VINCI CONSTRUCTION | GRANDS PROJETS

CONSOLIDATED FINANCIAL STATEMENTS 2016

CONSOLIDATED FINANCIAL STATEMENTS **2016**

CONTENT

2016 KEY FIGURES
(including joint ventures)

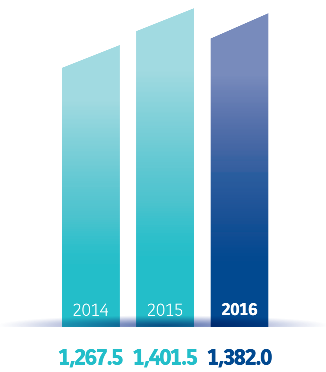
€ 1,382.0 M
OF REVENUE

€ 42.5 M
OF OPERATING INCOME FROM ORDINARY ACTIVITIES

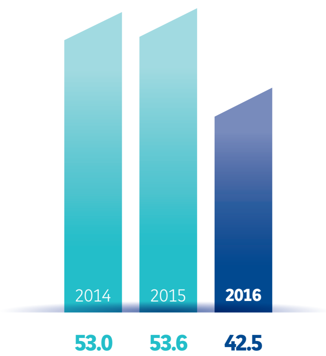
€ 36.6 M
OF NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

KEY FIGURES *(IN € MILLIONS)*

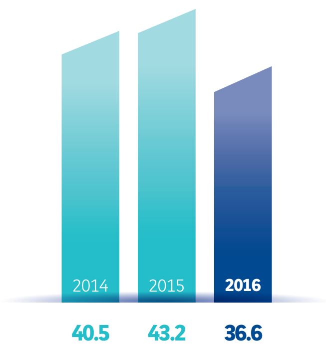
REVENUE



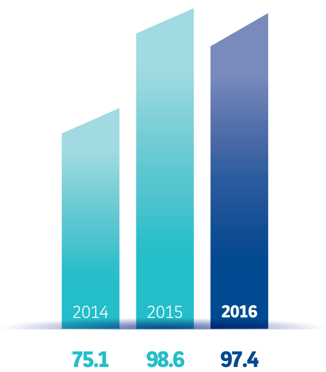
OPERATING INCOME
FROM ORDINARY ACTIVITIES



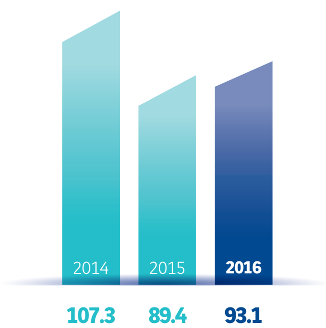
NET INCOME
AFTER TAX



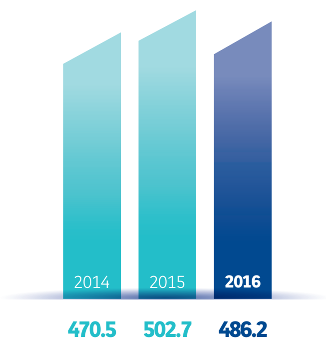
CASH FLOW FROM OPERATIONS
BEFORE TAX AND FINANCING COSTS



EQUITY
INCLUDING NON-CONTROLLING INTERESTS



CASH



2016 KEY FIGURES
(including joint ventures)

71 PROJECTS

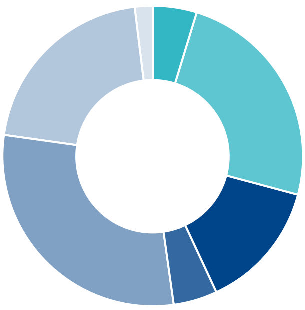
OPERATIONS IN **31** COUNTRIES

7,328 EMPLOYEES WORLDWIDE

REVENUE: € **1,382.0** M

BY GEOGRAPHICAL ZONE

France	66.9
Europe	338.3
The Americas	190.7
Africa	65.2
Middle East	407.7
Asia	287.8
Australia	25.4



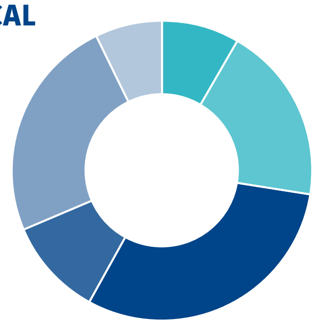
BY BUSINESS LINE

Tunnels	333.0
Roads	171.6
Bridges	82.5
Rail	165.4
Other	5.6
Transport infrastructure	***758.1***
Hydraulic	100.3
Energy	279.0
Building	172.2
Major facilities	72.4

ORDER BOOK: € **2,626.2** M

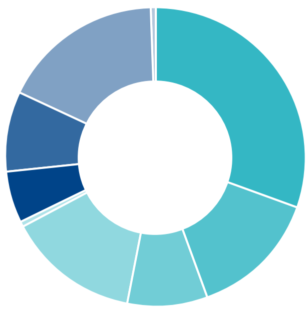
BY GEOGRAPHICAL ZONE

France	221.1
Europe	502.0
The Americas	802.9
Africa	280.4
Middle East	632.9
Asia	186.9



BY BUSINESS LINE

Tunnels	808.1
Roads	367.6
Bridges	232.2
Rail	368.0
Other	6.4
Transport infrastructure	***1,782.3***
Hydraulic	148.2
Energy	226.5
Building	466.0
Major facilities	3.2



2016 KEY FIGURES

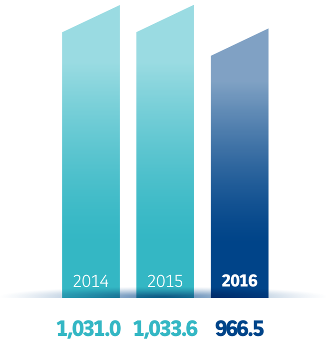
€ 966.5 M
OF REVENUE

€ 71.8 M
OF OPERATING INCOME FROM ORDINARY ACTIVITIES

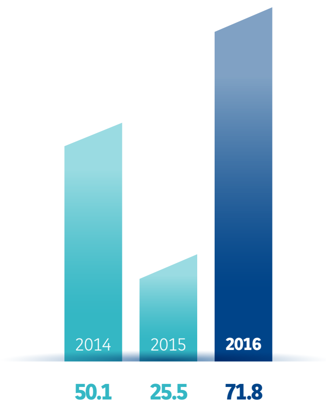
€ 35.2 M
OF NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

KEY FIGURES *(IN € MILLIONS)*

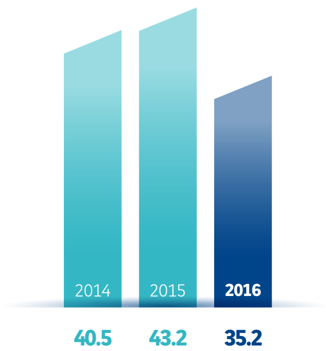
REVENUE



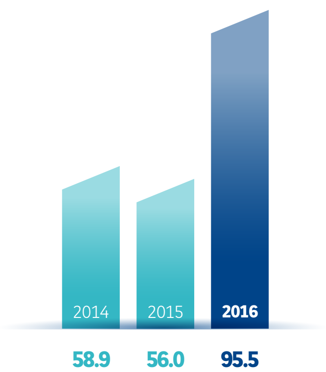
OPERATING INCOME
FROM ORDINARY ACTIVITIES



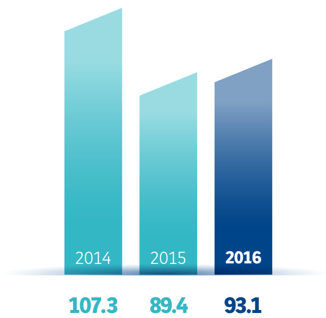
NET INCOME
AFTER TAX



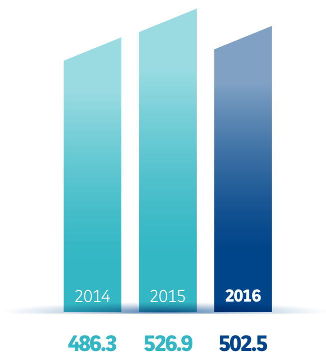
CASH FLOW FROM OPERATIONS
BEFORE TAX AND FINANCING COSTS



EQUITY
INCLUDING NON-CONTROLLING INTERESTS



CASH



2016 KEY FIGURES

62 PROJECTS

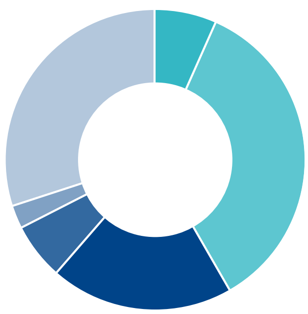
OPERATIONS IN **28** COUNTRIES

4,451 EMPLOYEES WORLDWIDE

REVENUE: € 966.5 M

BY GEOGRAPHICAL ZONE

France	66.6
Europe	338.1
The Americas	190.7
Africa	59.2
Middle East	24.1
Asia	287.8



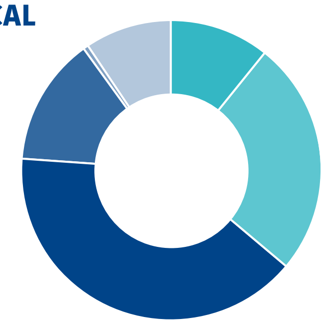
BY BUSINESS LINE

Tunnels	218.4
Roads	105.4
Bridges	82.5
Rail	18.8
Other	5.6
Transport infrastructure	***430.7***
Hydraulic	99.9
Energy	253.6
Building	121.0
Major facilities	61.3

ORDER BOOK: € 1,991.4 M

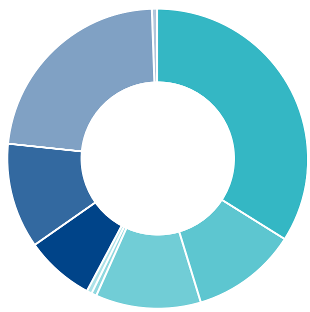
BY GEOGRAPHICAL ZONE

France	221.1
Europe	502.0
The Americas	802.9
Africa	278.2
Middle East	0.3
Asia	186.9



BY BUSINESS LINE

Tunnels	681.1
Roads	224.7
Bridges	232.1
Rail	9.0
Other	6.4
Transport infrastructure	***1,153.3***
Hydraulic	148.2
Energy	226.5
Building	460.2
Major facilities	3.2



CONSOLIDATED BALANCE SHEET

at 31 December 2016

ASSETS

in € thousands	NOTES	2016			2015
		Gross	Depreciation, amortisation and provisions.	Net	Net
NON-CURRENT ASSETS					
Intangible assets	1	**3,873**	**3,152**	**721**	206
Goodwill		**-**	**-**	**-**	-
Property, plant and equipment	2	**131,054**	**85,649**	**45,405**	73,923
Investments in equity-accounted companies	3	**1,205**	**-**	**1,205**	1,526
Other non-current financial assets	4	**9,207**	**1,799**	**7,408**	10,338
Non-current deferred tax assets	16	**18,923**	**-**	**18,923**	16,214
TOTAL NON-CURRENT ASSETS		**164,262**	**90,600**	**73,662**	**102,207**
CURRENT ASSETS					
Inventories and work in progress	6	**4,495**	**-**	**4,495**	15,241
Trade receivables and related accounts	6	**259,208**	**306**	**258,902**	275,639
Other operating receivables	6	**537,404**	**32,001**	**505,403**	469,608
Other current assets	6	**38,303**	**-**	**38,303**	60,122
Current tax assets	6	**2,445**	**-**	**2,445**	1,967
Cash management financial assets	5-9	**309,917**	**139**	**309,778**	323,983
Cash and cash equivalents	5-9	**259,727**	**-**	**259,727**	258,848
TOTAL CURRENT ASSETS		**1,411,499**	**32,446**	**1,379,053**	**1,405,408**
TOTAL ASSETS		**1,575,761**	**123,046**	**1,452,715**	**1,507,615**

CONSOLIDATED BALANCE SHEET

at 31 December 2016

EQUITY AND LIABILITIES

in € thousands	NOTES	2016	2015
EQUITY			
Share capital		**100,000**	67,854
Share premium		**-**	19,252
Consolidated reserves		**(7,114)**	14,123
Net income		**35,181**	43,179
Interim dividend		**(35,013)**	(55,007)
Equity attributable to owners of the parent		**93,054**	**89,401**
Non-controlling interests		**-**	-
TOTAL EQUITY		**93,054**	**89,401**
NON-CURRENT LIABILITIES			
Retirement and other employee benefit obligations	7	**29,174**	25,376
Non-current provisions	8	**60,023**	26,577
Other non-current liabilities		**3,218**	1,118
Non-current deferred tax liabilities	16	**2,307**	945
TOTAL NON-CURRENT LIABILITIES		**94,722**	**54,016**
CURRENT LIABILITIES			
Current provisions	6-8	**230,116**	235,781
Trade payables	6	**498,617**	530,450
Current tax liabilities	6	**1,672**	5,368
Current borrowings	9	**67,010**	55,888
Other current payables	6-10	**467,524**	536,711
TOTAL CURRENT LIABILITIES		**1,264,939**	**1,364,198**
TOTAL EQUITY AND LIABILITIES		**1,452,715**	**1,507,615**

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 December 2016

in € thousands	NOTES	2016	2015
Revenue	**11-12**	**966,488**	**1,033,646**
Revenue from ancillary activities		**749**	491
Revenue and other operating income	**13**	**967,237**	**1,034,137**
Purchases consumed		**(145,870)**	(211,560)
Subcontracting and other external expenses		**(429,810)**	(456,326)
Employment costs	20	**(263,015)**	(251,802)
Taxes and levies		**(9,882)**	(10,024)
Other operating income and expense		**(25,318)**	7,194
Net depreciation, amortisation and provision expenses		**(21,544)**	(86,120)
OPERATING INCOME FROM ORDINARY ACTIVITIES	**13**	**71,798**	**25,499**
(% of revenue)		***7.43%***	*2.47%*
Share-based payments	14	**(3,005)**	(2,088)
Profit/(loss) of equity accounted companies		**(32,745)**	25,747
Other recurring operating items		**(596)**	102
RECURRING OPERATING INCOME		**35,452**	**49,260**
(% of revenue)		***3.67%***	*4.77%*
Impact from changes in scope and gain/(loss) on disposals of shares		**231**	(156)
OPERATING INCOME		**35,683**	**49,104**
(% of revenue)		***3.69%***	*4.75%*
Cost of gross financial debt		**(1,244)**	(629)
Financial income from cash investments		**3,550**	4,153
COST OF NET FINANCIAL DEBT		**2,306**	**3,524**
Other financial income and expense	15	**(546)**	(1,560)
Income tax expense	16	**(2,262)**	(7,889)
NET INCOME FOR THE PERIOD		**35,181**	**43,179**
Net income attributable to non-controlling interests		**-**	-
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**35,181**	**43,179**
(% of revenue)		***3.64%***	*4.18%*
Number of shares		**6,666,667**	4,523,591
EARNINGS PER SHARE (IN €)		**5.28**	**9.55**

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 December 2016

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

in € thousands	2016	2015
Net income for the period (including non-controlling interests)	**35,181**	**43,179**
Currency translation differences	**(5,692)**	(505)
Other comprehensive income that may be reclassified subsequently to net income	**(5,692)**	**(505)**
Actuarial gains and losses on retirement benefit obligations	**(2,628)**	(1,247)
Other comprehensive income that may not be reclassified subsequently to net income	**(2,628)**	**(1,247)**
TOTAL OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY	**(8,320)**	**(1,752)**
of which: Controlled companies	**(6,640)**	(2,388)
Equity-accounted companies	**(1,680)**	636
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**26,861**	**41,427**
of which: Attributable to owners of the parent	**26,859**	41,360
Attributable to non-controlling interests	**2**	67

CONSOLIDATED CASH FLOW STATEMENT

at 31 December 2016

in € thousands	2016	2015
Consolidated net income for the period (including non-controlling interests)	**35,181**	43,179
Depreciation and amortisation	**31,828**	35,149
Net increase/(decrease) in provisions	**180**	(1,853)
Share-based payments	**956**	(2,025)
Gains or losses on disposal	**(5,308)**	3,096
Dividends received from unconsolidated companies and share of profit or loss of equity-accounted companies	**32,740**	(25,747)
Change in fair value of foreign exchange derivative financial instruments and others	**-**	(209)
Cost of net financial debt recognised	**(2,306)**	(3,524)
Current and deferred tax expense recognised	**2,262**	7,889
Cash flow (used in)/from operations before tax and financing costs	**95,533**	**55,955**
Change in operating working capital (including liabilities relating to employee benefits)	**(73,115)**	35,620
Change in current provisions	**2,299**	46,520
Income taxes paid	**(11,142)**	(8,043)
Net financial interest paid (including finance lease interest)	**2,327**	3,520
Dividends received from equity-accounted companies	**49**	11,181
Cash flow (used in)/from operating activities (I)	**15,951**	**144,753**
Purchases of intangible assets and property, plant and equipment	**(20,498)**	(41,167)
Proceeds from sales of intangible assets and property, plant and equipment	**11,272**	1,709
Purchases of non-current financial assets	**-**	(60)
Proceeds from sales of non-current financial assets	**1,865**	-
Net effect of changes in scope of consolidation	**(8,473)**	-
Dividends received from non-consolidated companies	**5**	-
Change in non-current financial assets and liabilities	**1,388**	1,094
Net cash flows (used in)/from investing activities (II)	**(14,441)**	**(38,424)**
Share capital increase of the parent company	**12,894**	-
Dividends paid by the parent company	**(35,013)**	(58,445)
Change in loans and other financial liabilities	**-**	-
Change in cash management assets and liabilities	**24,585**	17,464
Net cash flows (used in)/from investing activities (III)	**2,466**	**(40,981)**
CHANGE IN NET CASH (I+II+III)	**3,976**	**65,348**
Net cash and cash equivalents at beginning of period	**252,978**	187,344
Effect of changes in foreign exchange rates	**(1,755)**	286
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**255,199**	**252,978**

Net cash and cash equivalents at end of period	***255,199***	*252,978*
Cash management financial assets	***309,778***	*323,983*
Other current and non-current financial debt (excluding overdrafts)	***(62,482)***	*(50,018)*
NET FINANCIAL SURPLUS AT END OF PERIOD	**502,495**	**526,943**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

at 31 December 2016

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 2014	**67,854**	**1,301**	**3,944**	**40,450**	**(6,249)**	**107,300**	**-**	**107,300**
Allocation of net income of previous period	-	40,450	-	(40,450)	-	**-**	-	-
Currency translation differences and miscellaneous	-	(60)	(512)	-	-	**(572)**	-	(572)
Interim dividend	-	(55,007)	-	-	-	**(55,007)**	-	(55,007)
Dividend payments	-	(3,438)	-	-	-	**(3,438)**	-	(3,438)
Net income recognised directly in equity	-	(112)	-	-	(1,247)	**(1,359)**	-	(1,359)
Share-based payments	-	(702)	-	-	-	**(702)**	-	(702)
Net income for the period	-	-	-	43,179	-	**43,179**	-	43,179
31 December 2015	**67,854**	**(17,568)**	**3,432**	**43,179**	**(7,496)**	**89,401**	**-**	**89,401**
Capital increase	32,146	(19,252)	-	-	-	**12,894**	-	12,894
Allocation of net income of previous period	-	43,179	-	(43,179)	-	**-**	-	-
Currency translation differences and miscellaneous	-	(8)	(5,687)	-	-	**(5,695)**	-	(5,695)
Interim dividend	-	(35,013)	-	-	-	**(35,013)**	-	(35,013)
Net income recognised directly in equity	-	-	-	-	(2,628)	**(2,628)**	-	(2,628)
Share-based payments	-	(1,086)	-	-	-	**(1,086)**	-	(1,086)
Net income for the period	-	-	-	35,181	-	**35,181**	-	35,181
31 December 2016	**100,000**	**(29,748)**	**(2,255)**	**35,181**	**(10,124)**	**93,054**	**-**	**93,054**

At 31 December 2016, the share capital consisted of 6.666.667 shares with par value of €15 each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

CONTENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
at 31 December 2016

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 2016 have been prepared under the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2016.

The accounting policies used at 31 December 2016 are the same as those used in preparing the consolidated financial statements at 31 December 2015, except for the Standards and Interpretations adopted by the European Union applicable as from 1 January 2016, (see Note I.1.1 New Standards and Interpretations applicable from 1 January 2016).

However, 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.4, with joint ventures consolidated in proportional mode.

1. 1 New Standards and Interpretations applicable from 1 January 2016

No new standards applied for the first time from 1 January 2016. There were only a few amendments of standards applying mandatorily to periods beginning in 2016:

- Amendments to IAS 1 "Disclosure Initiative";
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation";
- Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions";
- Amendments to IFRS 11 "'Accounting for Acquisitions of Interests in Joint Operations";
- Annual improvements 2010-2012 and 2012-2014.

The presentation of comprehensive income takes into account the amendments to IAS 1 "Improvements to disclosures in the notes". Specific line items have been created to present the following information separately for equity-accounted companies:

- the proportion of other comprehensive income (net) that may be reclassified subsequently to net income;
- the proportion of other comprehensive income (net) that may not be reclassified subsequently to net income;

At the Group level, the implementation of the other amendments has no material impact except on the presentation of the statement of comprehensive income as described above.

1. 2 Standards and Interpretations adopted by the IASB but not yet applicable at 31 December 2016

The Group has not applied early any of the new following standards and Interpretations that could concern the Group and of which application is not mandatory at 1 January 2016:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from Contracts with Customers";
- IFRS 16 "Leases";
- Amendments to IAS 7 "Disclosure Initiative";
- Amendments to IAS 12 "Recognition of deferred tax assets for unrealised losses";
- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture".
- Amendments to IFRS 2 "Classification and measurement of share-based payment transactions";
- Annual improvements 2014-2016;
- IFRIC 22 "The effects of changes in foreign exchange rates: Foreign currency transactions and advance consideration".

An analysis of the impacts and practical consequences of applying these standards and interpretations is underway.

2. CONSOLIDATION METHODS

2. 1 Consolidation scope

In accordance with IFRS 10, 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.

In accordance with IFRS 11, 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. 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.

Associates are entities over which the Group exerts significant influence. They are accounted for under the equity method in accordance with IAS 28. Significant influence is presumed where the Group's 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.

The Group's consolidation scope does not include any subsidiaries in which non-controlling interests are material, or any individually material joint ventures or associates. That assessment is based on the impact of those interests on the Group's financial position, financial performance and cash flows. VINCI Construction Grands Projets does not own any interest in structured entities as defined by IFRS 12.

CHANGES IN THE CONSOLIDATION SCOPE:

number of companies	31.12.2016 TOTAL	31.12.2016 France	31.12.2016 Foreign	31.12.2015 TOTAL	31.12.2015 France	31.12.2015 Foreign
Full consolidation	17	4	13	17	4	13
Equity method	4	-	4	4	-	4
TOTAL	**21**	**4**	**17**	**21**	**4**	**17**

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.

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.

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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 plans 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 plans 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 plans

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.

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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, and the effects of discounting to present value.

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 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.

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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.

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 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. 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).

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4. 1 Consolidated balance sheet

ASSETS

in € thousands	31.12.2016	Adjustment for joint ventures	Business segment reporting	31.12.2015 reported	31.12.2015 Business segment reporting
NON-CURRENT ASSETS					
Intangible assets	**721**	230	951	206	529
Goodwill	**-**	-	-	-	-
Property, plant and equipment	**45,405**	39,472	84,877	73,923	136,788
Investments in equity-accounted companies	**1,205**	(1,205)	-	1,526	-
Other non-current financial assets	**7,408**	211	7,619	10,338	10,338
Non-current deferred tax assets	**18,923**	-	18,923	16,214	16,214
TOTAL NON-CURRENT ASSETS	**73,662**	**38,708**	**112,370**	**102,207**	**163,869**
CURRENT ASSETS					
Inventories and work in progress	**4,495**	4,118	8,613	15,241	20,480
Trade receivables and related accounts	**258,902**	246,337	505,239	275,639	467,318
Other operating receivables	**505,403**	130,895	636,298	469,608	556,917
Other current assets	**38,303**	3,592	41,895	60,122	64,538
Current tax assets	**2,445**	-	2,445	1,967	1,967
Cash management financial assets	**309,778**	4,373	314,151	323,983	320,993
Cash and cash equivalents	**259,727**	45,918	305,645	258,848	299,292
TOTAL CURRENT ASSETS	**1,379,053**	**435,233**	**1,814,286**	**1,405,408**	**1,731,505**
TOTAL ASSETS	**1,452,715**	**473,941**	**1,926,656**	**1,507,615**	**1,895,374**

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EQUITY AND LIABILITIES

in € thousands	31.12.2016	Adjustment for joint ventures	Business segment reporting	31.12.2015 reported	31.12.2015 Business segment reporting
EQUITY					
Share capital	**100,000**	-	100,000	67,854	67,854
Share premium	**-**	-	-	19,252	19,252
Consolidated reserves	**(7,114)**	(1,376)	(8,490)	14,123	14,123
Net income	**35,181**	1,376	36,557	43,179	43,179
Interim dividend	**(35,013)**	-	(35,013)	(55,007)	(55,007)
Equity attributable to owners of the parent	**93,054**	**-**	**93,054**	**89,401**	**89,401**
Non-controlling interests	**-**	-	-	-	-
TOTAL EQUITY	**93,054**	**-**	**93,054**	**89,401**	**89,401**
NON-CURRENT LIABILITIES					
Retirement and other employee benefit obligations	**29,174**	-	29,174	25,376	25,376
Non-current provisions	**60,023**	(45,329)	14,694	26,577	15,047
Other non-current liabilities	**3,218**	-	3,218	1,118	1,118
Non-current deferred tax liabilities	**2,307**	-	2,307	945	945
TOTAL NON-CURRENT LIABILITIES	**94,722**	**(45,329)**	**49,393**	**54,016**	**42,486**
CURRENT LIABILITIES					
Current provisions	**230,116**	78,698	308,814	235,781	278,828
Trade payables	**498,617**	248,793	747,410	530,450	681,009
Current tax liabilities	**1,672**	148	1,820	5,368	5,888
Current borrowings	**67,010**	66,603	133,613	55,888	117,586
Other current payables	**467,524**	125,028	592,552	536,711	680,176
TOTAL CURRENT LIABILITIES	**1,264,939**	**519,270**	**1,784,209**	**1,364,198**	**1,763,487**
TOTAL EQUITY AND LIABILITIES	**1,452,715**	**473,941**	**1,926,656**	**1,507,615**	**1,895,374**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

4. 2 Consolidated income statement

in € thousands	31.12.2016	Adjustment for joint ventures	Business segment reporting	31.12.2015 reported	31.12.2015 Business segment reporting
Revenue	**966,488**	**415,524**	**1,382,012**	**1,033,646**	**1,401,533**
Revenue from ancillary activities	**749**	91	840	491	509
Revenue and other operating income	**967,237**	**415,615**	**1,382,852**	**1,034,137**	**1,402,042**
Purchases consumed	**(145,870)**	(109,276)	(255,146)	(211,560)	(284,250)
Subcontracting and other external expenses	**(429,810)**	(194,208)	(624,018)	(456,326)	(604,692)
Employment costs	**(263,015)**	(77,612)	(340,627)	(251,802)	(336,183)
Taxes and levies	**(9,882)**	(1,316)	(11,198)	(10,024)	(10,941)
Other operating income and expense	**(25,318)**	(2,561)	(27,879)	7,194	7,224
Net depreciation, amortisation and provision expenses	**(21,544)**	(59,913)	(81,457)	(86,120)	(119,570)
OPERATING INCOME FROM ORDINARY ACTIVITIES	**71,798**	**(29,271)**	**42,527**	**25,499**	**53,630**
Share-based payments	**(3,005)**	-	(3,005)	(2,088)	(2,088)
Profit/(loss) of equity-accounted companies	**(32,745)**	32,564	(181)	25,747	(219)
Other recurring operating items	**(596)**	(36)	(632)	102	102
RECURRING OPERATING INCOME	**35,452**	**3,257**	**38,709**	**49,260**	**51,425**
Impact from changes in scope and gain/(loss) on disposals of shares	**231**	-	231	(156)	(156)
OPERATING INCOME	**35,683**	**3,257**	**38,940**	**49,104**	**51,269**
Cost of gross financial debt	**(1,244)**	(2,109)	(3,353)	(629)	(2,455)
Financial income from cash investments	**3,550**	298	3,848	4,153	4,057
COST OF NET FINANCIAL DEBT	**2,306**	**(1,811)**	**495**	**3,524**	**1,602**
Other financial income and expense	**(546)**	-	(546)	(1,560)	(1,560)
Income tax expense	**(2,262)**	(70)	(2,332)	(7,889)	(8,132)
NET INCOME FOR THE PERIOD	**35,181**	**1,376**	**36,557**	**43,179**	**43,179**
Net income attributable to non-controlling interests	**-**	-	-	-	-
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**35,181**	**1,376**	**36,557**	**43,179**	**43,179**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

4. 3 Revenue

in € millions	31.12.2016	Adjustment for joint ventures	Business segment reporting	31.12.2015 reported	31.12.2015 Business segment reporting
SEGMENTATION BY GEOGRAPHICAL MARKET (BY DESTINATION)					
France	**66.6**	0.3	66.9	60.8	60.8
Europe	**338.1**	0.2	338.3	265.5	265.5
The Americas	**190.7**	-	190.7	199.8	264.3
Africa	**59.2**	6.0	65.2	52.8	59.6
Asia	**287.8**	-	287.8	399.6	399.6
Middle East	**24.1**	383.6	407.7	54.7	304.7
Pacific	**-**	25.4	25.4	0.4	47.0
REVENUE	**966.5**	**415.5**	**1,382.0**	**1,033.6**	**1,401.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

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

in € thousands	31.12.2016	Adjustment for joint ventures	Business segment reporting	31.12.2015 reported	31.12.2015 Business segment reporting
Consolidated net income for the period (including non-controlling interests)	**35,181**	1,376	36,557	43,179	43,179
Depreciation and amortisation	**31,828**	15,259	47,087	35,149	48,944
Net increase (decrease) in provisions	**180**	12,173	12,353	(1,853)	(77)
Share-based payments	**956**	-	956	(2,025)	(2,025)
Gains or losses on disposal	**(5,308)**	5,059	(249)	3,096	2,033
Dividends received from unconsolidated companies and share of profit or loss of equity-accounted companies	**32,740**	(32,564)	176	(25,747)	219
Change in fair value of foreign exchange derivative financial instruments and others	**-**	(1,286)	(1,286)	(209)	(209)
Cost of net financial debt recognised	**(2,306)**	1,811	(495)	(3,524)	(1,602)
Current and deferred tax expense recognised	**2,262**	70	2,332	7,889	8,132
Cash flow (used in)/from operating before tax and financing costs	**95,533**	**1,898**	**97,431**	**55,955**	**98,594**
Change in operating working capital (including liabilities relating to employee benefits)	**(73,115)**	(35,489)	(108,604)	35,620	14,674
Change in current provisions	**2,299**	35,239	37,538	46,520	58,391
Income tax paid	**(11,142)**	(373)	(11,515)	(8,043)	(8,229)
Net financial interest paid (including finance lease interest)	**2,327**	(1,812)	515	3,520	1,598
Dividends received from non-consolidated and equity-accounted companies	**49**	(49)	-	11,181	-
Cash flow (used in)/from operating activities (I)	**15,951**	**(586)**	**15,365**	**144,753**	**165,028**
Purchases of intangible assets and property, plant and equipment	**(20,498)**	(10,586)	(31,084)	(41,167)	(71,795)
Proceeds from sales of intangible assets and property, plant and equipment	**11,272**	11,768	23,040	1,709	4,012
Purchases of non-current financial assets	**-**	(201)	(201)	(60)	(60)
Proceeds from sales of non-current financial assets	**1,865**	-	1,865	-	-
Net effect of changes in scope of consolidation	**(8,473)**	8,473	-	-	-
Dividends received from non-consolidated companies	**5**	-	5	-	-
Change in non-current financial assets and liabilities	**1,388**	-	1,388	1,094	1,094
Net cash flows (used in)/from investing activities (II)	**(14,441)**	**9,454**	**(4,987)**	**(38,424)**	**(66,749)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

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

in € thousands	31.12.2016	Adjustment for joint ventures	Business segment reporting	31.12.2015 reported	31.12.2015 Business segment reporting
Share capital increase of the parent company	**12,894**	-	12,894	-	-
Dividends paid by the parent company	**(35,013)**	-	(35,013)	(58,445)	(58,445)
Change in cash management assets and liabilities	**24,585**	(24,727)	(142)	17,464	9,587
Net cash flows (used in)/from investing activities (III)	**2,466**	**(24,727)**	**(22,261)**	**(40,981)**	**(48,858)**
CHANGE IN NET CASH (I+II+III)	**3,976**	**(15,859)**	**(11,883)**	**65,348**	**49,421**
Net cash and cash equivalents at beginning of period	**252,978**	(2,204)	250,774	187,344	201,608
Effect of changes in foreign exchange rates	**(1,755)**	(1,206)	(2,961)	286	(255)
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**255,199**	**(19,269)**	**235,930**	**252,978**	**250,774**
Net cash and cash equivalents at end of period	***255,199***	***(19,269)***	***235,930***	***252,978***	***250,774***
Cash management financial assets	***309,778***	*4,373*	*314,151*	*323,983*	*320,993*
Other current and non-current financial debt (excluding overdrafts)	***(62,482)***	*(1,417)*	*(63,899)*	*(50,018)*	*(69,068)*
NET FINANCIAL SURPLUS AT THE END OF THE PERIOD	**502,495**	**(16,313)**	**486,182**	**526,943**	**502,699**

4. 5 Net financial surplus

in € thousands	31.12.2016	Adjustment for joint ventures	Business segment reporting	31.12.2015 reported	31.12.2015 Business segment reporting
Cash management current account liabilities	**(8,536)**	(1,417)	(9,953)	(1,384)	(20,434)
Other current financial liabilities	**(53,946)**	-	(53,946)	(48,634)	(48,634)
Bank overdrafts	**(4,528)**	(65,187)	(69,715)	(5,870)	(48,518)
Current borrowings	**(67,010)**	**(66,604)**	**(133,614)**	**(55,888)**	**(117,586)**
GROSS DEBT	**(67,010)**	**(66,604)**	**(133,614)**	**(55,888)**	**(117,586)**
Cash management financial assets	**309,778**	4,373	314,151	323,983	320,993
Cash and cash equivalents	**259,727**	45,918	305,645	258,848	299,292
Total financial assets	**569,505**	**50,291**	**619,796**	**582,831**	**620,285**
NET FINANCIAL SURPLUS	**502,495**	**(16,313)**	**486,182**	**526,943**	**502,699**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

II NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

1. INTANGIBLE ASSETS

in € thousands	31.12.2015	INCREASE	DECREASE	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	31.12.2016
Gross	8,932	729	(5,739)	(49)	**3,873**
Depreciation, amortisation and provisions	(8,726)	(204)	5,739	39	**(3,152)**
TOTAL NET	**206**	**525**	**-**	**(10)**	**721**

2. PROPERTY, PLANT AND EQUIPMENT

2. 1 Change in the period

in € thousands	31.12.2015	INCREASE	DECREASE	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	31.12.2016
Gross	201,312	19,769	(73,146)	(16,881)	**131,054**
Depreciation, amortisation and provisions	(127,389)	(32,281)	68,561	5,460	**(85,649)**
TOTAL NET	**73,923**	**(12,512)**	**(4,585)**	**(11,421)**	**45,405**

2. 2 Breakdown by type of asset

in € thousands	GROSS	DEPRECIATION	NET
Land	-	-	**-**
Constructions	12	(6)	**6**
Plant and equipment	104,148	(67,383)	**36,765**
Vehicles	11,628	(7,391)	**4,237**
Office furniture, computer equipment, fixtures and fittings	14,267	(10,869)	**3,398**
Non-current assets in progress	999	-	**999**
TOTAL NET	**131,054**	**(85,649)**	**45,405**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

2. 3 Investments in the periode

in € thousands	31.12.2016
Constructions	-
Plant and equipment	14,632
Vehicles	1,342
Office furniture, computer equipment, fixtures and fittings	2,113
Non-current assets in progress	1,682
TOTAL INVESTMENTS	**19,769**

3. INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

3. 1 Change in the period

in € thousands	31.12.2015	31.12.2016
Value of shares at start of the period	**14,009**	**1,526**
Share capital increase of equity-accounted companies	-	-
Group share of profit or loss for the period	25,747	(32,745)
Dividends paid	(11,181)	(49)
Changes in consolidation scope, foreign currency translation differences and other	(27,049)	32,473
NET	**1,526**	**1,205**

3. 2 Financial information on equity-accounted companies

Investments in equity-accounted companies break down as follows:

in € thousands	% OWNED	31.12.2015	31.12.2016
CTM Chili	60.00%	1,526	1,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

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

in € thousands	31.12.2015	31.12.2016
INCOME STATEMENT		
Revenue	367,888	**415,077**
Operating income	27,815	**(30,986)**
Net income	25,747	**(32,745)**
BALANCE SHEET		
Equity	(10,995)	**(45,469)**
Current assets	343,195	**454,554**
Non-current assets	63,188	**39,914**
Current liabilities	417,378	**539,806**
Non-current liabilities	-	**131**
Net financial debt	(24,881)	**(17,516)**

4. OTHER NON-CURRENT FINANCIAL ASSETS

in € thousands	GROSS	PROVISIONS	NET
Investments in subsidiaries and affiliates	2,479	(1,045)	**1,434**
Other available-for-sale financial assets	374	(311)	**63**
Equity value of deconsolidated companies	(3,192)	-	**(3,192)**
Other non-current financial assets	9,546	(443)	**9,103**
TOTAL NET	**9,207**	**(1,799)**	**7,408**

At 31 December 2016, the main non-consolidated companies were:

in € thousands	% OWNED	NET
GTM Europe	100.00%	**762**
SITEC	99.68%	**275**
WMI Colombia	100.00%	**206**
Société Centrale de Matériel	99.99%	**152**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

5. CASH MANAGEMENT FINANCIAL ASSETS

Cash management financial assets break down as follows:

in € thousands	31.12.2015	31.12.2016
CASH MANAGEMENT FINANCIAL ASSETS	**323,983**	**309,778**
UCITS	233,368	**203,555**
Cash	25,480	**56,172**
CASH AND CASH EQUIVALENTS	**258,848**	**259,727**

Cash management financial assets include €224.8 million invested with parent companies, attracting interest at rates close to market rates.

6. WORKING CAPITAL REQUIREMENT (SURPLUS)

in € thousands	31.12.2015	31.12.2016
Inventories and work in progress (net)	15,241	**4,495**
Trade receivables and related accounts	275,639	**258,902**
Other operating receivables	469,608	**505,403**
Other current assets	60,122	**38,303**
Current tax assets	1,967	**2,445**
Inventories and operating receivables (I)	**822,577**	**809,548**
Trade payables	530,450	**498,617**
Other current payables	536,711	**467,524**
Current tax liabilities	5,368	**1,672**
Trade and other operating payables (II)	**1,072,529**	**967,813**
WORKING CAPITAL REQUIREMENT (I - II)	**(249,952)**	**(158,265)**
Current provisions	*(235,781)*	***(230,116)***
WORKING CAPITAL REQUIREMENT (after current provisions)	**(485,733)**	**(388,381)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
at 31 December 2016

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:

	31.12.2015	31.12.2016
Discount rate	2.1%	**1.2%**
Inflation rate	1.8%	**1.6%**
Rate of salary increases	2.8%	**2.6%**
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	**28,499**
Of which part at less than one year 1,270	

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

	31.12.2016
Start of period	**25,207**
Total charge recognised with respect to retirement benefit obligations	**664**
Actuarial gains and losses recognised in other comprehensive income	**2,628**
End of period	**28,499**

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 €8.3 million at 31 December 2016 (€8 million at 31 December 2015). 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	**2,078**
Of which part at less than one year 133	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

8. OTHER PROVISIONS

in € thousands	31.12.2015	PROVISION EXPENSE	REVERSALS	REVERSALS OF UNUSED PROVISIONS	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	31.12.2016
Warranties given to customers	22,575	3,962	(4,077)	(4,229)	(1,172)	**17,059**
Site restoration	3,170	26,990	(235)	(1,713)	(35)	**28,177**
Losses on completion	121,961	21,197	(39,143)	-	(1,666)	**102,349**
Disputes	29,793	11,169	(4)	(13,940)	(1,083)	**25,935**
Restructuring costs	4,662	1,668	(1,355)	(479)	-	**4,496**
Other current liabilities	6,464	2,555	(66)	-	-	**8,953**
Reclassification of the part at less than one year of non-current provisions	47,156	-	-	-	(4,009)	**43,147**
Current provisions	**235,781**	**67,541**	**(44,880)**	**(20,361)**	**(7,965)**	**230,116**
Financial risks	16,176	575	-	-	34,153	**50,904**
Other non-current liabilities	57,557	11,213	(6,629)	(8,203)	(1,672)	**52,266**
Reclassification of the part at less than one year of non-current provisions	(47,156)	-	-	-	4,009	**(43,147)**
Non-current provisions	**26,577**	**11,788**	**(6,629)**	**(8,203)**	**36,490**	**60,023**
TOTAL	**262,358**	**79,329**	**(51,509)**	**(28,564)**	**28,525**	**290,139**

The types of provisions are defined in Notes I 3.21 and I 3.22 Measurement rules and methods applied by the Group to the consolidated financial statements for the year ended 31 December 2016.

9. FINANCIAL SURPLUS (DEBT)

At the balance sheet date, the Group had a net cash surplus of €502.5 million, breaking down as follows:

in € thousands	31.12.2015	31.12.2016
Cash management current account liabilities	(1,384)	**(8,536)**
Other current financial liabilities	(48,634)	**(53,946)**
Bank overdrafts	(5,870)	**(4,528)**
Current borrowings	**(55,888)**	**(67,010)**
GROSS DEBT	**(55,888)**	**(67,010)**
Cash management financial assets	323,983	**309,778**
Cash and cash equivalents	258,848	**259,727**
NET FINANCIAL SURPLUS	**526,943**	**502,495**

Debts guaranteed by collateral: none.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

10. OTHER CURRENT PAYABLES

Others current payables represent a working ressource of €467.5 million, breaking down as follows:

in € thousands	31.12.2015	31.12.2016
Trade receivables - Advances received on work	152,624	**130,430**
Deferred income	132,508	**129,251**
Operating current accounts	9,728	**12,948**
Tax, employment and social benefit liabilities	62,424	**51,859**
Other current liabilities	179,427	**143,036**
TOTAL	**536,711**	**467,524**

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	31.12.2016	31.12.2015
Consolidated revenue	**966.5**	**1,033.6**
Revenue of joint ventures	**415.5**	367.9
Revenue including joint ventures	**1,382.0**	**1,401.5**

12. REVENUE

Consolidated revenue excludes miscellaneous products and services, and services to non-consolidated companies, which are reclassified under other operating revenue. It breaks down as follows:

in € millions	31.12.2016	31.12.2015
Revenue for the period	**966.5**	**1,033.6**
of which:		
- impact of changes in consolidation scope	**-**	-
- impact of foreign exchange fluctuations	**-**	(21.2)
REVENUE AT CONSTANT CONSOLIDATION SCOPE AND EXCHANGE RATES	**966.5**	**1,012.4**

On a comparable scope and exchange rate basis, revenue was down -4,5% from the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

REVENUE BY GEOGRAPHICAL MARKET (by destination)

in € millions	31.12.2016	31.12.2015
France	**66.6**	60.8
Europe	**338.1**	265.5
The Americas	**190.7**	199.8
Africa	**59.2**	52.8
Asia	**287.8**	399.6
Middle East	**24.1**	54.7
Pacific	**-**	0.4
TOTAL	**966.5**	**1,033.6**

13. OPERATING INCOME FROM ORDINARY ACTIVITIES

in € thousands	31.12.2016	31.12.2015
Revenue	**966,488**	**1,033,646**
Revenue from ancillary activities	**749**	491
Revenue and other operating income	**967,237**	**1,034,137**
Purchases consumed	**(145,870)**	(211,560)
Subcontracting and other external expenses	**(429,810)**	(456,326)
Employment costs	**(263,015)**	(251,802)
Taxes and levies	**(9,882)**	(10,024)
Other operating income and expense	**(25,318)**	7,194
Depreciation and amortisation	**(31,828)**	(35,149)
Net provision expenses:		
Impairment of property, plant and equipment, and intangible assets	**1,166**	(799)
Impairment of assets	**11,600**	(6,401)
Retirement and other benefit obligations	**(382)**	(251)
Current and non-current provisions	**(2,100)**	(43,520)
OPERATING INCOME FROM ORDINARY ACTIVITIES	**71,798**	**25,499**

Revenue from ancillary activities amounted to €0.7 million at 31 December 2016 and mainly related to sales of study work and equipment, and rental income.

14. SHARE-BASED PAYMENTS

The expense relating to employee benefits has been assessed at €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 2016 or 2015.

14. 3 Performance shares

On 19 April 2016, 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:

	2016 PLAN	2015 PLAN	2014 PLAN
Price of VINCI share on date plan was announced *(in €)*	**66.18**	56.45	52.61
Fair value of performance share at grant date *(in €)*	**56.17**	47.22	44.88
Fair value of share at grant date *(in %)*	**84.87%**	83.65 %	85.31%
Original maturity – vesting period *(in years)*	**3 years**	3 years	3 years
Risk-free interest rate	**(0.41%)**	(0.15%)	0.28%

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

15. OTHER FINANCIAL INCOME AND EXPENSE

in € thousands	31.12.2016	31.12.2015
Foreign exchange gains and losses	**(4)**	(1,010)
Effect of discounting to present value	**(542)**	(550)
OTHER FINANCIAL INCOME AND EXPENSE, NET	**(546)**	**(1,560)**

16. INCOME TAX EXPENSE

16. 1 Breakdown of net tax expense

in € thousands	31.12.2016	31.12.2015
Current tax	**(3,608)**	(13,805)
Deferred tax	**1,346**	5,916
TOTAL	**(2,262)**	**(7,889)**

16. 2 Effective tax rate

in € thousands	
Taxable income	**70,188**
Theoretical tax rate	**34.43 %**
THEORETICAL TAX EXPENSE	**(24,166)**
Tax rate differences (foreign countries)	**42,429**
Creation (use) of carryforward tax losses not having given rise to deferred tax	**(15,905)**
Fixed-sum and other additional taxes	**(2,845)**
Permanent differences and miscellaneous	**(1,775)**
TAX EXPENSE EFFECTIVELY RECOGNISED	**(2,262)**
Effective tax rate	**3.22 %**

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
	18,923	**2,307**	**16,616**

16. 4 Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €53.1 million at 31 December 2016.

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 €2.636.292 in 2016.

17. 2 Other

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

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	31.12.2016	31.12.2015
Construction contracts in progress – assets	**79,103**	87,715
Construction contracts in progress – liabilities	**(194,207)**	(191,984)
Construction contracts in progress	**(115,104)**	**(104,269)**
Costs incurred plus profits recognised and less losses recognised to date	**3,596,830**	2,858,624
Less invoices issued	**(3,711,934)**	(2,962,893)
Construction contracts in progress before advances received from customers	**(115,104)**	**(104,269)**
Advances received from customers	**(67,056)**	(84,724)
Construction contracts in progress, net	**(182,160)**	**(188,993)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

19. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments break down as follows:

in € thousands	COMMITMENTS GIVEN	COMMITMENTS RECEIVED
Performance guarantees and performance bonds	582,399	126,672
Retention payments	124,410	9,805
Deferred payments to subcontractors and suppliers	7,400	67
Bid bonds	13,854	-
Tax and customs bonds	2,474	-
Operating leases	44,189	-
Other commitments	36,118	86,375
TOTAL	**810,844**	**222,919**

20. EMPLOYMENT COSTS AND NUMBERS EMPLOYED

AVERAGE NUMBER OF EMPLOYEES	31.12.2016	31.12.2015
Engineers and managers	1,120	1,273
Non-Managers	3,804	4,024
TOTAL	**4,924**	**5,297**

Employment costs for all companies in the Group amounted to €263 million.

21. OTHER INFORMATION

DISPUTES AND ARBITRATION

King County, the county seat of which is Seattle, Washington, was in dispute with a consortium in which VINCI Construction Grands Projets has a 60% share. The dispute concerned the performance of a contract for the construction of two underground tunnels known as "Brightwater Central" and more specifically liability for the costs arising from particularly difficult geotechnical conditions. In a decision on 7 September 2016, the Washington State Supreme Court confirmed the decision by the Washington Court of Appeals on 9 November 2015, which itself confirmed the decision by the King County Superior Court on 7 May 2013, which formalised the jury verdict handed down on 20 December 2012. Those decisions have been implemented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

22. MAIN CONSOLIDATED COMPANIES AT 31 DECEMBER 2016

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		
EV LNG Wheatstone	Australia	25
CTM Chili	Chile	60
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
Cairo metro, line 3, phase 4A	Egypt	27
Cairo metro, line 3, phase 3	Egypt	27
Chernobyl confinement shelter	Ukraine	50
Crossrail	England	27
EOLE, CNIT Station, Paris La Défense	France	14
ITER project - Tokamak reactor building	France	15
Kingston Container Terminal	Jamaica	50
Lee Tunnel	England	30
Maliakos - Kleidi motorway	Greece	11
Mandarin Oriental, London	England	50
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
Santiago Airport	Chile	50
Shieldhall tunnel	Scotland	50
South-Europe Atlantic (SEA) high-speed rail line	France	10
Thames Tideway Tunnel	England	40
Yamal LNG tanks	Russia	50

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2016

To the Sole Shareholder,

In accordance with our appointment by your Chairman, we hereby report to you for the year ended 31 December 2016 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. 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 2017

The Statutory Auditors

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

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