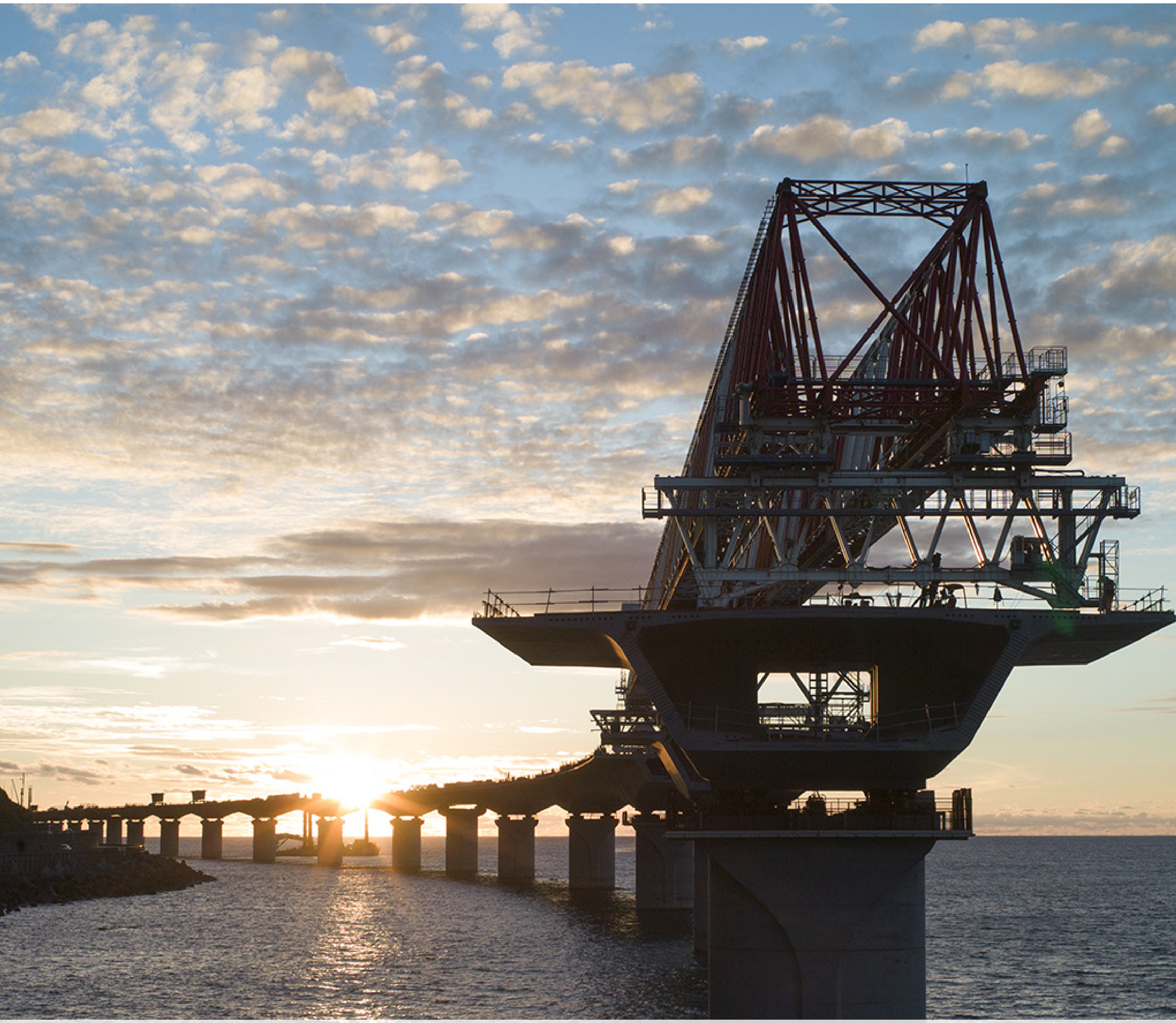
VINCI CONSTRUCTION | GRANDS PROJETS



CONSOLIDATED FINANCIAL STATEMENTS 2018

CONSOLIDATED FINANCIAL STATEMENTS **2018**

CONTENT

2018 KEY FIGURES

(including joint ventures)

€ 1,063.0 M

OF REVENUE

€ 48.8 M

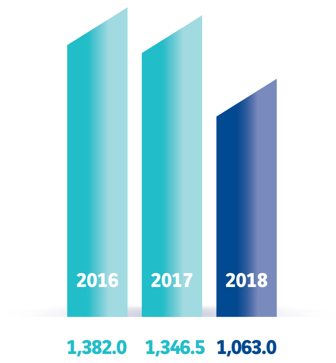
OF OPERATING INCOME FROM ORDINARY ACTIVITIES

€ 35.1 M

OF NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

KEY FIGURES *(IN € MILLIONS)*

REVENUE

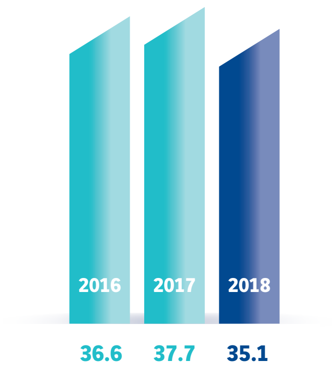


OPERATING INCOME

FROM ORDINARY ACTIVITIES

NET INCOME

AFTER TAX



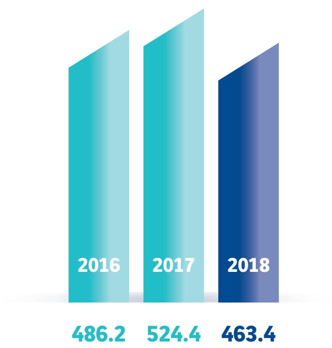
CASH FLOW FROM OPERATIONS

BEFORE TAX AND FINANCING COSTS

EQUITY

INCLUDING NON-CONTROLLING INTERESTS

CASH



2018 KEY FIGURES

(including joint ventures)

84 PROJECTS

OPERATIONS IN **33** COUNTRIES

6,098 EMPLOYEES WORLDWIDE

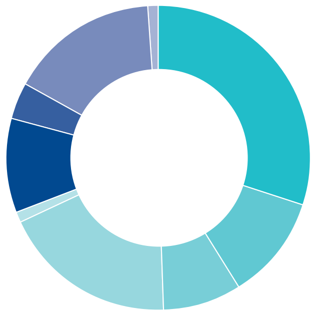
REVENUE: € **1,063.0** M

BY GEOGRAPHICAL ZONE

France	**144.7**
Europe	**224.4**
The Americas	**226.8**
Africa	**78.5**
Middle East	**320.5**
Asia	**68.0**
Australia	**0.1**

BY BUSINESS LINE

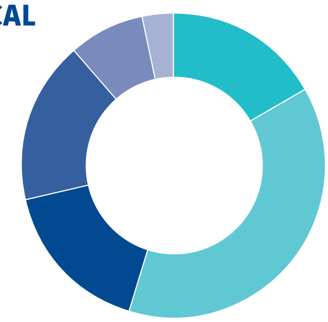
Tunnels	**319.8**
Roads	**117.9**
Bridges	**90.5**
Rail	**197.2**
Other	**11.6**
Transport infrastructure	***737.0***
Hydraulic	**104.9**
Energy	**43.4**
Building	**167.9**
Major facilities	**9.8**



ORDER BOOK: € **1,913.6** M

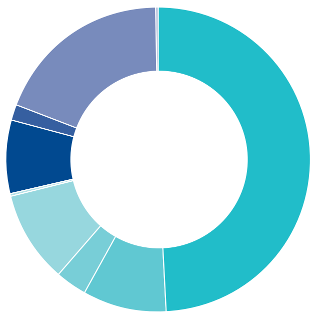
BY GEOGRAPHICAL ZONE

France	**320.7**
Europe	**727.4**
The Americas	**320.2**
Africa	**329.2**
Middle East	**157.5**
Asia	**58.6**



BY BUSINESS LINE

Tunnels	**957.8**
Roads	**173.9**
Bridges	**36.9**
Rail	**185.4**
Other	**4.5**
Transport infrastructure	***1,358.5***
Hydraulic	**154.1**
Energy	**31.9**
Building	**368.8**
Major facilities	**0.3**



2018 KEY FIGURES

€ 748.7 M
OF REVENUE

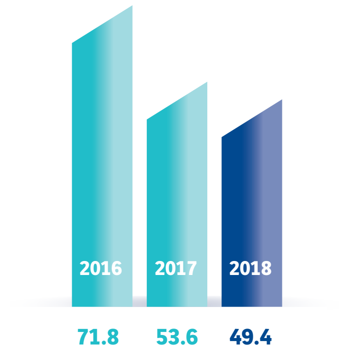
€ 49.4 M
OF OPERATING INCOME FROM ORDINARY ACTIVITIES

€ 40.7 M
OF NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

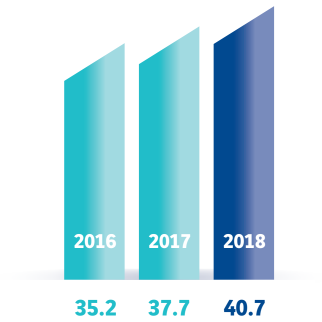
KEY FIGURES *(IN € MILLIONS)*

REVENUE

OPERATING INCOME
FROM ORDINARY ACTIVITIES



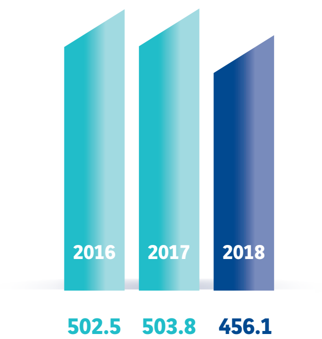
NET INCOME
AFTER TAX



CASH FLOW FROM OPERATIONS
BEFORE TAX AND FINANCING COSTS

EQUITY
INCLUDING NON-CONTROLLING INTERESTS

CASH



2018 KEY FIGURES

73 PROJECTS

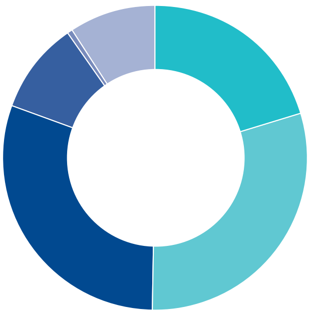
OPERATIONS IN **31** COUNTRIES

4,767 EMPLOYEES WORLDWIDE

REVENUE: € 748.7 M

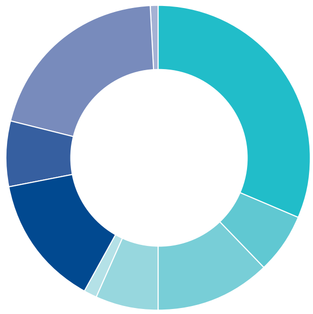
BY GEOGRAPHICAL ZONE

France	**152.7**
Europe	**224.4**
The Americas	**226.8**
Africa	**72.9**
Middle East	**3.9**
Asia	**68.0**



BY BUSINESS LINE

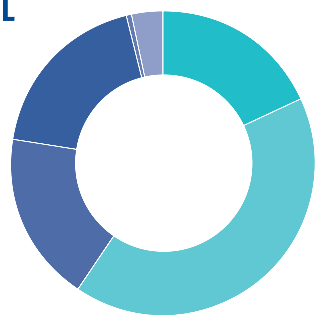
Tunnels	**235.8**
Roads	**48.4**
Bridges	**90.5**
Rail	**50.3**
Other	**11.5**
Transport infrastructure	***436.5***
Hydraulic	**103.1**
Energy	**51.4**
Building	**153.0**
Major facilities	**4.7**



ORDER BOOK: € 1,761.7 M

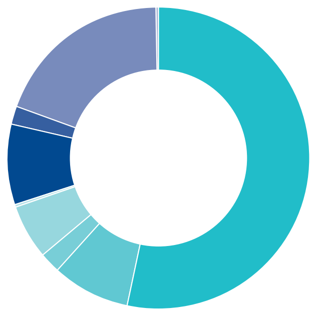
BY GEOGRAPHICAL ZONE

France	**320.7**
Europe	**727.4**
The Americas	**320.2**
Africa	**329.2**
Middle East	**5.6**
Asia	**58.6**



BY BUSINESS LINE

Tunnels	**942.8**
Roads	**148.0**
Bridges	**36.9**
Rail	**101.2**
Other	**4.6**
Transport infrastructure	***1,233.5***
Hydraulic	**154.1**
Energy	**31.9**
Building	**341.9**
Major facilities	**0.3**



CONSOLIDATED BALANCE SHEET

at 31 December 2018

ASSETS

in € thousands	NOTES	2018			2017
		Gross	Depreciation, amortisation and provisions	Net	Net
NON-CURRENT ASSETS					
Intangible assets	1	**1,691**	**917**	**774**	799
Goodwill		**263**	**263**	**-**	-
Property, plant and equipment	2	**106,252**	**64,974**	**41,278**	35,378
Investments in equity-accounted companies	3	**-**	**-**	**-**	1,231
Other non-current financial assets	4	**2,978**	**1,463**	**1,515**	5,469
Non-current deferred tax assets	16	**26,938**	**-**	**26,938**	18,847
TOTAL NON-CURRENT ASSETS		**138,122**	**67,617**	**70,505**	**61,724**
CURRENT ASSETS					
Inventories and work in progress	6	**6,568**	**-**	**6,568**	11,022
Trade receivables and related accounts	6	**207,278**	**1,169**	**206,109**	226,741
Other operating receivables	6	**352,183**	**11,559**	**340,624**	418,861
Other current assets	6	**66,463**	**-**	**66,463**	51,319
Current tax assets	6	**1,779**	**-**	**1,779**	2,896
Cash management financial assets	5-9	**302,570**	**139**	**302,431**	312,628
Cash and cash equivalents	5-9	**170,133**	**-**	**170,133**	215,963
TOTAL CURRENT ASSETS		**1,106,973**	**12,867**	**1,094,106**	**1,239,430**
TOTAL ASSETS		**1,245,096**	**80,484**	**1,164,611**	**1,301,154**

CONSOLIDATED BALANCE SHEET

at 31 December 2018

EQUITY AND LIABILITIES

in € thousands	NOTES	2018	2017
EQUITY			
Share capital		**100,000**	100,000
Share premium		**-**	-
Consolidated reserves		**9,081**	20,199
Net income		**40,747**	37,677
Interim dividend		**-**	-
Equity attributable to owners of the parent		**149,828**	**157,876**
Non-controlling interests		**-**	-
TOTAL EQUITY		**149,828**	**157,876**
NON-CURRENT LIABILITIES			
Retirement and other employee benefit obligations	7	**26,563**	26,258
Non-current provisions	8	**72,591**	66,366
Other non-current liabilities		**12,019**	5,259
Non-current deferred tax liabilities	16	**879**	945
TOTAL NON-CURRENT LIABILITIES		**112,052**	**98,828**
CURRENT LIABILITIES			
Current provisions	6-8	**183,291**	228,252
Trade payables	6	**276,486**	461,583
Current tax liabilities	6	**1,230**	860
Current borrowings	9	**16,433**	24,781
Other current payables	6-10	**425,291**	328,974
TOTAL CURRENT LIABILITIES		**902,731**	**1,044,450**
TOTAL EQUITY AND LIABILITIES		**1,164,611**	**1,301,154**

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 December 2018

in € thousands	NOTES	2018	2017
Revenue	**11-12**	**748,734**	**966,378**
Revenue from ancillary activities		**242**	1,348
Revenue and other operating income	**13**	**748,977**	**967,726**
Purchases consumed		**(105,722)**	(168,536)
Subcontracting and other external expenses		**(403,620)**	(448,552)
Employment costs	20	**(239,506)**	(257,953)
Taxes and levies		**(17,288)**	(15,271)
Other operating income and expense		**14,263**	(10,061)
Net depreciation, amortisation and provision expenses		**52,315**	(13,793)
OPERATING INCOME FROM ORDINARY ACTIVITIES	**13**	**49,418**	**53,560**
(% of revenue)		***6.60%***	*5.54%*
Share-based payments (IFRS 2)	14	**(5,493)**	(4,351)
Profit/(loss) of equity accounted companies		**5,874**	2,721
Other recurring operating items		**(180)**	(141)
RECURRING OPERATING INCOME		**49,618**	**51,789**
(% of revenue)		***6.63%***	*5.36%*
Impact from changes in scope and gain/(loss) on disposals of shares		**(26)**	(137)
OPERATING INCOME		**49,592**	**51,652**
(% of revenue)		***6.62%***	*5.34%*
Cost of gross financial debt		**(1,011)**	(1,063)
Financial income from cash investments		**2,667**	3,287
COST OF NET FINANCIAL DEBT		**1,656**	**2,224**
Other financial income and expense	15	**(469)**	(354)
Income tax expense	16	**(10,032)**	(15,845)
NET INCOME FOR THE PERIOD		**40,747**	**37,677**
Net income attributable to non-controlling interests		**-**	-
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**40,747**	**37,677**
(% of revenue)		***5.44%***	*3.90%*
Number of shares		**6,666,667**	6,666,667
Earnings per share *(in €)*		**6.11**	**5.65**

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 31 December 2018

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

in € thousands	2018	2017
Net income for the period (including non-controlling interests)	**40,747**	**37,677**
Currency translation differences	**(10,544)**	26,067
Changes in fair value of hedging instruments	**700**	-
Other comprehensive income that may be reclassified subsequently to net income	**(9,844)**	**26,067**
Actuarial gains and losses on retirement benefit obligations	**(467)**	2,356
Other comprehensive income that may not be reclassified subsequently to net income	**(467)**	**2,356**
TOTAL OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY	**(10,311)**	**28,423**
of which: Controlled companies	**(9,784)**	22,944
Equity-accounted companies	**(527)**	5,478
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**30,436**	**66,100**
of which: Attributable to owners of the parent	**30,469**	65,984
Attributable to non-controlling interests	**(33)**	116

CONSOLIDATED CASH FLOW STATEMENT

at 31 December 2018

in € thousands		2018	2017
Consolidated net income for the period (including non-controlling interests)		**40,747**	37,677
Depreciation and amortisation		**13,113**	24,614
Net increase/(decrease) in provisions		**1,086**	1,063
Share-based payments (IFRS 2)		**1,059**	912
Gains or losses on disposal		**(3,546)**	(3,725)
Change in fair value of foreign exchange derivative financial instruments and others		**(1,328)**	(54)
Dividends received from unconsolidated companies and share of profit or loss of equity-accounted companies		**(5,874)**	(2,721)
Cost of net financial debt recognised		**(1,656)**	(2,224)
Current and deferred tax expense recognised		**10,032**	15,845
Cash flow (used in)/from operations before tax and financing costs		**53,633**	**71,387**
Change in operating working capital (including liabilities relating to employee benefits)		**(34,968)**	(58,558)
Change in current provisions		**(48,495)**	(9,156)
Income taxes paid		**(2,321)**	(6,880)
Net financial interest paid (including finance lease interest)		**1,656**	2,224
Dividends received from non-consolidated companies and equity-accounted companies		**-**	-
Cash flow (used in)/from operating activities	**(I)**	**(30,494)**	**(983)**
Purchases of intangible assets and property, plant and equipment		**(22,392)**	(21,057)
Proceeds from sales of intangible assets and property, plant and equipment		**5,885**	7,002
Purchases of non-current financial assets		**1,505**	(66)
Proceeds from sales of non-current financial assets		**-**	-
Net effect of changes in scope of consolidation		**-**	-
Dividends received from non-consolidated companies		**-**	-
Change in non-current financial assets and liabilities		**7,661**	916
Net cash flows (used in)/from investing activities	**(II)**	**(7,341)**	**(13,205)**
Share capital increase of the parent company		**-**	-
Dividends paid by the parent company		**-**	-
Change in loans and other financial liabilities		**-**	-
Change in cash management assets and liabilities		**(5,326)**	(30,895)
Net cash flows (used in)/from investing activities	**(III)**	**(5,326)**	**(30,895)**
CHANGE IN NET CASH	**(I+II+III)**	**(43,161)**	**(45,083)**
Net cash and cash equivalents at beginning of period		**208,144**	255,199
Effect of changes in foreign exchange rates		**(254)**	(1,972)
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		**164,729**	**208,144**

Net cash and cash equivalents at end of period	**164,729**	208,144
Cash management financial assets	**302,431**	312,628
Other current and non-current financial debt (excluding overdrafts)	**(11,029)**	(16,962)
NET FINANCIAL SURPLUS AT END OF PERIOD	**456,131**	**503,810**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

at 31 December 2018

EQUITY *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 2016	**100,000**	**(29,748)**	**(2,255)**	**35,181**	**(10,124)**	**93,054**	-	**93,054**
Allocation of net income of previous period	-	35,181	-	(35,181)	-	**-**	-	-
Currency translation differences and miscellaneous	-	(35)	25,951	-	-	**25,916**	-	25,916
Dividend payments	-	-	-	-	-	**-**	-	-
Net income recognised directly in equity	-	-	-	-	2,356	**2,356**	-	2,356
Changes in accounting policies	-	-	-	-	-	**-**	-	-
Share-based payments (IFRS 2)	-	(1, 127)	-	-	-	**(1,127)**	-	(1,127)
Net income for the period	-	-	-	37,677	-	**37,677**	-	37,677
Changes in consolidation scope and miscellaneous	-	-	-	-	-	**-**	-	-
31 December 2017	**100,000**	**4,271**	**23,696**	**37,677**	**(7,768)**	**157,876**	-	**157,876**
Impact of changes in accounting policies (*)	-	(34,906)			(1,210)	**(36,116)**	-	(36,116)
1 January 2018	**100,000**	**(30,635)**	**23,696**	**37,677**	**(8,978)**	**121,760**	-	**121,760**
Allocation of net income of previous period	-	37,677	-	(37,677)	-	**-**	-	-
Currency translation differences and miscellaneous	-	81	(10,511)	-	700	**(9,730)**	-	(9,730)
Dividend payments	-	-	-	-	-	**-**	-	-
Net income recognised directly in equity	-	-	-	-	(467)	**(467)**	-	(467)
Changes in accounting policies	-	-	-	-	-	**-**	-	-
Share-based payments (IFRS 2)	-	(2,482)	-	-	-	**(2,482)**	-	(2,482)
Net income for the period	-	-	-	40,747	-	**40,747**	-	40,747
Changes in consolidation scope and miscellaneous	-	-	-	-	-	**-**	-	-
31 December 2018	**100,000**	**4,641**	**13,185**	**40,747**	**(8,745)**	**149,828**	**-**	**149,828**

At 31 December 2018, the share capital consisted of 6,666,667 shares with par value of €15 each.

(*) Changes in accounting policies related to the first-time adoption from 1 January 2018 of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments", described in Note I.4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

CONTENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

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 2018 have been prepared under the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2018.

The accounting policies used at 31 December 2018 are the same as those used in preparing the consolidated financial statements at 31 December 2017, except for the standards and/or amendments of standards described below, adopted by the European Union and mandatorily applicable from 1 January 2018 (see Note I.1.1. "New standards and interpretations applicable from 1 January 2018").

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 2018

The impacts of applying IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" from 1 January 2018 are described in Note I.4.

Other standards and interpretations mandatorily applicable from 1 January 2018 have no material impact on the Group's consolidated financial statements at 31 December 2018. These are mainly:

- Amendments to IFRS 2 "Classification and Measurement of Share-Based Payment Transactions";
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration";
- Annual improvements 2014-2016.

1. 2 Standards and Interpretations adopted by the IASB but not yet applicable at 31 December 2018

The Group has not applied early the following standards and interpretations that could concern the Group and of which application is not mandatory at 1 January 2018:

- IFRS 16 "Leases";
- IFRIC 23 "Uncertainty over Income Tax Treatments";
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement";
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation";
- Amendments to IAS 28 "Investments in Associates and Joint Ventures";
- Annual Improvements 2015-2017.

A study of the impacts and practical consequences of applying these standards, amendments and interpretations is under way.

IFRS 16 "Leases"

IFR 16 is leading to major changes in the way that lessees recognise leases. It replaces IAS 17, IFRIC 4, SIC 15 and SIC 27. IFRS 16, which will come into force on 1 January 2019, requires lessees to use a single method for recognising leases, affecting the balance sheet in a similar way to finance leases.

Given the relatively short average term of moveable-asset leases (mainly relating to vehicles and worksite equipment) and the ongoing changes in the Group's scope, any estimate of how adjustments under the new accounting standard will affect the Group's financial statements at the present date may not be representative of the impact to be recognised on first-time adoption of IFRS 16 on 1 January 2019.

Because of the specific features of some leases (particularly regarding renewal arrangements), the timeframes used to measure leases under IFRS 16 could, in some cases, differ from those used to measure off-balance sheet commitments in which only the firm commitment period is taken into account. The obligations mentioned in Note 19 "Off-balance sheet commitments" may differ from the liabilities to be recognised when IFRS 16 is adopted.

Implementation work is currently being finalised, and the impact on Group equity at 1 January 2019 is likely to be limited.

The Group will use the retrospective transition approach, recognising the cumulative effect of first-time adoption of the standard on the first-time adoption date.

IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 supplements IAS 12 "Income Taxes" by specifying arrangements for measuring and recognising uncertainty relating to income tax. This interpretation is mandatory for accounting periods beginning on or after 1 January 2019. The Group does not expect the implementation of IFRIC 23 to have a material impact on opening equity at 1 January 2019.

Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

The new amendments to IAS 19, the application of which is mandatory from 1 January 2019 subject to their endorsement by the European Union, state that in the event of an amendment, curtailment or settlement of a defined-benefit plan during an accounting period, current service cost and net interest must be remeasured for the following period based on the same assumptions as those used to remeasure the net liability (asset). The requirements relating to the asset ceiling effect at the time of this remeasurement have been clarified.

The Group's analysis has confirmed that the clarifications provided by the new amendments to IAS 19 are consistent with the methods and assumptions currently used within the Group to measure retirement benefit plans.

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.

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CHANGES IN THE CONSOLIDATION SCOPE:

31.12.2018

(number of companies)	TOTAL	France	Foreign
Full consolidation	15	4	11
Equity method	4	-	4
TOTAL	**19**	**4**	**15**

31.12.2017

(number of companies)	TOTAL	France	Foreign
Full consolidation	15	4	11
Equity method	4	-	4
TOTAL	**19**	**4**	**15**

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 noncontrolling interests, with no impact on control, are considered as transactions with the Group's shareholders. The difference between the consideration paid to increase the percentage shareholding in an already-controlled entity and the supplementary share of equity thus acquired is recorded under equity attributable to owners of the parent. Similarly, a decrease in the Group's percentage interest in an entity that continues to be controlled is booked in the accounts as a transaction between shareholders, with no impact on profit or loss. Professional fees and other incremental costs relating to acquisitions and disposals of non-controlling interests that have no impact on control, and any associated tax effects, are recorded under equity.

Cash flows related to transactions between shareholders are presented under cash flows (used in)/from financing activities in the consolidated cash flow statement.

3. MEASUREMENT RULES AND METHODS APPLIED BY THE GROUP

3. 1 Use of estimates

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

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

The consolidated financial statements for the period have been prepared with reference to the immediate environment, in particular as regards the estimates given below.

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

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

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

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

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

The Group recognises a share-based payment relating to offers made to employees to subscribe VINCI shares and to take part in VINCI performance share plans and the VINCI Group savings plan. This expense is measured on the basis of actuarial calculations using estimated behavioural assumptions based on observation of past behaviour.

The main actuarial assumptions (volatility, return on shares, etc.) adopted by the Group are described for each plan in Note II.14 "Share-based payments".

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 may cause a material change in the amount of provisions are:

- 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. (see Note 4.2 – IFRS 9 "Financial Instruments").

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

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

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

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

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

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

3.2 Revenue

Consolidated revenue is recognised in accordance with IFRS 15, 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 in accordance with IFRS 15 using the progress-towards-completion method, which is generally based on progress towards physical completion.

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.

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.

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3. 9 Earnings per share

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

3. 10 Intangible assets

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

3. 11 Goodwill

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

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

Goodwill is not amortised but is tested for impairment at least annually and whenever there is an indication that it may be impaired. Whenever goodwill is impaired, the difference between its carrying amount and its recoverable amount is recognised in operating income in the period and is not reversible.

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

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

3. 12 Property, plant and equipment

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

Depreciation is generally calculated on a straight-line basis over the asset's period of use. Accelerated depreciation may however be used when it appears more appropriate to the conditions under which the asset is used. For certain complex assets comprising several components, in particular buildings and constructions, each component of the asset is recognised separately and depreciated over its own period of use.

The main periods of use of the various categories of items of property, plant and equipment are as follows:

Constructions:	
■ structure	**between 20 and 50 years**
■ general technical installations	**between 5 and 20 years**
Site equipment and technical installations	**between 3 and 12 years**
Vehicles	**between 3 and 5 years**
Fixtures and fittings	**between 8 and 10 years**
Office furniture and equipment	**between 3 and 10 years**

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

3. 13 Finance leases

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

3. 14 Impairment of non-financial non-current assets

Under certain circumstances, impairment tests must be performed on intangible and tangible non-current assets. For assets with an indefinite useful life and goodwill, a test is performed at least annually and whenever there is an indication of a loss of value. For other non-current assets, a test is performed only when there is an indication of a loss of value.

3. 15 Investments in equity-accounted companies

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

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" comprise 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. CHANGES IN ACCOUNTING POLICIES

4. 1 IFRS 15 "Revenue from Contracts with Customers"

The Group adopted IFRS 15 on 1 January 2018, the date on which the standard came into force in the European Union. Given that the impacts identified were not material, IFRS 15 was applied retrospectively to contracts in existence on the transition date of 1 January 2018 according to the "simplified retrospective" approach. The 2017 data presented for the purpose of comparison were not adjusted and are still presented in accordance with the previous accounting standards (IAS 11 "Construction contracts", IAS 18 "Revenue" and the various interpretations including IFRIC 15 "Agreements for the Construction of Real Estate").

At 1 January 2018, the Group reduced the amount of its opening equity by €31.2 million, net of deferred tax, to reflect the cumulative impact of IFRS 15's first-time adoption. That impact arose from the assessment, required under IFRS 15, of the highly probable nature

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of certain claims designated as variable revenue, whereas IAS 11 allowed them to be recognised when they were merely probable. This new approach to variable revenue is now applied to all of the Group's contracts. Its impact is regarded as non-material given the number of contracts performed by the Group.

Since 1 January 2018, the Group has applied the provisions of IFRS 15, described below, to measure and recognise consolidated revenue.

Revenue measurement and recognition principles in force since 1 January 2018

The Group's consolidated revenue corresponds to revenue from its construction and services activities.

Before revenue is recognised, IFRS 15 requires a contract as well as the various performance obligations contained in the contract to be identified. The number of performance obligations depends on the types of contracts and activities. Most of the Group's contracts involve only one performance obligation.

IFRS 15's fundamental principle is that the recognition of revenue from contracts with customers must reflect:

- the rate at which performance obligations are fulfilled, corresponding to the transfer to a customer of control of a good or service;
- the amount to which the seller expects to be entitled as consideration for its activities.

The way in which transfer of control of a good or service is analysed is crucial, since that transfer determines the recognition of revenue.

The transfer of control of a good or service may take place continuously (revenue recognition on a progress-towards-completion basis) or on a specific date (recognition on completion).

The Group's consolidated revenue is recognised in accordance with IFRS 15. It includes the total of the work, goods and services generated by VINCI Construction Grands Projets and its consolidated subsidiaries pursuing their main activity.

In view of the main activities, the majority of construction and service contracts involve only one performance obligation, which is fulfilled progressively.

To measure the percentage of completion of construction and service contracts, the Group uses a method based on progress towards physical completion. As a result, revenue is recognised on the basis of costs incurred at each closing date by comparison with total budgeted costs.

Contract amendments (relating to the price and/or scope of the contract) are recognised when approved by the client. Where amendments relate to new goods or services regarded as distinct under IFRS 15, and where the contract price increases by an amount reflecting "stand-alone selling prices" of the additional goods or services, those amendments are recognised as a distinct contract.

Where a third party (such as a subcontractor) is involved in the supply of a distinct good or service, the Group determines whether it obtains control of that good or service before it is transferred to the client. Where control is obtained before transfer to the client, the Group recognises as revenue the gross amount to which it expects to be entitled in exchange. Where control is not obtained, the Group takes the view that it is not the principal in the transaction and only recognises as revenue the amount corresponding to its remuneration as intermediary.

The cost of winning the contract that would not have been incurred if the Group had not won the contract is recognised as an asset where it is recoverable and amortised over the estimated contract term. At the Group level, the cost of winning contracts, capitalised and amortised over a period of more than one year, is not material.

The Group's trade receivables represent the unconditional right to receive consideration ("a payment") when the goods or services promised to the customer in the contract have been transferred. In accordance with IFRS 15, the opening and closing balances of trade receivables are presented in Note II.6 "Working capital requirement/(surplus)". However, where the right is dependent on the transfer of other goods or services and/or the completion of milestones or stages defined in the contract, the Group regards the amount representing that "conditional" right as a contract asset. Amounts relating to any Group obligation to transfer goods or services for which it has already received a payment, or for which the right to such payment is enforceable, are regarded as contract liabilities under IFRS 15.

Within the Group, contract assets correspond to invoices not yet raised, advances paid to subcontractors and retention payments. In accordance with IFRS 9, contract assets are analysed to assess any risk of non-recovery ("credit risk"). Contract liabilities mainly consists of advances received and prepaid income.

If the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion in accordance with IAS 37, regardless of progress towards completion, and based on the best estimates of income, including, if need be, any rights to additional revenue or claims, where they are regarded as highly probable and can be reliably estimated. Provisions for losses on completion, which fall outside the scope of IFRS 15, are shown under liabilities on the balance sheet (see Note II.8 "Provisions for contingencies and losses").

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

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4.2 IFRS 9 "Financial Instruments"

Since 1 January 2018, the Group has applied IFRS 9 "Financial instruments", which sets out rules for recognising and measuring assets, financial liabilities and certain contracts for the purchase or sale of non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement", which was applied until 31 December 2017.

Phase I - Classification and measurement of financial assets

IFRS 9's arrangements for classifying and measuring financial assets are based on the company's management method and the contractual characteristics of the financial assets.

When implementing this standard, the Group reviewed the characteristics of its financial assets, particularly as regards remuneration. Because of the Group's approach to managing its financial assets and because the Group does not hold any complex financial instruments, the Group concluded that all of its financial assets met the "Solely Payments of Principal and Interest (SSPI)" criterion as defined by IFRS 9. As a result, financial assets recognised at amortised cost under IAS 39 did not undergo any change in accounting method when IFRS 9 was adopted for the first time.

The Group also reviewed its portfolio of equity instruments, mainly consisting of shares in unconsolidated subsidiaries and affiliates, in order to determine the measurement method for each share (either at fair value through profit and loss or at fair value through equity). The vast majority of shares in the portfolio at 1 January 2018 were measured at fair value through profit and loss.

The fair value of shares in listed companies is determined on the basis of the stock market price at the balance sheet date. For unlisted shares, if their fair value cannot be determined reliably at each balance sheet date, they continue to be measured at their initial fair value, i.e. their cost of acquisition plus transaction costs, adjusted for any increases or decreases in value determined by analysing the change in the proportion of equity held.

Whenever equity securities are acquired, a similar analysis will be carried out to determine the Group's management intention, which will determine the way in which changes in fair value are recognised.

Loans, receivables and available-for-sale assets are still presented on the balance sheet under "Other non-current financial assets" (Note II.4).

Phase II – Financial asset impairment model

IFRS 9 has also changed the Group's arrangements regarding the impairment of financial assets, because it now requires a model based on expected loss. Portfolios of trade and financial receivables, and of loans granted to entities such as companies accounted for under the equity method, have been analysed.

The Group has opted for the simplified approach to measuring impairment of its trade receivables. Analysis of historical losses on those receivables did not show any material amounts.

To estimate the risk of non-recovery relating to the Group's financial assets, actual losses experienced during a period will be analysed annually in order to adjust impairment rates where appropriate.

Phase III – Hedge accounting

Provisions relating to hedge accounting will allow the Group to bring its accounting methods and risk management policy into line.

IFRS 9 allows changes in the value of all hedging costs (contango/backwardation, basis swaps and option premiums) to be recognised under other comprehensive income and to be recycled through profit or loss on a straight-line basis where a period of time is hedged or, where a transaction is hedged, at the same rate at which the hedged transaction is recognised. That recycling will be presented in the income statement under the cost of net financial debt for all transactions that qualify for hedge accounting.

The Group has chosen to apply these new arrangements for recognising hedging costs retrospectively, for all of its instruments that qualify for hedge accounting. The application of this new model had a negative impact of €4.9 million.

The transitional approach used was the simplified approach. Accordingly, the 2017 financial statements were not adjusted, and only the opening balance sheet at 1 January 2018 was adjusted to take account of all of these impacts.

The impacts of the first-time adoption of IFRS 15 and IFRS 9 at 1 January 2018 on the Group's opening balance sheet are set out below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Consolidated balance sheet at 1 January 2018

ASSETS

in € millions	01.01.2018 reported	IFRS 15 impact	IFRS 9 impact	01.01.2018 adjusted
NON-CURRENT ASSETS				
Intangible assets	**0.8**	-	-	0.8
Goodwill	**-**	-	-	-
Property, plant and equipment	**35.4**	-	-	35.4
Investments in equity-accounted companies	**1.2**	-	-	1.2
Other non-current financial assets	**5.5**	-	-	5.5
Non-current deferred tax assets	**18.8**	9.0	-	27.8
TOTAL NON-CURRENT ASSETS	**61.7**	**9.0**	**-**	**70.7**
CURRENT ASSETS				
Inventories and work in progress	**11.0**	-	-	11.0
Trade receivables and related accounts	**226.7**	(30.0)	-	196.7
Other operating receivables	**418.9**	-	(4.9)	413.9
Other current assets	**51.3**	-	-	51.3
Current tax assets	**2.9**	-	-	2.9
Cash management financial assets	**312.6**	-	-	312.6
Cash and cash equivalents	**216.0**	-	-	216.0
TOTAL CURRENT ASSETS	**1,239.4**	**(30.0)**	**(4.9)**	**1,204.5**
TOTAL ASSETS	**1,301.2**	**(21.0)**	**(4.9)**	**1,275.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

EQUITY AND LIABILITIES

in € millions	01.01.2018 reported	IFRS 15 impact	IFRS 9 impact	01.01.2018 adjusted
EQUITY				
Share capital	**100.0**	-	-	100.0
Share premium	-	-	-	-
Consolidated reserves	**20.2**	(31.2)	(4.9)	(15.9)
Net income	**37.7**	-	-	37.7
Interim dividend	-	-	-	-
Equity attributable to owners of the parent	**157.9**	**(31.2)**	**(4.9)**	**121.8**
Non-controlling interests	-	-	-	-
TOTAL EQUITY	**157.9**	**(31.2)**	**(4.9)**	**121.8**
NON-CURRENT LIABILITIES				
Retirement and other employee benefit obligations	**26.3**	-	-	26.3
Non-current provisions	**66.4**	10.2	-	76.6
Other non-current liabilities	**5.3**	-	-	5.3
Non-current deferred tax liabilities	**0.9**	-	-	0.9
TOTAL NON-CURRENT LIABILITIES	**98.8**	**10.2**	-	**109.0**
CURRENT LIABILITIES				
Current provisions	**228.3**	-	-	228.3
Trade payables	**461.6**	-	-	461.6
Current tax liabilities	**0.9**	-	-	0.9
Current borrowings	**24.8**	-	-	24.8
Other current payables	**329.0**	-	-	329.0
TOTAL CURRENT LIABILITIES	**1,044.5**	-	-	**1,044.5**
TOTAL EQUITY AND LIABILITIES	**1,301.2**	**(21.0)**	**(4.9)**	**1,275.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

Equity at 1 January 2018

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

In € millions	SHARE CAPITAL	PREMIUMS AND RESERVES	CURRENCY TRANSLATION RESERVES	NET INCOME	NET INCOME RECOGNISED DIRECTLY IN EQUITY	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
Equity at 1 January reported	**100.0**	**4.3**	**23.7**	**37.7**	**(7.8)**	**157.9**	**-**	**157.9**
IFRS 15 impact	-	(31.2)	-	-	-	**(31.2)**	-	**(31.2)**
IFRS 9 impact	-	(3.7)	-	-	(1.2)	**(4.9)**	-	**(4.9)**
Equity at 1 January adjusted	**100.0**	**(30.6)**	**23.7**	**37.7**	**(9.0)**	**121.8**	**-**	**121.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

5. BUSINESS SEGMENT REPORTING

IIFRS 11 "Joint arrangements", which is required to be applied as of 1 January 2014, states that projects that are carried out in partnership through a joint venture must be accounted for under 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

5. 1 Consolidated balance sheet

ASSETS

in € thousands	31.12.2018	Adjustment for joint ventures	Business segment reporting	31.12.2017 reported	31.12.2017 Business segment reporting
NON-CURRENT ASSETS					
Intangible assets	**774**	154	**928**	799	889
Goodwill	**-**	-	**-**	-	-
Property, plant and equipment	**41,278**	18,796	**60,074**	35,378	67,193
Investments in equity-accounted companies	**-**	-	**-**	1,231	-
Other non-current financial assets	**1,515**	358	**1,873**	5,469	5,655
Non-current deferred tax assets	**26,938**	(6,600)	**20,338**	18,847	18,847
TOTAL NON-CURRENT ASSETS	**70,505**	**12,708**	**83,213**	**61,724**	**92,584**
CURRENT ASSETS					
Inventories and work in progress	**6,568**	1,489	**8,057**	11,022	13,328
Trade receivables and related accounts	**206,109**	335,563	**541,672**	226,741	416,957
Other operating receivables	**340,624**	51,510	**392,134**	418,861	523,378
Other current assets	**66,463**	812	**67,275**	51,319	53,413
Current tax assets	**1,779**	-	**1,779**	2,896	2,896
Cash management financial assets	**302,431**	689	**303,120**	312,628	314,081
Cash and cash equivalents	**170,133**	29,135	**199,269**	215,963	289,123
TOTAL CURRENT ASSETS	**1,094,106**	**419,199**	**1,513,305**	**1,239,430**	**1,613,177**
TOTAL ASSETS	**1,164,611**	**431,907**	**1,596,518**	**1,301,154**	**1,705,760**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
at 31 December 2018

EQUITY AND LIABILITIES

in € thousands	31.12.2018	Adjustment for joint ventures	Business segment reporting	31.12.2017 reported	31.12.2017 Business segment reporting
EQUITY					
Share capital	**100,000**	-	**100,000**	100,000	100,000
Share premium	**-**	-	**-**	-	-
Consolidated reserves	**9,081**	31,200	**40,281**	20,199	20,199
Net income	**40,747**	(5,600)	**35,147**	37,677	37,677
Interim dividend	**-**	-	**-**	-	-
Equity attributable to owners of the parent	**149,828**	**25,600**	**175,428**	**157,876**	**157,876**
Non-controlling interests	**-**	-	**-**	-	-
TOTAL EQUITY	**149,828**	**25,600**	**175,428**	**157,876**	**157,876**
NON-CURRENT LIABILITIES					
Retirement and other employee benefit obligations	**26,563**	-	**26,563**	26,258	26,258
Non-current provisions	**72,591**	(54,232)	**18,359**	66,366	17,171
Other non-current liabilities	**12,019**	-	**12,019**	5,259	5,259
Non-current deferred tax liabilities	**879**	-	**879**	945	945
TOTAL NON-CURRENT LIABILITIES	**112,052**	**(54,232)**	**57,820**	**98,828**	**49,633**
CURRENT LIABILITIES					
Current provisions	**183,291**	78,645	**261,936**	228,252	311,475
Trade payables	**276,486**	270,291	**546,777**	461,583	669,727
Current tax liabilities	**1,230**	290	**1,520**	860	1,089
Current borrowings	**16,433**	22,555	**38,988**	24,781	78,765
Other current payables	**425,291**	88,758	**514,049**	328,974	437,195
TOTAL CURRENT LIABILITIES	**902,731**	**460,539**	**1,363,270**	**1,044,450**	**1,498,251**
TOTAL EQUITY AND LIABILITIES	**1,164,611**	**431,907**	**1,596,518**	**1,301,154**	**1,705,760**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

5. 2 Consolidated income statement

in € thousands	31.12.2018	Adjustment for joint ventures	Business segment reporting	31.12.2017 reported	31.12.2017 Business segment reporting
Revenue	**748,734**	**314,288**	**1,063,022**	**966,378**	**1,346,547**
Revenue from ancillary activities	**242**	66	**308**	1,348	1,805
Revenue and other operating income	**748,977**	**314,354**	**1,063,330**	**967,726**	**1,348,352**
Purchases consumed	**(105,722)**	(39,690)	**(145,412)**	(168,536)	(235,534)
Subcontracting and other external expenses	**(403,620)**	(193,131)	**(596,751)**	(448,552)	(675,743)
Employment costs	**(239,506)**	(53,271)	**(292 777)**	(257,953)	(328,938)
Taxes and levies	**(17,288)**	(354)	**(17,642)**	(15,271)	(15,900)
Other operating income and expense	**14,263**	(4,302)	**9,961**	(10,061)	(13,143)
Net depreciation, amortisation and provision expenses	**52,315**	(24,207)	**28,108**	(13,794)	(19,930)
OPERATING INCOME FROM ORDINARY ACTIVITIES	**49,418**	**(601)**	**48,816**	**53,560**	**59,165**
Share-based payment expense (IFRS 2)	**(5,493)**	-	**(5,493)**	(4,351)	(4,351)
Profit/(loss) of equity-accounted companies	**5,874**	(5,905)	**(31)**	2,721	(143)
Other recurring operating items	**(180)**	34	**(147)**	(141)	(140)
RECURRING OPERATING INCOME	**49,618**	**(6,473)**	**43,145**	**51,789**	**54,532**
Impact from changes in scope and gain/(loss) on disposals of shares	**(26)**	-	**(26)**	(137)	(137)
OPERATING INCOME	**49,592**	**(6,473)**	**43,119**	**51,652**	**54,395**
Cost of gross financial debt	**(1,011)**	(2,197)	**(3,208)**	(1,062)	(4,450)
Financial income from cash investments	**2,667**	688	**3,355**	3,287	3,965
COST OF NET FINANCIAL DEBT	**1,656**	**(1,509)**	**147**	**2,224**	**(484)**
Other financial income and expense	**(469)**	-	**(469)**	(354)	(354)
Income tax expense	**(10,032)**	2,382	**(7,650)**	(15,845)	(15,879)
NET INCOME FOR THE PERIOD	**40,747**	**(5,600)**	**35,147**	**37,677**	**37,677**
Net income attributable to non-controlling interests	**-**	-	**-**	-	-
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**40,747**	**(5,600)**	**35,147**	**37,677**	**37,677**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

5. 3 Revenue

in € millions	31.12.2018	Adjustment for joint ventures	Business segment reporting	31.12.2017 reported	31.12.2017 Business segment reporting
SEGMENTATION BY GEOGRAPHICAL MARKET (BY DESTINATION)					
France	**152.7**	(8.0)	**144.7**	109.8	109.8
Europe	**224.4**	-	**224.4**	297.0	297.0
The Americas	**226.8**	-	**226.8**	294.1	294.1
Africa	**72.9**	5.6	**78.5**	60.7	65.8
Asia	**68.0**	-	**68.0**	204.4	204.4
Middle East	**3.9**	316.6	**320.5**	0.4	375.2
Pacific	**-**	0.1	**0.1**	-	-
REVENUE	**748.7**	**314.3**	**1,063.0**	**966.4**	**1,346.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

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

in € thousands		31.12.2018	Adjustment for joint ventures	Business segment reporting	31.12.2017 reported	31.12.2017 Business segment reporting
Consolidated net income for the period (including non-controlling interests)		**40,747**	**(5,600)**	**35,147**	**37,677**	**37,677**
Depreciation and amortisation		**13,113**	7,937	**21,050**	24,614	36,390
Net increase (decrease) in provisions		**1,086**	(5,228)	**(4,142)**	1,063	(7,177)
Share-based payments (IFRS 2)		**1,059**	-	**1,059**	912	912
Gains or losses on disposal		**(3,546)**	5,441	**1,895**	(3,725)	(1,230)
Change in fair value of foreign exchange derivative financial instruments and others		**(1,328)**	-	**(1,328)**	(54)	(54)
Dividends received from unconsolidated companies and share of profit or loss of equity-accounted companies		**(5,874)**	5,905	**31**	(2,721)	143
Cost of net financial debt recognised		**(1,656)**	1,509	**(147)**	(2,224)	484
Current and deferred tax expense recognised		**10,032**	(2,382)	**7,650**	15,845	15,879
Cash flow (used in)/from operating before tax and financing costs		**53,633**	**7,582**	**61,215**	**71,387**	**83,025**
Change in operating working capital (including liabilities relating to employee benefits)		**(34,968)**	(18,882)	**(53,850)**	(58,558)	(33,172)
Change in current provisions		**(48,495)**	(4,990)	**(53,485)**	(9,156)	(4,156)
Income tax paid		**(2,321)**	48	**(2,272)**	(6,880)	(6,774)
Net financial interest paid (including finance lease interest)		**1,656**	(1,509)	**147**	2,224	(484)
Dividends received from non-consolidated and equity-accounted companies		**-**	-	**-**	-	-
Cash flow (used in)/from operating activities	**(I)**	**(30,494)**	**(17,751)**	**(48,245)**	**(983)**	**38,439**
Purchases of intangible assets and property, plant and equipment		**(22,392)**	(363)	**(22,755)**	(21,057)	(25,509)
Proceeds from sales of intangible assets and property, plant and equipment		**5,885**	6,242	**12,127**	7,002	8,597
Purchases of non-current financial assets		**1,505**	(1,663)	**(158)**	(66)	(66)
Proceeds from sales of non-current financial assets		**-**	-	**-**	-	-
Net effect of changes in scope of consolidation		**-**	-	**-**	-	-
Dividends received from non-consolidated companies		**-**	-	**-**	-	-
Change in non-current financial assets and liabilities		**7,661**	-	**7,661**	914	916
Net cash flows (used in)/from investing activities	**(II)**	**(7,341)**	**4,215**	**(3,126)**	**(13,205)**	**(16,062)**

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

in € thousands	31.12.2018	Adjustment for joint ventures	Business segment reporting	31.12.2017 reported	31.12.2017 Business segment reporting
Share capital increase of the parent company	-	-	-	-	-
Dividends paid by the parent company	-	-	-	-	-
Change in cash management assets and liabilities	(5,326)	807	(4,519)	(30,895)	(29,952)
Net cash flows (used in)/from investing activities (III)	**(5,326)**	**807**	**(4,518)**	**(30,895)**	**(29,953)**
CHANGE IN NET CASH (I+II+III)	**(43,161)**	**(12,729)**	**(55,890)**	**(45,083)**	**(7,576)**
Net cash and cash equivalents at beginning of period	208,144	19,177	227,321	255,199	235,929
Effect of changes in foreign exchange rates	(254)	132	(122)	(1,972)	(1,032)
NET CASH AND CASH EQUIVALENTS AT END OF PERIODE	**164,729**	**6,580**	**171,309**	**208,144**	**227,321**
Net cash and cash equivalents at end of period	**164,729**	**6,580**	**171,309**	**208,144**	**227,321**
Cash management financial assets	302,431	689	303,120	312,628	314,081
Other current and non-current financial debt (excluding overdrafts)	(11,029)	-	(11,029)	(16,962)	(16,962)
NET FINANCIAL SURPLUS AT THE END OF THE PERIOD	**456,131**	**7,269**	**463,400**	**503,810**	**524,440**

5. 5 Net financial surplus

in € thousands	31.12.2018	Adjustment for joint ventures	Business segment reporting	31.12.2017 reported	31.12.2017 Business segment reporting
Cash management current account liabilities	(8,780)	-	(8,780)	(13,252)	(13,252)
Other current financial liabilities	(2,249)	-	(2,249)	(3,710)	(3,710)
Bank overdrafts	(5,404)	(22,555)	(27,959)	(7,819)	(61,802)
Current borrowings	**(16,433)**	**(22,555)**	**(38,988)**	**(24,781)**	**(78,764)**
GROSS DEBT	**(16,433)**	**(22,555)**	**(38,988)**	**(24 781)**	**(78,764)**
Cash management financial assets	302,431	689	303,120	312,628	314,081
Cash and cash equivalents	170,133	29,135	199,269	215,963	289,123
Total financial assets	**472,564**	**29,824**	**502,388**	**528,592**	**603,204**
NET FINANCIAL SURPLUS	**456,131**	**7,269**	**463,400**	**503,810**	**524,440**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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II NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

1. NET INTANGIBLE ASSETS

in € thousands	2017	INCREASE	DECREASE	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	2018
Gross	2,843	398	(1,456)	(95)	**1,691**
Depreciation, amortisation and provisions	(2,044)	(313)	1,441	-	**(917)**
TOTAL NET	**799**	**85**	**(15)**	**(95)**	**774**

2. NET PROPERTY, PLANT AND EQUIPMENT

2. 1 Change in the period

in € thousands	2017	INCREASE	DECREASE	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	2018
Gross	119,438	21,994	(36,246)	1,066	**106,252**
Depreciation, amortisation and provisions	(84,060)	(14,458)	34,834	(1,290)	**(64,974)**
TOTAL NET	**35,378**	**7,536**	**(1,412)**	**(224)**	**41,278**

2. 2 Breakdown by type of asset

in € thousands	GROSS	DEPRECIATION	NET
Land	-	-	**-**
Constructions	11	(10)	**1**
Plant and equipment	66,591	(46,122)	**20,469**
Vehicles	11,161	(8,690)	**2,472**
Office furniture, computer equipment, fixtures and fittings	13,087	(10,153)	**2,935**
Non-current assets in progress	15,401	-	**15,401**
TOTAL NET	**106,252**	**(64,974)**	**41,278**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. 3 Investments in the periode

in € thousands	2018
Lands	-
Constructions	-
Plant and equipment	12,079
Vehicles	1,285
Office furniture, computer equipment, fixtures and fittings	1,395
Non-current assets in progress	7,235
TOTAL INVESTMENTS	**21, 994**

3. INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

3. 1 Change in the period

in € thousands	2017	2018
Value of shares at start of the period	**1,205**	**1,231**
Share capital increase / decrease of equity-accounted companies	-	(1,505)
Group share of profit or loss for the period	2,721	5,874
Dividends paid	-	-
Changes in consolidation scope, foreign currency translation differences and other	(2,695)	(5,601)
NET	**1,231**	**-**

3. 2 Financial information on equity-accounted companies

The "Investments in equity-accounted companies" item breaks down as follows:

in € thousands	% OWNED	2017	2018
CTM	60.00%	1,231	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

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

in € thousands	2017	2018
INCOME STATEMENT		
Revenue	380,169	**322,288**
Operating income	5,507	**7,380**
Net income	2,721	**5,874**
BALANCE SHEET		
Equity	(49,165)	**(45,324)**
Current assets	397,168	**426,045**
Non-current assets	32,091	**19,307**
Current liabilities	478,424	**490,676**
Non-current liabilities	-	**-**
Net financial debt	19,506	**6,017**

4. OTHER NON-CURRENT FINANCIAL ASSETS

in € thousands	GROSS	PROVISIONS	NET
Investments in subsidiaries and affiliates	2,686	(1,421)	**1,265**
Equity value of deconsolidated companies	173	-	**173**
Other non-current financial assets	119	(42)	**77**
TOTAL NET	**2,978**	**(1,463)**	**1,515**

At 31 December 2018, the main non-consolidated companies were:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

5. CASH MANAGEMENT FINANCIAL ASSETS

Cash management financial assets break down as follows:

in € thousands	2017	2018
CASH MANAGEMENT FINANCIAL ASSETS	**312,628**	**302,431**
UCITS	145,320	**101,784**
Cash	70,643	**68,349**
CASH AND CASH EQUIVALENTS	**215,963**	**170,133**

Cash management financial assets include €249.2 million invested with parent companies, attracting interest at rates close to market rates.

6. WORKING CAPITAL REQUIREMENT (SURPLUS)

in € thousands		2017	2018
Inventories and work in progress (net)		11,022	**6,568**
Trade receivables and related accounts		226,741	**206,109**
Other operating receivables		418,861	**340,624**
Other current assets		51,319	**66,463**
Current tax assets		2,896	**1,779**
Inventories and operating receivables	**(I)**	**710,839**	**621,542**
Trade payables		461,583	**276,486**
Other current payables		328,974	**425,291**
Current tax liabilities		860	**1,230**
Trade and other operating payables	**(II)**	**791,417**	**703,007**
WORKING CAPITAL REQUIREMENT	**(I - II)**	**(80,578)**	**(81,465)**
Current provisions		(228,252)	**(183,291)**
WORKING CAPITAL REQUIREMENT (after current provisions)		**(308,830)**	**(264,756)**

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:

	2017	2018
Discount rate	1.75%	**1.70%**
Inflation rate	1.60%	**1.60%**
Rate of salary increases	2.60%	**2.60%**
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	**27,244**
Of which part at less than one year	*2,649*

7.2 Change in provisions for retirement benefit obligations during the period

in € thousands	2018
Start of period	**26,364**
Total charge recognised with respect to retirement benefit obligations	**413**
Actuarial gains and losses recognised in other comprehensive income	**467**
End of period	**27,244**

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 €8.0 million at 31 December 2018 (€8.4 million at 31 December 2017). 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	**2082**
Of which part at less than one year	*114*

8. PROVISIONS POUR RISQUES ET CHARGES

in € thousands	2017	PROVISION EXPENSE	REVERSALS	REVERSALS OF UNUSED PROVISIONS	CURRENCY TRANSLATION DIFFERENCES AND OTHER CHANGES	2018
Warranties given to customers	17,108	8,149	(4,101)	(1,042)	79	**20,192**
Site restoration	40,032	10,788	(19,820)	(90)	16	**30,927**
Losses on completion	95,131	27,354	(69,427)	-	-	**53,057**
Disputes	21, 813	3,241	(207)	(4,657)	95	**20,285**
Restructuring costs	2,526	1,473	(796)	(730)	-	**2,473**
Other current liabilities	709	1,370	-	-	3	**2,083**
Reclassification of the part at less than one year of non-current provisions	50,933	-	-	-	3,341	**54,273**
Current provisions	**228,252**	**52,375**	**(94,351)**	**(6,519)**	**3,534**	**183,291**
Financial risks	54,610	52	(70)	-	5,126	**59,718**
Other non-current liabilities	62,689	16,057	(2,728)	(7,949)	(922)	**67,146**
Reclassification of the part at less than one year of non-current provisions	(50,933)	-	-	-	(3,341)	**(54,273)**
Non-current provisions	**66,366**	**16,109**	**(2,798)**	**(7,949)**	**863**	**72,591**
TOTAL	**294,618**	**68,484**	**(97,149)**	**(14,468)**	**4,397**	**255,882**

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 2018.

9. FINANCIAL SURPLUS (DEBT)

At the balance sheet date, the Group had a net cash surplus of €456.1 million, breaking down as follows:

in € thousands	2017	2018
Cash management current account liabilities	(13,252)	**(8,780)**
Other current financial liabilities	(3,710)	**(2,249)**
Bank overdrafts	(7,819)	**(5,404)**
Current borrowings	**(24,781)**	**(16,433)**
GROSS DEBT	**(24,781)**	**(16,433)**
Cash management financial assets	312,628	**302,431**
Cash and cash equivalents	215,963	**170,133**
NET FINANCIAL SURPLUS	**503,810**	**456,131**

Debts guaranteed by collateral: none.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

10. OTHER CURRENT PAYABLES

At the end of the period, the Group had a net cash surplus of €425.3 million, breaking down as follows:

in € thousands	2017	2018
Trade receivables - Advances received on work	126,236	**151,923**
Deferred income	56,032	**89,577**
Operating current accounts	4,796	**27,983**
Tax, employment and social benefit liabilities	51,285	**48,356**
Other current liabilities	90,625	**107,452**
TOTAL	**328,974**	**425,291**

11. REVENUE INCLUDING JOINT VENTURES

The effect of 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	2018	2017
Consolidated revenue	**748.7**	**966.4**
Revenue of joint ventures	314.3	380.3
Revenue including joint ventures	**1,063.0**	**1,346.5**

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	2018	2017
Revenue for the period	**748.7**	**966.4**
of which:		
- impact of changes in consolidation scope	-	-
- impact of foreign exchange fluctuations	-	(19.8)
REVENUE AT CONSTANT CONSOLIDATION SCOPE AND EXCHANGE RATES	**748.7**	**946.6**

On a comparable consolidation scope and exchange rate basis, revenue was down 20.9% year-on-year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
at 31 December 2018

REVENUE BY GEOGRAPHICAL MARKET (by destination)

In € millions	2018	2017
France	**152.7**	109.8
Europe	**224.4**	297.0
The Americas	**226.8**	294.1
Africa	**72.9**	60.7
Asia	**68.0**	204.4
Middle East	**3.9**	0.4
Pacific	**-**	-
TOTAL	**748.7**	**966.4**

13. OPERATING INCOME FROM ORDINARY ACTIVITIES

in € thousands	2018	2017
Revenue	**748,734**	**966,378**
Revenue from ancillary activities	**242**	1,348
Revenue and other operating income	**748,977**	**967,726**
Purchases consumed	**(105,722)**	(168,536)
Subcontracting and other external expenses	**(403,620)**	(448,552)
Employment costs	**(239,506)**	(257,953)
Taxes and levies	**(17,288)**	(15,271)
Other operating income and expense	**14,263**	(10,061)
Depreciation and amortisation	**(13,113)**	(24,614)
Net provision expenses:		
Impairment of property, plant and equipment, and intangible assets	**(772)**	(1,040)
Impairment of assets	**17,480**	2,412
Retirement and other benefit obligations	**34**	151
Current and non-current provisions	**48,685**	9,298
OPERATING INCOME FROM ORDINARY ACTIVITIES	**49,418**	**53,560**

Revenue from ancillary activities amounted to €0.2 million at 31 December 2018 and mainly related to sales of study work and equipment, and rental income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

14. SHARE-BASED PAYMENTS

The expense relating to employee benefits has been assessed at €5.5 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 2018 or 2017.

14. 3 Performance shares

On 7 February 2018, VINCI's Board of Directors decided to grant definitively to beneficiaries of the 14 April 2015 long-term incentive plan 100% of the performance shares originally allotted after the performance conditions were met.

On 17 April 2018, VINCI's Board of Directors decided to set up a new long-term performance share plan involving conditionally allotting performance shares to certain employees. The 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:

	2018 PLAN	2017 PLAN	2016 PLAN
Price of VINCI share on date plan was announced *(in €)*	**81.23**	73.99	66.18
Fair value of performance share at grant date *(in €)*	**64.12**	61.10	56.17
Fair value of share at grant date	**78.94%**	82.71%	84.87%
Original maturity – vesting period	**3 years**	3 years	3 years
Risk-free interest rate	**(0.32%)**	(0.29%)	(0.41%)

In accordance with IFRS 2, the number of performance shares measured at fair value in the calculation of the IFRS 2 expense is adjusted at each balance sheet date for the impact of the change since the grant date of the shares in the likelihood of the financial criteria being met.

15. OTHER FINANCIAL INCOME AND EXPENSE

in € thousands	2018	2017
Foreign exchange gains and losses	-	-
Effect of discounting to present value	(469)	(354)
OTHER FINANCIAL INCOME AND EXPENSE, NET	**(469)**	**(354)**

16. INCOME TAX EXPENSE

16. 1 Breakdown of net tax expense

in € thousands	2018	2017
Current tax	(9,189)	(17,132)
Deferred tax	(843)	1,287
TOTAL	**(10,032)**	**(15,845)**

16. 2 Effective tax rate

in € thousands	2018
Taxable income	**44,905**
Theoretical tax rate	34.43%
THEORETICAL TAX EXPENSE	**(15,461)**
Tax rate differences (foreign countries)	9,400
Creation (use) of carryforward tax losses not having given rise to deferred tax	(6,399)
Fixed-sum and other additional taxes	(3,970)
Permanent differences and miscellaneous	6,398
TAX EXPENSE EFFECTIVELY RECOGNISED	**(10,032)**
Effective tax rate	22.34%

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
	26,938	879	26,059

16. 4 Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €85.1 million at 31 December 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

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 €4,177 thousand in 2018.

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

18. 1 Financial information on contracts

Changes in the balances of contract assets and liabilities in 2018 are set out below, by type of change.

During the period, changes in the balances of contract assets and liabilities broke down as follows:

in € thousands	**2018**
CONTRACT ASSETS	
Beginning of period	**213,226**
Changes relating to operating activities	(12,697)
Scope effects	-
Other changes (*)	733
End of period	**201,263**
CONTRACT LIABILITIES	
Beginning of period	**182,268**
Changes relating to operating activities	59,119
Scope effects	-
Other changes (*)	113
End of period	**241,500**

(*) Mainly currency translation differences.

In 2018, the changes in contract assets and liabilities are mainly related to work progress.

18. 2 Order book

in € millions	2018	NUMBER OF MONTHS OF AVERAGE BUSINESS ACTIVITY
Order book	**1,762**	**29**

19. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments break down as follows:

in € thousands	COMMITMENTS GIVEN	COMMITMENTS RECEIVED
Performance guarantees and performance bonds	526,756	55,922
Retention payments	198,865	9,312
Deferred payments to subcontractors and suppliers	8,018	75
Seller's guarantees	-	-
Bid bonds	8,578	-
Tax and customs bonds	2,040	-
Operating leases	15,728	-
Other commitments	76,612	28,796
TOTAL	**836,597**	**94,105**

20. EMPLOYMENT COSTS AND NUMBERS EMPLOYED

AVERAGE NUMBER OF EMPLOYEES	2018	2017
Engineers and managers	1,096	1,107
Non-Managers	3,778	3,530
TOTAL	**4,874**	**4,637**

Employment costs for all companies in the Group amounted to €239.5 million.

21. OTHER INFORMATION

DISPUTES AND ARBITRATION

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

22. MAIN CONSOLIDATED COMPANIES AT 31 DECEMBER 2018

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 Atlántico	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	Chile	60
QDVC	Qatar	49
4/ Percentage stakes in partnerships and economic interest groupings formed to carry out major projects		
Abdelmoumen pumped-storage hydrœlectric plant	Morocco	20
Assiut dam	Egypt	33
Bogotá-Girardot motorway	Colombia	25
Cairo metro, line 3, phase 3	Egypt	27
Cairo metro, line 3, phase 4A	Egypt	27
Chernobyl confinement shelter	Ukraine	50
Copenhagen metro, line 4	Denmark	50
Crossrail	England	27
EOLE CNIT train station, La Défense	France	14
Grand Paris Express, line 14 South	France	23
Grand Paris Express, line 15 South	France	22
Ho Chi Minh City drinking water transmission tunnel	Vietnam	50
ITER project - Tokamak reactor building	France	15
Kingston Container Terminal	Jamaica	50
Lee Tunnel	England	30
Línea Amarilla motorway	Peru	33
Maliakos - Kleidi motorway	Greece	11
Mandarin Oriental, London	England	50
New Coastal Road - Reunion Island	France	20
Rijnlandroute Tunnel	Netherlands	25
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 2018

To the sole shareholder of VINCI Construction Grands Projets

Opinion

In accordance with our appointment by you as Statutory Auditors, we have audited the accompanying consolidated financial statements of VINCI Construction Grands Projets for the year ended 31 December 2018.

In our opinion, the consolidated financial statements for the year give a true and fair view of the financial position, the assets and liabilities, and the results 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.

Basis of our opinion

Audit

We conducted our audit in accordance with professional standards applicable in France. We believe that the information that we collected provides a sufficient and appropriate basis for our opinion.

Our responsibilities under those standards are stated in the "Responsibilities of the Statutory Auditors as regards auditing the consolidated financial statements" section of this report.

Independence

We conducted our audit in accordance with the independence rules applicable to us between 1 January 2018 and the date on which we issued our report, and in particular we did not provide any services forbidden by the code of conduct of the statutory auditors' profession in France.

Observation

Without prejudice to the opinion expressed above, we draw your attention to note I.4 to the consolidated financial statements, which describes the changes in accounting policies relating to the adoption on 1 January 2018 of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers".

Justification of our assessments

As required by Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the following assessments that were, in our professional judgment, the most important in relation to our audit of the year's consolidated financial statements.

Those assessments were made in the context of our audit of the consolidated financial statements taken as a whole and in the formation of our opinion stated above. We express no opinion on items of the consolidated financial statements taken in isolation.

As stated in Note I.3.1 to the consolidated financial statements, the VINCI Construction Grands Projets group uses estimates prepared on the basis of information available at the time of preparing its consolidated financial statements. Those estimates relate in particular to construction contracts: the 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 Notes I.3.1.1 and I.3.4. We have assessed the assumptions used by the Group in making these estimates and reviewed the calculations made.

Specific verification

We have also verified, in accordance with the professional standards applicable in France and as required by statutory and regulatory texts, the information concerning the Group presented in the Chairman's management report.

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

Responsibilities of management and persons involved in corporate governance in relation to the consolidated financial statements

Management is responsible for preparing consolidated financial statements that present a true and fair view, in accordance with IFRSs as endorsed by the European Union, and for setting up the internal controls it deems necessary for preparing consolidated financial statements that do not contain any material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, for presenting in those statements any necessary information relating to its status as a going concern, and for applying the accounting concept of going concern, except where there is a plan to liquidate the company or discontinue its operations.

The consolidated financial statements have been approved by the Chairman.

Responsibilities of the Statutory Auditors as regards auditing the consolidated financial statements

Our responsibility is to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2018

assurance about whether the consolidated financial statements, taken as a whole, are free of material misstatement. Reasonable assurance means a high level of assurance, although there is no guarantee that an audit conducted in accordance with professional standards will systematically detect all material misstatements. Misstatements may arise from fraud or error, and are regarded as material when they can reasonably be expected, individually or together, to influence the economic decisions that users of the financial statements take on the basis of those statements.

As stated by article L. 823-10-1 of the French Commercial Code, our audit assignment does not involve guaranteeing the viability of your company or the quality of its management.

When conducting an audit in accordance with professional standards in France, statutory auditors use their professional judgment throughout the audit. In addition:

- they identify and assess the risks that the consolidated financial statements contain material misstatements, whether through fraud or error, define and implement audit procedures to address those risks, and collect information that they regard as sufficient and appropriate as the basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or the circumvention of internal controls;
- auditors familiarise themselves with the internal controls relevant to the audit, in order to define audit procedures appropriate to the situation in hand, and not in order to express an opinion on the effectiveness of internal control;
- they assess the appropriateness of accounting policies adopted and the reasonableness of accounting estimates made by Management, along with information about those estimates provided in the consolidated financial statements;
- they assess whether management has applied appropriately the going concern convention and, based on information collected, whether or not there is a material uncertainty arising from events or circumstances likely to call into question the company’s ability to continue as a going concern. That assessment is based on information collected until the date of the auditors’ report, although it should be borne in mind that subsequent circumstances or events may call into question the company’s status as a going concern. If the auditors conclude that there is a material uncertainty, they draw the attention of those reading their report to information provided in the consolidated financial statements in relation to that uncertainty or, if that information is not provided or is not relevant, they certify the financial statements with reservations or refuse to certify them;
- they assess the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect the underlying operations and events so that they give a true and fair view;
- regarding financial information relating to persons or entities included in the scope of consolidation, they collect the information that they regard as sufficient and appropriate to express an opinion on the consolidated financial statements. The auditors are responsible for managing, supervising and conducting the audit of the consolidated financial statements and for the opinion expressed on those financial statements.

Paris La Défense, 26 February 2019

The Statutory Auditors

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

DELOITTE & ASSOCIÉS,
Marc de VILLARTAY

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