered as being defined contribution plans. Depending on the country, the proportion of these contributions paid that relates to pensions may not be clearly identifiable.

The amount of pension contributions taken as an expense in the period in respect of defined contribution plans (excluding basic state plans) totalled €7.9 million at 31 December 2014 (€7.3 million at 31 December 2013). This includes the contributions paid to the external multi-employer fund (CNPO) in respect of obligations in regard to lump sums paid on retirement to building workers.

7. 4 Other employee benefits

in € thousands

TOTAL OBLIGATIONS COVERED BY PROVISIONS	**1,630**
Of which part at less than one year 115	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

8. OTHER PROVISIONS

in € thousands	31.12.2013	PROVISION EXPENSE	REVERSALS	REVERSALS OF UNUSED PROVISIONS	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	31.12.2014
Warranties given to customers	22,829	4,613	(3,570)	(2,970)	313	**21,215**
Site restoration	2,058	601	(618)	-	177	**2,218**
Losses on completion	88,557	39,289	(22,585)	-	(25,278)	**79,983**
Disputes	37,191	4,363	(3,271)	(7,296)	(234)	**30,753**
Restructuring costs	4,291	2,098	(804)	(143)	-	**5,442**
Other current liabilities	707	1,122	(93)	-	(150)	**1,586**
Reclassification of the part at less than one year of non-current provisions	41,386	-	-	-	4,061	**45,447**
Current provisions	**197,019**	**52,086**	**(30,941)**	**(10,409)**	**(21,111)**	**186,644**
Financial risks	4,397	213	(190)	-	39,695	**44,115**
Other non-current liabilities	51,079	12,090	(5,586)	(4,669)	3,155	**56,069**
Reclassification of the part at less than one year of non-current provisions	(41,386)	-	-	-	(4,061)	**(45,447)**
Non-current provisions	**14,090**	**12,303**	**(5,776)**	**(4,669)**	**38,789**	**54,737**
TOTAL	**211,109**	**64,389**	**(36,717)**	**(15,078)**	**17,678**	**241,381**

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 €486,3 million, breaking down as follows:

in € thousands	31.12.2013	31.12.2014
Cash management current account liabilities	(10,810)	**(19,587)**
Other current financial liabilities	-	**(50,300)**
Bank overdrafts	(10,564)	**(6,305)**
Current borrowings	**(21,374)**	**(76,192)**
GROSS DEBT	**(21,374)**	**(76,192)**
Cash management financial assets	376,247	**368,890**
Cash and cash equivalents	181,532	**193,649**
NET FINANCIAL SURPLUS	**536,405**	**486,347**

Debts guaranteed by collateral: none.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

10. OTHER CURRENT PAYABLES

Other current payables represent a working capital resource of €580,3 million and break down as follows:

in € thousands	31.12.2013	31.12.2014
Trade receivables - Advances received on work	205,664	**193,987**
Deferred income	142,954	**116,670**
Operating current accounts	83,639	**39,917**
Tax, employment and social benefit liabilities	55,129	**62,465**
Other current liabilities	136,378	**167,251**
OTHER CURRENT PAYABLES	**623,764**	**580,290**

11. REVENUE INCLUDING JOINT VENTURES

The Standard IFRS 11 "Joint arrangements", under which joint ventures must be equity-accounted, is that the true volume of business handled by VINCI Construction Grands Projets is not reflected.

in € millions	31.12.2014	31.12.2013
Consolidated revenue	**1,031.0**	**960.4**
Revenue of joint ventures	**236.5**	159.2
Revenue including joint ventures	**1,267.5**	**1,119.6**

12. REVENUE

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

in € millions	31.12.2014	31.12.2013
Revenue for the period	**1,031.0**	**960.4**
of which:		
- impact of changes in consolidation scope	**-**	(60.7)
- impact of foreign exchange fluctuations	**-**	(3.3)
REVENUE AT CONSTANT CONSOLIDATION SCOPE AND EXCHANGE RATES	**1,031.0**	**896.4**

On a comparable scope and exchange rate basis, revenue was up 15% from the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

REVENUE BY GEOGRAPHICAL MARKET (by destination)

in € millions	31.12.2014	31.12.2013
France	**128.6**	154.3
Europe	**286.7**	280.9
The Americas	**177.0**	169.0
Africa	**37.7**	42.8
Middle East	**8.8**	1.2
Asia	**392.2**	294.1
Pacific	**-**	18.1
TOTAL	**1,031.0**	**960.4**

13. OPERATING INCOME FROM ORDINARY ACTIVITIES

in € thousands	31.12.2014	31.12.2013
Revenue	**1,031,012**	**960,377**
Revenue from ancillary activities	**1,373**	892
Revenue and other operating income	**1,032,385**	**961,269**
Purchases consumed	**(200,051)**	(224,288)
Subcontracting and other external expenses	**(514,044)**	(471,384)
Employment costs	**(214,377)**	(228,081)
Taxes and levies	**(10,329)**	(8,574)
Other operating income and expense	**1,750**	(7,062)
Depreciation and amortisation	**(24,673)**	(38,615)
Net provision expenses:		
Impairment of property, plant and equipment, and intangible assets	**1,538**	104
Impairment of assets	**(11,535)**	10,123
Retirement and other benefit obligations	**(186)**	181
Current and non-current provisions	**(10,416)**	36,874
OPERATING INCOME FROM ORDINARY ACTIVITIES	**50 062**	**30 547**

Revenue from ancillary activities amounted to €1,4 million in 2014 and mainly related to sales of study work and equipment, and rental income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

14. SHARE-BASED PAYMENTS

The expense relating to employee benefits has been assessed at €2,3 million before tax. It comprises Group savings plans, stock option plans and performance share plans.

14. 1 Group savings plans

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

In France, VINCI issues new shares reserved for employees three times a year at a subscription price that includes a 5% discount against the average stock market price over 20 trading days. Subscribers also benefit from an employer contribution with an annual maximum of €2,500 per person. The benefits granted to employees of the Group under savings plans 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

No new share subscription option plans were set up in 2014.

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

PLAN	12.04.2012	02.05.2011
Volatility (*)	27.65%	26.93%
Expected return on shares	6.95%	8.29%
Risk-free rate of return (**)	1.29%	2.62%
Anticipated dividend pay-out rate (***)	5.26%	4.05%
FAIR VALUE OF THE OPTION (in €)	**4.02**	**7.66**

(*) Volatility estimated applying a multi-criteria approach.
(**) Five-year French government bond yield.
(***) Average return expected by financial analysts over the three years following the grant date adjusted by a theoretical annual growth rate beyond that period.

14. 3 Performance shares

On 15 April 2014, VINCI's Board of Directors decided to set up a new long-term incentive plan involving conditional grants consisting of "deferred cash" (falling outside the scope of IFRS 2) and performance shares. The cash and performance shares granted will only vest definitively after a period of three years. Vesting is subject to beneficiaries being employed by the Group until the end of the vesting period, and to performance conditions in respect of the performance shares.

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

	2014 PLAN	2013 PLAN	2012 PLAN
Price of VINCI share on date plan was announced *(in €)*	**52.61**	35.47	36.37
Fair value of performance share at grant date *(in €)*	**44.88**	28.57	28.00
Fair value of share at grant date *(in %)*	**85.31%**	80.56%	77.00%
Original maturity *(in years)* – vesting period	**3 years**	2 years	2 years
Risk-free interest rate *(in %)*	**0.28%**	0.11%	0.36%

The 2013 and 2012 plans provide that the shares will only be definitively allocated after a two-year vesting period subject to VINCI's stock market and financial performance criteria being met. In accordance with IFRS 2, the number of performance shares measured at fair value in the calculation of the IFRS 2 expense is adjusted at each balance sheet date for the impact of the change since the grant date of the shares in the likelihood of the financial criteria being met.

15. OTHER FINANCIAL INCOME AND EXPENSE

in € thousands	31.12.2014	31.12.2013
Foreign exchange gains and losses	**(271)**	(111)
Effect of discounting to present value	**(692)**	(693)
OTHER FINANCIAL INCOME AND EXPENSE, NET	**(963)**	**(804)**

16. INCOME TAX EXPENSE

16. 1 Breakdown of net tax expense

in € thousands	31.12.2014	31.12.2013
Current tax	**(12,612)**	(10,296)
Deferred tax	**1,083**	370
TOTAL	**(11,529)**	**(9,926)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

16. 2 Effective tax rate

in € thousands	
Taxable income	**49,242**
Theoretical tax rate	**34.43%**
THEORETICAL TAX EXPENSE	**(16,954)**
Tax rate differences (foreign countries)	**21,007**
Creation (use) of carryforward tax losses not having given rise to deferred tax	**(5,009)**
Fixed-sum and other additional taxes	**(12,056)**
Permanent differences and miscellaneous	**1,483**
TAX EXPENSE EFFECTIVELY RECOGNISED	**(11,529)**
Effective tax rate	**23.41%**

16. 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
	10,483	1,130	9,353

16. 4 Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €23,7 million at 31 December 2014.

17. RELATED PARTY TRANSACTIONS

Related party transactions are:

- remuneration and similar benefits paid to members of the governing and management bodies;
- transactions with companies in which VINCI exercises 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 of remuneration paid to members of the Management Committee borne by VINCI Construction Grands Projets amounted to €2,739,592 in 2014.

17. 2 Other

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

18. FINANCIAL INFORMATION ON CONSTRUCTION CONTRACTS

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

Advances are the amounts received before the corresponding work has been performed. Repayment terms depend on the terms of each individual contract.

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

in € thousands	**31.12.2014**	**31.12.2013**
Construction contracts in progress – assets	**130,180**	56,769
Construction contracts in progress – liabilities	**(135,692)**	(132,086)
Construction contracts in progress	**(5,512)**	**(75,317)**
Costs incurred plus profits recognised, less losses recognised to date	**2,228,642**	2,419,860
Less invoices issued	**(2,234,154)**	(2,495,177)
Construction contracts in progress before advances received from customers	**(5,512)**	**(75,317)**
Advances received from customers	**(130,878)**	(158,210)
Construction contracts in progress, net	**(136,390)**	**(233,527)**

19. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments break down as follows:

in € thousands	**COMMITMENTS GIVEN**	**COMMITMENTS RECEIVED**
Performance guarantees and performance bonds	446,970	105,819
Retention payments	71,414	5,552
Deferred payments to subcontractors and suppliers	4,358	331
Bid bonds	16,271	-
Tax and customs bonds	708	-
Operating leases	21	-
Other commitments	66,926	41,331
TOTAL	**606,668**	**153,033**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

20. EMPLOYMENT COSTS AND NUMBERS EMPLOYED

AVERAGE NUMBER OF EMPLOYEES	31.12.2014	31.12.2013
Engineers and managers	**1,260**	1,293
Non-management	**4,098**	4,280
TOTAL	**5,358**	**5,573**

Employment costs for all companies in the Group amounted to €214,4 million.

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 (IRT) is considered as an expense for the period and does not give rise to the recognition of a provision, except in exceptional cases. The Group's employees had acquired rights to 43,000 hours of such training at 31 December 2014.

From 1 January 2015, the IRT will be replaced by a new system that provides for the creation of a personal training account (PTA) for each employee, to which 24 hours of training will be credited per year for the first five years and 12 hours per year in subsequent years, up to a limit of 150 hours. Hours accrued under the IRT will be transferred to the PTA and will be available to be used until 31 December 2020.

21. OTHER INFORMATION

DISPUTES AND ARBITRATION

King County, the county seat of which is Seattle, Washington, is in dispute with a consortium in which VINCI Construction Grands Projets has a 60% share, the purpose of which is to perform a contract for the construction of two underground tunnels known as "Brightwater Central". Because of particularly difficult geotechnical conditions and changes to the initial contract terms, it was not possible to complete the work as set out in the contract, and this resulted in delays and cost overruns. As a result, King County decided to complete one of the tunnels using another company that had a tunnel boring machine using a technology different to that of the tunnel boring machine that the consortium was contractually obliged to use. King County initiated proceedings before the King County Superior Court in Seattle in order to obtain compensation for the cost of completing the work, and for damage that it claims to have suffered. A hearing took place before a jury which, on 20 December 2012, decided that the consortium should pay $155 million to King County and that King County should pay $26 million to the consortium.

The King County Superior Court delivered its judgment on 7 May 2013, formalising the jury's decision. After paying the damages, the consortium appealed against this judgment in the Washington Court of Appeals on 31 May 2013. In view of the current situation, the Group considers that this dispute is unlikely to have a material effect on its financial situation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

22. MAIN CONSOLIDATED COMPANIES AT 31 DECEMBER 2014

1/ Parent	**COUNTRY**	**% INTEREST**
VINCI Construction Grands Projets	France	100
2/ Fully consolidated subsidiaries in the construction and civil engineering sector		
Consorcio VCGP SAS	Dominican Republic	100
Constructora VCGP Chile SA	Chile	100
Hydroplus	France	100
Janin Atlas Inc.	Canada	100
OEA Grands Projets	Libya	65
Puente Atlantico	Panama	100
S.C Grupo 3	Chile	100
VCGP - Sdn Bhd	Malaysia	100
Water Management International	France	100
3/ Equity-accounted subsidiaries in the construction and civil engineering sector		
CTM Chili	Chile	60
EV LNG Wheatstone	Australia	25
QDVC	Qatar	49
4/ Percentage stakes in partnerships and economic interest groupings formed to carry out major projects		
Assiut dam	Egypt	33
Cairo metro, line 3	Egypt	29
Chernobyl confinement shelter	Ukraine	50
Cœntunnel	Netherlands	19
Crossrail	England	27
Doha pumping station	Qatar	30
Hallandsås tunnels	Sweden	40
ITER project - Tokamak reactor building	France	15
Lee Tunnel	England	30
Maliakos - Kleidi motorway	Greece	11
Moscow - St Petersburg motorway	Russia	44
New Coastal Road	Reunion Island (France)	20
Odéon tower	Monaco	10
Ohio East End Crossing	United States	32
Patras - Corinth motorway	Greece	27
Phnom-Penh & Siem Reap airports	Cambodia	70
Shieldhall tunnel	Scotland	50
South Europe Atlantic (SEA) high-speed rail line	France	10
Yamal LNG tanks	Russia	50

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

To the Sole Shareholder,

In accordance with our appointment by you, we hereby report to you for the year ended 31 December 2014 on:

- the audit of the accompanying consolidated financial statements of VINCI Construction Grands Projets;
- 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 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 endorsed by the European Union.

2. Justification of our assessments

As required by Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we inform you of the following:

As stated in Note I.3.1, the VINCI Construction Grands Projets group uses estimates prepared on the basis available at the time of preparing its consolidated financial statements, in a context in which the consequences of the ongoing economic crisis in Europe, particularly regarding economic growth, make it difficult to assess the medium-term outlook for business. These estimates relate in particular to:

- construction contracts: the VINCI Construction Grands Projets group recognises income from its long-term contracts using the percentage of completion method on the basis of the best available estimates of the final outcome of contracts, as stated in Note I.3.1.1. We have assessed the assumptions used and reviewed the Group'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 Directors' Report.

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

Paris La Défense and Neuilly-sur-Seine,

13 February 2015

The Statutory Auditors

KPMG Audit,
A Department of KPMG S.A.
Philippe BOURHIS

DELOITTE & ASSOCIÉS,
Marc de VILLARTAY

GRANDS PROJETS

5, cours Ferdinand-de-Lesseps – F-92851 Rueil-Malmaison cedex
Tel: +33 1 47 16 47 00 – Fax: +33 1 47 16 33 60
www.vinci-construction-projets.com

Cover picture: Yamal LNG tanks, Russia – Photo credit: Photo libraries of VINCI and subsidiaries – – March 2015 – 350 copies – Printed on a 100% recycled paper.