Financial report 2007

Consolidated IFRS balance sheet at 31 December 2007

ASSETS

in € thousands

	Notes	2007			2006
		Gross	Amort. Dep'n & Provs.	Net	Net
Non-current assets					
Intangible assets	1	79,220	60,013	**19,207**	16,122
Goodwill	2	558,002	13,960	**544,042**	174,840(*)
Concession intangible assets	3	9,108	5,239	**3,869**	9,146
Property, plant and equipment	4	3,055,991	1,733,807	**1,322,184**	968,575
Investment property	5	25,481	10,730	**14,751**	25,756
Investments in associates	6	24,206		**24,206**	14,036
Other non-current financial assets	7-13	110,534	40,463	**70,071**	82,482
Non-current deferred tax assets	18	57,229		**57,229**	126,265
Total non-current assets		**3,919,771**	**1,864,212**	**2,055,559**	**1,417,222**
Current assets					
Inventories and work in progress	8-10	315,338	25,732	**289,606**	235,668
Trade and other operating receivables	10	6,265,937	201,177	**6,064,760**	4,969,450
Other current assets	10	214,176	2,283	**211,893**	166,319
Current tax assets	10	24,076		**24,076**	20,904
Current deferred tax assets	18	98,272		**98,272**	
Current financial assets	13	10,676	501	**10,175**	1,110
Cash management financial assets	9-13	1,144,619	323	**1,144,296**	1,311,417
Cash and cash equivalents	9-13	1,384,571		**1,384,571**	931,393
Total current assets		**9,457,665**	**230,016**	**9,227,649**	**7,636,261**
TOTAL ASSETS		**13,377,436**	**2,094,228**	**11,283,208**	**9,053,483**

(*) restated in compliance with the change of method described in Note A -1.2 "Change of method: transactions between shareholders, acquisitions and disposals of non-controlling interests after acquisition of control".

EQUITY AND LIABILITES

in € thousands

	Notes	2007	2006
Equity			
Share capital		**148,806**	148,806
Share premium account		**54,333**	54,333
Consolidated reserves		**454,237**	445,421(*)
Net profit for the period		**411,217**	351,697
Interim dividend		**(111,605)**	(180,428)
Equity attributable to equity holders of the parent		**956,988**	**819,829**
Minority interest		**181,056**	148,100
Total equity		**1,138,044**	**967,929**
Non-current liabilities			
Retirement and other employee benefit obligations	11	**132,696**	107,848
Non-current provisions	12	**53,619**	33,956
Participating loans and bonds	13	**147**	147
Other loans and borrowings	13	**428,756**	181,130
Other non-current liabilities		**35,429**	14,829
Non-current deferred tax liabilities	18	**18,339**	26,201
Total non-current liabilities		**668,986**	**364,111**
Current liabilities			
Current provisions	12	**1,026,579**	799,456
Trade payables	10	**3,956,214**	3,101,079
Other current payables	10	**3,753,317**	3,060,324
Current tax payables	10	**112,401**	83,806
Current deferred tax liabilities	18	**18,252**	
Current borrowings	13	**609,415**	676,778
Total current liabilities		**9,476,178**	**7,721,443**
TOTAL EQUITY AND LIABILITIES		**11,283,208**	**9,053,483**

(*) restated in compliance with the change of method described in Note A -1.2 "Change of method: transactions between shareholders, acquisitions and disposals of non-controlling interests after acquisition of control".

Consolidated IFRS income statement

For the period from 1 January to 31 December 2007
in € thousands

	Notes	2007	2006
Revenue	14	**13,027,231**	**10,174,392**
Revenue from ancillary activities	15	122,574	94,887
Operating income		**13,149,805**	**10,269,279**
Purchases consumed		(3,092,007)	(2,354,676)
Sub-contracting and other external expenses		(6,392,371)	(5,028,350)
Employment costs		(2,486,601)	(2,027,284)
Taxes and levies		(131,547)	(116,429)
Other operating income and expense		35,257	31,707
Net amortisation depreciation and provisions		(437,714)	(263,197)
Operating profit from ordinary activities	15	**644,822**	**511,050**
(% of revenue)		4.95%	5.02%
Share-based payment expense	16	(41,293)	(28,704)
Goodwill impairment expense		(68)	(4,545)
Share of profit/(loss) of associates (*)		4,486	2,746
Operating profit		**607,947**	**480,547**
(% of revenue)		4.67%	4.72%
Cost of gross financial debt		(36,901)	(26,072)
Financial income from cash management investments		73,575	57,667
Cost of net financial debt		**36,674**	**31,595**
Other financial income	17	61,889	72,146
Other financial expenses	17	(41,210)	(58,783)
Income tax expense	18	(219,725)	(146,797)
Net profit for the period		**445,575**	**378,708**
Net profit attributable to minority interest		34,358	27,011
Net profit attributable to equity holders of the parent		**411,217**	**351,697**
(% of revenue)		3.16%	3.46%
Number of shares		18,600,811	18,600,811
Earnings per share (in euros)		**22.11**	**18.91**

(*) restated in compliance with the change of method described in Note A 1.3 "Change of presentation: profit or loss of associates"

IFRS cash flow statement

in € thousands	31/12/2007	31/12/2006
Net profit for the period (including minority interest)	445,576	378,708
Depreciation and amortisation	280,123	231,783
Net provision charge	15,670	(17,769)
Share-based payments (IFRS 2)	4,060	12,212
Gains or losses on disposals	(36,020)	(17,834)
Change in fair value of foreign currency derivative financial instruments	(5,669)	(1,861)
Share of profit or loss of associates and dividends received from unconsolidated entities	(6,810)	(4,714)
Capitalised borrowing costs	12	(721)
Cost of net financial debt	(36,674)	(31,595)
Current and deferred tax expense	219,725	146,797
Cash flow (used in) / from operations before tax and financing costs	**879,993**	**695,006**
Changes in working capital requirement and current provisions	521,255	(40,254)
Income taxes paid	(179,829)	(147,384)
Net interest payments	34,689	28,333
Net cash flows (used in) / from operating activities	**1,256,108**	**535,701**
Purchases of property, plant and equipment, and intangible assets	(445,295)	(434,223)
Proceeds from sales of property, plant and equipment, and intangible assets	59,240	57,894
Purchases of non-current financial assets	(591,397)	(58,612)
Proceeds from disposal of non-current financial assets	33,154	17,951
Net effect of changes in scope of consolidation	181,404	3,981
Change in financial receivables on PPPs/concessions	(3,593)	
Dividends received from equity-accounted associates and unconsolidated entities	4,237	3,563
Other	408	503
Net cash flows (used in) / from investing activities	**(761,842)**	**(408,943)**
Minority interest in share capital increases of subsidiaries	2,031	24,412
Dividends paid by VINCI Construction	(211,118)	(266,921)
Dividends paid to minority shareholders	(6,848)	(5,926)
Proceeds from new long-term borrowings	223,833	88,319
Repayments of borrowings	(192,533)	(70,245)
Change in cash management assets and current borrowings	96,456	272,266
Net cash flow (used in) / from financing activities	**(88,179)**	**41,905**
Change in net cash	**406,087**	**168,663**
Net cash and cash equivalents at beginning of period	576,421	435,755
Other changes	(24,722)	(27,997)
Net cash and cash equivalents at end of period	**957,786**	**576,421**
Net cash and cash equivalents at end of period	***957,786***	***576,421***
Cash management financial assets	*1,144,296*	*1,311,417*
Loans and collateralised receivables and other financial assets	*904*	*3,371*
Non-current financial debt	*(426,809)*	*(180,766)*
Other current financial debt (excluding bank overdrafts)	*(182,093)*	*(321,166)*
Fair value of derivatives, net	*2,294*	*383*
Net financial surplus at end of period	***1,496,378***	***1,389,660***

Statement of changes in consolidated equity

in € thousands

EQUITY	Share capital	Share premiums	Consolidated reserves	Currency translation reserves	Net profit for the period	Net income recognised directly in equity	Attributable to equity-holders of the parent	Minority interest	Total
At 31 December 2005 restated (*)	**148,806**	**54,333**	**223,471**	**5,047**	**295,633**	**(532)**	**726,758**	**114,631**	**841,389**
Allocation of net income for previous period			295,633		(295,633)				
Dividend payments			(86,493)				(86,493)	(5,926)	(92,419)
Interim dividends			(180,428)				(180,428)		(180,428)
Net profit or loss for the period					351,697		351,697	27,011	378,708
Financial instruments: changes in fair value						(656)	(656)	(572)	(1,228)
Share-based payments (IFRS 2)			14,688				14,688		14,688
Currency translation differences				(2)			(2)	(2,281)	(2,283)
Impact of acquisitions of non-controlling interests in a company after control has been obtained			(5,887)				(5,887)		(5,887)
Changes in consolidation scope and miscellaneous			(270)	(932)		1,354	152	15,237	15,389
At 31 December 2006 restated (*)	**148,806**	**54,333**	**260,714**	**4,113**	**351,697**	**166**	**819,829**	**148,100**	**967,929**
Allocation of net income for previous period			351,697		(351,697)				
Dividend payments			(99,513)				(99,513)	(6,848)	(106,361)
Interim dividends			(111,605)				(111,605)		(111,605)
Net profit or loss for the period					411,217		411,217	34,358	445,575
Financial instruments: changes in fair value						559	559	190	749
Share-based payments (IFRS 2)			3,872				3,872		3,872
Currency translation differences			(3,081)	(24,363)			(27,444)	(1,310)	(28,754)
Impact of acquisitions of non-controlling interests in a company after control has been obtained			(40,706)				(40,706)		(40,706)
Changes in consolidation scope and miscellaneous			(512)			1,291	779	6,566	7,345
At 31 December 2007	**148,806**	**54,333**	**360,866**	**(20,250)**	**411,217**	**2,016**	**956,988**	**181,056**	**1,138,044**

(*) restated in compliance with the change of method described in Note A -1.2 "Change of method: transactions between shareholders, acquisitions and disposals of non-controlling interests after acquisition of control".

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A. Accounting policies and measurement methods

» 1. General principles

In application of European Regulation No 1606/2002 of 19 July 2002, the Group's consolidated financial statements for the period ended 31 December 2007 have been prepared under the International Financial Reporting Standards (IFRS) as endorsed by the European Union at 31 December 2007.
The accounting policies applied by the Group at 31 December 2007, are the same as those used in preparing its consolidated financial statements at 31 December 2006, except for:
- the Standards and Interpretations adopted by the European Union, applicable as from 1 January 2007 (see Note A.1.1 "New Standards and Interpretations applicable from 1 January 2007")
- the change of accounting method relating to the treatment of acquisitions and disposals of minority interests after control has been acquired (see Note A.1.2 "Change of method: transactions between shareholders, acquisition and disposal of non-controlling interests after acquisition of control")
- and the change of presentation of the profit or loss of associates in the income statement (see Note A.1.3 "Change of presentation, profit or loss of associates").

1.1. New Standards and Interpretations applicable from 1 January 2007

1.1.1. IFRS 7 "Financial instruments: disclosures" and Amendment to IAS 1 "Presentation of Financial Statements – Capital Disclosures"

On 18 August 2005, the IASB published IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 "Presentation of Financial Statements".

The objective of IFRS7 is to provide further disclosures on financial instruments, as defined in IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement" in order to improve communication about the exposure to the management of financial risks. IFRS 7 requires in particular:
- qualitative disclosures on the management of risks as they are analysed by the Group's management;
- quantitative disclosures on the sensitivity of profit or loss and equity to fluctuations in the various market risks (interest rates, foreign exchange rate, equities, commodities, etc.).

The Amendment to IAS 1 requires presentation of qualitative and quantitative information on the objectives, policies and processes for managing capital.

Application of this Standard and this Amendment, adopted by the European Union on 11 January 2006 and published in the Official Journal of the European Union on 27 January 2006, has been mandatory since 1 January 2007. The application of this standard has no material effect on the Group's consolidated financial statements.

1.1.2. New interpretations applicable from 1 January 2007
- IFRIC 10 - Interim Financial Reporting and Impairment,
- IFRIC 9 - Reassessment of Embedded Derivatives,
- IFRIC 8 – Scope of IFRS 2,
- IFRIC 7 - Applying the Restatement Approach under IAS 29 (Financial Reporting in Hyperinflationary Economies),

The application of these interpretations has no material effect on the Group's consolidated financial statements.

1.2. Change of method: transactions between shareholders, acquisitions and disposals of non-controlling interests after acquisition of control

The IFRSs in force at 31 December 2007 do not specify the accounting treatment applicable to acquisitions or disposals of non-controlling interests in companies that are already controlled.

In its revision of IFRS 3 "Business Combinations", published on 10 January 2008, the IASB considers acquisitions or disposals of non-controlling interests as equity transactions with the Group's shareholders. Under this approach, the difference between the consideration paid to increase the percentage shareholding in entities that are already controlled and the supplementary share of the equity thus acquired is recorded under consolidated equity. Similarly, a decrease in the Group's percentage holding in an entity that continues to be controlled is booked in the accounts through equity, with no impact on profit or loss.

VINCI Construction has decided to adopt the approach retained by the IASB as from 1 January 2007 in order to improve the quality of its financial disclosures on these transactions, which are now considered as being equity transactions. In accordance with the provisions of IAS 8, this change of method has been applied retrospectively and the opening balance of equity at 1 January 2006 and the comparative data presented have been restated.

The impacts are shown in the table below:

(in € millions)	31/12/2006		01/01/2006	
	Goodwill	Equity	Goodwill	Equity
Published	183.9	977.0	168.5	844.6
Restated	174.8	967.9	165.3	841.4
Impact of change of method	**(9.1)**	**(9.1)**	**(3.2)**	**(3.2)**

1.3. Change of presentation: profit or loss of associates

The IFRSs in force at 31 December 2007 require the profit or loss of associates to be disclosed on a specific line in the income statement, but do not state where this line should be placed. Furthermore, they allow supplementary lines and sub-totals to be added whenever this facilitates understanding of the entity's performance.

In order to improve the information presented on the operational performance of its business lines, the Group has decided to present the results of associates from now on, on a specific line between Operating profit from ordinary activities and Operating profit. In accordance with IAS 8, this change of presentation has been applied to the comparative data presented.

	2006
(in € millions)	**Published**
Revenue	**10,174.4**
Operating profit from ordinary activities	**511.0**
Share-based payment expense (IFRS 2)	(28.7)
Goodwill impairment expense	(4.5)
Operating profit	**477.8**
Cost of net financial debt	**31.6**
Other financial income/(expenses)	13.4
Share of profit/(loss) of associates	2.7
Income tax expense	(146.8)
Net profit	**378.7**
Minority interest	27.0
Net profit for the period attributable to equity holders of the parent	**351.7**

	2006
(in € millions)	**Restated**
Revenue	**10,174.4**
Operating profit from ordinary activities	**511.0**
Share-based payment expense (IFRS 2)	(28.7)
Goodwill impairment expense	(4.5)
Profit/(loss) of associates	2.7
Operating profit	**480.5**
Cost of net financial debt	31.6
Other financial income/(expenses)	13.4
Income tax expense	(146.8)
Net profit	**378.7**
Minority interest	27.0
Net profit for the period attributable to equity holders of the parent	**351.7**

» 2. Consolidation methods

2.1. Consolidation scope

Companies of which VINCI Construction holds the majority of voting rights enabling control to be exercised, are fully consolidated. Companies that are less than 50% owned but in which VINCI Construction exercises de facto control are consolidated using this same method. This relates in particular to CFE, of which VINCI owns 46.84%.

Companies over which VINCI Construction exercises significant influence are accounted for using the equity method.
Proportionate consolidation is used for entities jointly controlled with other shareholders and joint-venture agreements (sociétés en participation) which represent a share of revenue and a significant impact on the Group's financial statements.

The consolidated financial statements include the financial statements of all companies with revenue of more than €2 million, and the financial statements of subsidiaries whose revenue is below this figure but whose impact on the Group's financial statements is material.

Autonomous joint-venture agreements set up to carry out sites, jointly with other partner, with 100% revenue in excess of €45 million, are consolidated according to the proportionate consolidation method.

Other joint-venture agreements are consolidated by booking in the income statement the Group's share of revenue and expenses while keeping associates' current accounts in the balance sheet.

The consolidation scope breaks down, by consolidation method, in the following manner:

The main changes during the period relate to the acquisitions of Solétanche Bachy (142 companies) and Nukem mentioned in Note B 1&2, while the other changes in the consolidation scope mainly arise from the acquisition of 33 companies including the Geopac group in Canada.

2.2. Intragroup transactions

Reciprocal operations and transactions relating to assets and liabilities, income and expenses between consolidated or equity-accounted companies are eliminated in the consolidated financial statements. This is done:
- for the full amount if the transaction is between two subsidiaries,
- applying the percentage of proportionate consolidation of an entity if the transaction is between a fully consolidated entity and a proportionately consolidated entity,
- applying the percentage owned of an equity-accounted entity in the case of internal profits or losses realised between a fully consolidated entity and an equity-accounted entity.

2.3. Translation of the financial statements of foreign subsidiaries and establishments

In most cases, the functional currency of foreign entities and establishments is their local currency.
The financial statements of foreign entities of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated at the closing rate.
Balance sheet items are translated at the exchange rate at the balance sheet date and income statement items are converted at the average rate for the period. Any resulting translation differences are recognised under translation differences in consolidated reserves.

	31 December 2007			31 December 2006		
	Total	France	Foreign	**Total**	France	Foreign
Full consolidation	**609**	307	302	**481**	264	217
Proportionate consolidation	**241**	58	183	**185**	45	140
Equity method	**42**	16	26	**31**	3	28
Total	**892**	**381**	**511**	**697**	**312**	**385**

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, financial assets and monetary liabilities 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 other financial expenses in the income statement.

Foreign exchange gains and losses arising on loans denominated in foreign currency or on foreign currency derivatives used to hedge investments in foreign subsidiaries are recorded under translation differences in equity.

2.5. Business combinations

The Group applies the so-called purchase method for business combinations made as from 1 January 2004. In application of this method, the Group recognises the identifiable assets, liabilities and contingent liabilities at their fair value at the dates when control was acquired.
The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred, and/or equity instruments issued by the acquirer in exchange for control of the acquiree, plus any costs directly attributable to the acquisition. When an agreement provides for an adjustment to the purchase price contingent on future events, the Group includes the amount of that adjustment in the purchase cost of the target entity at the acquisition date if the adjustment is probable and can be measured reliably.
The cost of acquisition is allocated by recognising the identifiable assets, liabilities and contingent liabilities of the acquiree at their fair value at that date, except for assets or asset groups classified as held for sale under IFRS 5, which are recognised at their fair value less costs to sell. The positive difference between the cost of acquisition, as defined above, and VINCI's Construction interest in the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.
The Group has 12 months from the date of acquisition to finalise recognition of the business combination in question.

» 3. Measurement rules and methods

3.1. Use of estimates

The preparation of financial statements under the IFRSs requires estimates to be used and assumptions to be made that affect the amounts shown in these financial statements.
These estimates assume the operation is a going concern and are made on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates.
Use of estimates relates in particular to the following:

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

The Group uses the stage of completion method to recognise revenue and profit or loss on construction contracts, applying the general revenue recognition rules on the basis of the percentage of completion.
The percentage of completion and the revenue to recognise are determined on the basis of a large number of estimates based on monitoring of the work performed and using the benefit of experience to take account of unforeseen circumstances. In consequence, adjustments may be made to initial estimates throughout the contract and may have material effects on future results.

3.1.2. Values used in impairment tests

The assumptions and estimates made to determine the recoverable amount of goodwill, intangible assets and property, plant and equipment, relate in particular to the assessment of market prospects, needed to estimate the cash flows, and discount rates adopted. Any change in these assumptions could have a material effect on the recoverable amount and could entail a change in the impairment losses to recognise.
The main assumptions used by the Group are described in Note A.3.11 "Goodwill".

3.1.3. Measurement of share-based payment expenses under IFRS 2

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

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

These assumptions are generally updated annually. Details of the assumptions used and how they are determined are given in Note C.11 "Provisions for retirement and other employee benefit obligations".

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

3.1.5. Measurement of provisions
The factors that materially influence the amount of provisions relate to:
- the estimates made on a statistical basis from expenses incurred in previous years, for after-sales service provisions;
- the estimates of forecast profit or loss on construction contracts, which serve as a basis for the determination of losses on completion;

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

3.2. Revenue

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

It includes, after elimination of intragroup transactions, the revenue of:
- fully consolidated companies;
- jointly controlled companies, consolidated according to the proportionate consolidation method, for the Group's share;
- joint-venture agreements, on a pro rata basis of the Group's rights.

The method for recognising revenue in respect of construction contracts is explained in Note "Construction contracts" below.

3.3. Revenue from ancillary activities

Revenue from ancillary activities is recognised in accordance with IAS 18. It comprises rental income, sales of equipment, materials and merchandise, study work and fees other than those generated by concession operators.

3.4. Construction contracts

The Group recognises construction contract income and expenses using the stage of completion method defined by IAS 11. For the Construction business line, the stage of completion is usually determined on a physical basis.

If the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion regardless of the stage of completion, based on the best estimates of income, including if need be any rights to additional revenue or claims 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, the Plans d'Epargne Groupe – Group Savings Schemes – and free share plans, are defined by IFRS 2 "Share-based Payment". The granting of share options, free VINCI shares and offers to subscribe to the VINCI group savings plan represent a benefit granted to their beneficiaries and therefore constitute supplementary remuneration borne by VINCI Construction. 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.

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

3.5.2. Free share allocation plans

As this is a plan under which the final vesting of the free shares is dependent on the realisation of conditions relating to market performance and financial criteria, the fair value of the free VINCI shares has been estimated, at grant date, using a simulation model of the Monte Carlo type, in order to incorporate the impact of the market performance condition and according to the likelihood of the financial criteria being met, as recommended by IFRS 2.

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

3.5.3. Group Savings Scheme

Under the Group Savings Scheme, VINCI issues new shares in France three times a year reserved for its employees 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 the employees; its fair value being determined using a binomial valuation model, of the “Monte Carlo” type, at the date on which the Board of Directors announces a plan to the employees.
As certain restrictions apply to the shares acquired by the employees under these plans regarding their sale or transfer, the fair value of the benefit to the employee takes account of the fact that the shares acquired cannot be freely disposed of for five years.

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

The Group recognises the benefits granted in this way to its employees as an expense over the vesting period, with a corresponding entry increasing consolidated equity.
The plans, implemented as decided by VINCI’s Board of Directors and approved by the Shareholders General Meeting, are not systematically renewed. As their measurement is not directly linked to the business line’s operations, VINCI has considered it appropriate not to include this expense in the operating profit from ordinary activities, which is an indicator of the business line’s performance, but to report it on a separate line, labelled “Share-based payment expense” (IFRS 2), in operating profit.

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), gains and losses on interest-rate derivatives in respect of gross financial debt, whether they are designated as hedges for accounting purposes or not.
- the line item financial income from cash management investments 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 expenses

Other financial income and expenses mainly comprises foreign exchange gains and losses, the effects of discounting to present value, dividends received from unconsolidated entities, capitalised borrowing costs and changes in the value of derivatives not allocated to interest rate risk management.

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. Deferred tax is calculated using the latest tax rates enacted or substantially enacted. The effects of a change in the tax rate from one period to another are recognised in the income statement in the period in which the change occurs. Deferred tax relating to items recognised directly under equity is also recognised under equity.
Whenever subsidiaries have distributable reserves, a deferred tax liability is recognised in respect of the probable distributions that will be made in the foreseeable future. Moreover, shareholdings in associates and joint ventures give rise to recognition of a deferred tax liability in respect of all the differences between the carrying amount and the tax base of the shares.

Net deferred tax is determined on the basis of the tax position of each entity or group of entities included in the tax group under consideration and is shown under assets or liabilities for its net amount per taxable entity.
Deferred tax is reviewed at each balance sheet date to take account in particular of the impact of changes in tax law and the prospects for recovery. Deferred tax assets are only recognised if their recovery is probable.
Deferred tax assets and liabilities are not discounted.

3.9. Earnings per share

Earnings per share is the net profit for the period after minority interest, divided by the weighted average number of shares outstanding during the period. The Group did not issue any equity instruments likely to have a dilutive effect.

3.10. Other intangible assets

Other intangible assets mainly comprise computer software. Purchased intangible assets are measured at cost less cumulative amortisation and impairment losses. Other intangible assets 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 relating to fully and proportionately consolidated entities is reported under the consolidated balance sheet under Goodwill. Goodwill relating to associates is included in the line-item Investments in associates.
Goodwill is not amortised but is tested for impairment at least annually and whenever there is an indication that it may be impaired. Whenever an asset is impaired, the difference between its carrying amount and its recoverable amount is recognised in operating profit in the period and is not reversible.
Negative goodwill ("badwill") is recognised directly in profit or loss in the year of acquisition.

3.12. Concession intangible assets

The costs of concession contracts are shown on a specific line in the balance sheet as concession intangible assets. They are amortised on a straight-line basis over the period of the contract, starting at the date of entry into service of the assets.
Renewable assets are depreciated on a straight-line basis over their useful life. Supplementary depreciation charges are made in respect of renewable assets that are returned for no consideration to the concession grantor, in order to bring their residual value to zero at the end of the contract.

3.13. Grants related to assets

Grants related to assets are presented in the balance sheet as a reduction of the amount of the asset for which they were received.

3.14. Property, plant and equipment

Items of property, plant and equipment are recorded at their acquisition or production cost less cumulative depreciation and any impairment losses. They are not revalued.
Depreciation is generally calculated on a straight-line basis over the period of use of the asset. Accelerated depreciation may however be used when it appears more appropriate to the conditions under which the asset is used. For certain complex assets comprising various components, in particular buildings and constructions, each component of the asset is depreciated over its own period of use.

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

Constructions:	
· Structure	between 20 and 40 years
· General technical installations	between 5 and 20 years
Site equipment and technical installations	between 3 and 10 years
Vehicles	between 3 and 5 years
Fixtures and Fittings	between 5 and 10 years
Office furniture and equipment	between 3 and 10 years

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

3.15. 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. Assets held under finance leases are depreciated over their period of use.

3.16. Investment property

Investment property is property held to earn rentals or for capital appreciation. Such property is shown on a separate line in the balance sheet.
Investment property is recorded at its acquisition cost less cumulative depreciation and any impairment losses, in the same way as items of property, plant and equipment.

3.17. Impairment of non-financial non-current assets

Under certain circumstances, impairment tests must be performed on intangible and tangible fixed assets. For intangible 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 fixed assets, a test is performed only when there is an indication of a loss of value.
Assets to be tested for impairment are grouped within cash-generating units that correspond to homogeneous groups of assets that generate identifiable cash inflows from their use. Whenever the recoverable value of a cash-generating unit is less than its carrying amount, an impairment loss is recognised in operating profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The discount rate is determined for each cash-generating unit, taking account of its geographical location and the risk profile of its business.

3.18. Investments in associates

Equity-accounted investments in associates are initially recognised at cost of acquisition, including any goodwill arising. Their carrying amount is then increased or decreased to recognise the Group's share of the associate's profits or losses after the date of acquisition. Whenever losses are greater than the value of the Group's net investment in the associate, these losses are not recognised unless the Group has entered into a commitment to recapitalise the associate or made payments on its behalf.
If there is an indication that an investment may be impaired, its recoverable value is tested as described in Note A.3.17 "Impairment of non-financial non-current assets".

3.19. Other non-current financial assets

Other non-current financial assets comprise available-for-sale securities, the part at more than one year of loans and recevables measured at their amortised cost, the part at more than one year of public private partnership contracts (PPP) and the fair value of non-current derivative financial instruments (assets) (see Note A 3.27.2 "Fair value of derivative instruments, (assets and liabilities)").

3.19.1. Available-for-sale securities

Available-for-sale securities comprise the Group's shareholdings in unconsolidated entities.
At the balance sheet date, available-for-sale securities are measured at their fair value. For shares in listed companies, fair value is determined on the basis of the stock market price at that balance sheet date.
For unlisted securities, if their fair value cannot be determined reliably, the securities continue to be measured at their original cost, i.e. their cost of acquisition plus transaction costs.
Changes in fair value are recognised directly in equity and are only transferred to profit or loss when the securities in question are sold.
Whenever a decrease in the fair value of an available-for-sale financial asset has been recognised directly in equity and when there is an objective indication that it is durably impaired, the corresponding loss is recognised in profit or loss and may not be reversed.

3.19.2. Loans and receivables at amortised cost

Loans and receivables at amortised cost mainly comprises receivables connected with shareholdings, current account advances to associates or unconsolidated entities, guarantee deposits, collateralised loans and receivables, other loans and receivables and the receivables relating to public-private partnership (PPP) contracts.

When first recognised, these loans and receivables are recognised at their fair value plus the directly attributable transaction costs. At each balance sheet date, these assets are measured at their amortised cost using the effective interest method. In the particular case of receivables relating to PPP contracts, the effective interest rate used corresponds to the project's internal rate of return.
If there is an objective indication of durable impairment, an impairment loss is recognised at the balance sheet date. The impairment loss corresponding to the difference between the carrying amount and the recoverable amount (i.e. the present value of the expected cash flows discounted using the original effective interest rate) is recognised in profit or loss. This loss may be reversed if the recoverable value increases subsequently and if this favourable change can objectively be linked to an event arising after recognition of the impairment loss.

3.20. 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.

3.21. Trade and other operating receivables

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

3.22. Other current financial assets

Other current financial assets comprises the fair value of derivative financial instruments (assets) and the part at less than one year of loans and receivables reported under other non-current financial assets.

3.23. Cash management financial assets

Cash management financial assets comprises investments in monetary and bond securities, and units in UCITS, made with a short-term management objective, that do not satisfy the IAS 7 criteria for recognition as cash (see Note A 3.24 "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 cash-in-value of UCITS.

3.24. Cash and cash equivalents

This item comprises current accounts at banks and cash equivalents corresponding to short-term, liquid investments subject to negligible risks of fluctuations of value. Cash equivalents comprise in particular monetary UCITS (in accordance with the AMF classification), and certificates of deposit 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 has adopted the fair value method to assess the return on its financial instruments. Changes in fair value are recognised directly in profit or loss.

3.25. Non-current provisions

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

3.25.1. 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.
For defined benefit plans financed under external management arrangements (i.e. pension funds or insurance policies), the surplus or shortfall of the fair value of the assets compared with the present value of the obligations is recognised as an asset or liability in the balance sheet, after deduction of cumulative actuarial gains and losses and any past service cost not yet recognised in profit or loss. However, surplus assets are only recognised in the balance sheet to the extent that they represent a future economic benefit for the Group.
Past service cost corresponds to the benefits granted either when an entity adopts a new defined benefit plan or when it changes the level of benefit of an existing plan. Whenever new rights to benefit are acquired as from the adoption of the new plan or the change of an existing plan, the past service cost is recognised immediately in the income statement. Conversely, whenever adoption of a new plan or a change in a plan gives rise to the acquisition of rights after its implementation date, past service costs are recognised as an expense on a straight-line basis over the average period remaining until the corresponding rights are fully vested.

Actuarial gains and losses result from changes in actuarial assumptions and from experience adjustments (the effects of differences between the actuarial assumptions adopted and what has actually occurred).
Cumulative unrecognised actuarial gains and losses that exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of the plan assets are recognised in profit or loss for the excess portion on a straight-line basis over the average expected remaining working lives of the employees in that plan.

For defined benefit plans, the expense recognised under operating profit or loss comprises the current service cost, the amortisation of past service cost, the amortisation of any actuarial gains and losses and the effects of any reduction or winding up of the plan. The interest cost (cost of discounting) and the expected yield on plan assets are recognised under other financial income and expenses.

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

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

3.25.2. Other non-current provisions

These comprise provisions for other employee benefits, measured in accordance with IAS 19, and those provisions that are not directly linked to the operating cycle, measured in accordance with IAS 37. These are recognised whenever, at the balance sheet date, the Group has a legal or constructive present obligation towards third parties arising from a past event, whenever it is probable that an outflow of resources embodying economic benefits will be required to settle the 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.
Provision expenses and reversals result from the change in these assessments at each balance sheet date. The part at less than one year of other employee benefits is reported under other current liabilities. The part at less than one year of provisions not directly linked to the operating cycle is reported under current provisions.

3.26. 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 completion losses on contracts and construction project liabilities are made mainly when end-of-contract projections, based on the most likely estimated outcome, indicate a loss, and when work needs to be carried out in respect of completed projects under completion warranties.
Provisions for disputes connected with operations mainly relate to disputes with customers, sub-contractors, joint contractors or suppliers.
Restructuring provisions include the cost of plans and measures for which there is a commitment whenever these have been announced before the year end.
Provisions for other current liabilities mainly comprise provisions for late delivery penalties, for individual dismissals and for other risks related to operations.

3.27. Bonds and other financial debt (current and non-current)

3.27.1. Bond loans, other loans and borrowings

These are 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 using the amortised cost method and reported under the cost of gross financial debt.
Financial instruments that comprise both a debt component and an equity component are recognised in accordance with IAS 32. The carrying amount of the hybrid instrument is apportioned between its debt component and its equity component, the equity component being defined as the difference between the fair value of the hybrid instrument and the fair value of the debt component. The debt component corresponds to the fair value of a debt with similar characteristics but without an equity component. The value attributed to the separately recognized equity component is not altered during the term of the instrument. The debt component is measured using the amortised cost method over its estimated term. Issuance costs are allocated proportionately between the debt and equity components.
The part at less than one year of borrowings is included in current borrowings.

3.27.2. Fair value of derivative financial instruments (assets and liabilities)

The Group uses derivative financial instruments to hedge its exposure to market risks (interest rates, exchange rates, equity prices). In accordance with IAS 39, all derivatives should be shown in the balance sheet at their fair value. If a derivative is not designated as a hedge, the change in its fair value must be recognised through 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 cases: when the instrument is a fair value hedge, a cash flow hedge, or a hedge of a net investment in a foreign operation:
- a fair value hedge allows the exposure to changes in fair

value of a recognised asset or liability or an unrecognised firm commitment, attributable to changes in financial variables (interest rates, exchange rates, equity prices, raw material prices, etc.) to be hedged;
- a cash flow hedge allows exposure to variability 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 foreign exchange risk relating to the net investment in a consolidated foreign subsidiary.

Most of the interest rate and foreign currency derivatives used by VINCI Construction are considered as trading instruments, directly allocated to the contract in question.

The fair value of derivative financial instruments designated as hedges of which the maturity is greater than one year is reported in the balance sheet under non-current financial assets or other loans and non-current financial debt. The fair value of other derivative instruments not designated as hedges and the part at less than one year of instruments designated as hedges are reported under current financial assets or current financial liabilities.

The market value of interest rate and foreign exchange transactions is estimated on the basis of valuations provided by bank counterparties or financial models commonly used in financial markets, using market data at the balance sheet date.

3.28. Off-balance sheet commitments

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

B. Business combinations

Regarding the acquisitions mentioned below, the values attributed to the identifiable assets, liabilities and contingent liabilities at the date of acquisition of control have been determined on the basis of the information available at the date balance sheet date. The goodwill arising may alter during the 12 months following the date of acquisition of control, depending on any changes made during this period.

» 1. Acquisition of Solétanche Bachy

Solétanche Bachy is one of the world leaders in special foundations and soil improvement. Solétanche Bachy booked revenue in 2007 of approximately €1.4 billion.

VINCI Construction acquired 100% of the share capital of Solétanche SA, the parent company of Solétanche Bachy, for €346.3m. The transaction was carried out in two stages:
- acquisition on 27 July 2007 of a first 81% equity holding from the company's historical family shareholders;
- acquisition on 20 December 2007 of a second equity holding of 19% from VINCI.

The company has been fully consolidated in the Group's financial statements since 27 July 2007.

Determination of the identifiable assets and liabilities acquired at the date of acquisition of control

(in € millions)	Historical values	Fair value adjustements	Fair values
Non-current assets			
Fixed assets	**205.7**	–	205.7
Non-current financial assets	**3.2**	2.9	6.1
Deferred tax assets	**3.9**	8.0	11.9
Total non-current assets	**212.8**	**10.9**	**223.7**
Current assets	**768.2**	**(9.6)**	**758.6**
Non-current liabilities			
Non-current financial debt and derivatives	**113.0**	–	113.0
Other non-current liabilities	**25.1**	2.5	27.6
Deferred tax liabilities	**3.2**	–	3.2
Total non-current liabilities	**141.3**	**2.5**	**143.8**
Current liabilities			
Non-current financial debt and derivatives	**33.9**	–	33.9
Other current payables	**608.1**	51.3	659.4
Total current liabilities	**642.0**	**51.3**	**693.3**
Total net assets (1)	**197.7**	**(52.5)**	**145.2**
Purchase consideration (81% of shares)			**281.3**

(1) Including minority shareholders for €7.6 million

Fair value adjustments relate mainly to the recognition of contingent liabilities.
The goodwill arising from the acquisition of control of Solétanche Bachy amounts to €169.6 million. For the first block of shares acquired in 2007 and the block acquired subsequently, goodwill has been determined by comparing the consideration paid for each block of shares necessary to acquire control with the corresponding share of the assets and liabilities held remeasured at their fair value. This unallocated goodwill corresponds to the future economic benefits that VINCI Construction considers it will receive as a result of this acquisition.

In accordance with the accounting principles described in Note A.1.2 Change of method: transactions between shareholders, acquisitions and disposals of non-controlling interests after acquisition of control, the difference between the purchase consideration and the share of the net consolidated assets acquired after the date of acquisition of control (€25.9 million), has been taken as a reduction of consolidated reserves, for a total amount of €39.1 million.

» 2. Other acquisition

In May 2007, Freyssinet, a subsidiary of VINCI Construction, acquired a 100% shareholding in Nukem Ltd for £111.3 million (€164.8 million). This company is one of the principal operators in the UK in the field of dismantling of nuclear installations, decontamination, waste treatment and radiation protection.

Measurement of goodwill on acquisition, on the basis of fair value of the company's assets, contingent liabilities and liabilities at the date of acquisition of control, resulted in recognition of goodwill of £114 million (€155.4 million).

C. Notes to the balance sheet and the income statement

» 1. Net intangible assets *in € thousands*

	31 Dec. 2006	Increase	Decrease	Translation differences and changes in consolidation scope	31 Dec. 2007
Gross	63,011	4,370	(1,172)	13,011	79,220
Amortisation and provisions	46,889	(5,732)	991	(8,383)	(60,013)
Net total	**16,122**	**(1,362)**	**(181)**	**4,628**	**19,207**

Intangible assets mainly include software licenses and patents.

The impact of acquisitions and reversals of amortisation in connection with business combinations, and that of impairment reversals, on changes in the period is not material.

» 2. Goodwill *in € thousands*

	Gross	Impairment losses	Net
Goodwill at start of period (*)	185,006	(10,166)	174,840
Goodwill recognised during the period	390,787		390,787
Amortisation and provisions		(71)	(71)
Translation differences and others	(17,791)	(3,723)	(21,514)
Total	**558,002**	**(13,960)**	**544,042**

(*) restated in compliance with the change of method described in Note A -1.2 "Change of method: transactions between shareholders, acquisitions and disposals of non-controlling interests after acquisition of control".

The main items of goodwill at net value at the balance sheet date were as follows:	Net
SOLETANCHE BACHY	*169,594*
NUKEM	*155,418*
SOGEA HOLDINGS UK	*69,641*
VINCI PLC	*20,567*
VMA	*11,115*
GEOPAC	*9,513*
ENERGILEC	*8,920*

Impairment tests performed on goodwill and other non-financial assets in € millions

In accordance with IAS 36 Impairment of Assets, goodwill and other non-financial assets have been tested for goodwill at 31 December 2007.

The value in use of cash-generating units is determined on the basis of activity and country, by discounting the forecast operating cash flows before tax (operating profit plus depreciation and amortisation plus non-current provisions less operating investments less change in operating WCR), at the rates below.

Generally speaking, forecast cash flows are determined on the basis of the latest three-year plans available.

For periods beyond the three-year period, cash flows are extrapolated until the fifth year, generally using a growth rate based on management's assessment of the outlook for the entity under consideration.

Beyond the fifth year, the terminal value is determined by capitalising cash flows to infinity.

(in € millions)	Net carrying amount of goodwill at 31 Dec. 2007	Model's parametres applied to cash flow projections				Impairment losses recognised in the period	
		Growth rate (years n+3 to n+5)	Growth rate (on terminal value)	Pre-tax discount rate at 31 Dec. 2007	Pre-tax discount rate at 31 Dec. 2006	2007	2006
Solétanche Bachy	169.6	2.4% to 3.7%	2.00%	9.48%	-	-	-
Other goodwill	388.4	2.4% to 3%	0% to 3%	9.48% to 17.7%	8.5% to 11.3%	0.1	4.0
TOTAL	**558.0**					**0.1**	**4.0**

» 3. Concession intangible assets *in € thousands*

	31 Dec. 2006	Increase	Decrease	Translation differences and changes in consolidation scope	31 Dec. 2007
Gross	15,305	24		(6,221)	9,108
Amortisation and provisions	(6,159)	(214)		1,134	(5,239)
Net total	**9,146**	**(190)**	**–**	**(5,087)**	**3,869**

The impact on the Group's financial statements of acquisitions and reversals of depreciation in connection with business combinations, and of impairment losses and reversals, is not material.

» 4. Property, plant and equipment *in € thousands*

4.1. Change in the period

	31 Dec. 2006	Increase	Decrease	Translation differences and changes in consolidation scope	31 Dec. 2007
Gross	2,284,697	459,623	(190,496)	502,167	3,055,991
Amortisation and provisions	(1,316,122)	(279,202)	156,155	(294,638)	(1,733,807)
Net total	**968,575**	**180,421**	**(34,341)**	**207,529**	**1,322,184**

4.2. Breakdown by nature

	Gross	Depreciation	Net
Land	47,302	(4,165)	43,137
Buildings	190,919	(86,305)	104,614
Plant and equipment	2,560,212	(1,517,512)	1,042,700
Office furniture, computer equipment, fixtures and fittings	190,752	(125,806)	64,946
Non-current assets in progress	66,806	(19)	66,787
Net total	**3,055,991**	**(1,733,807)**	**1,322,184**

The impact on the Group's financial statements of acquisitions and reversals of depreciation in connection with business combinations, and of impairment losses and reversals, is not material.

4.3. Investments in the period

	31 Dec. 2007
Land	2,896
Buildings	7,026
Plant and equipment	411,715
Office furniture, computer equipment, fixtures and fittings	37,986
Total investments	**459,623**

4.4. Leased assets

Leased assets held through finance lease contracts amounted to €55.9 million at 31 December 2007 and mainly relate to assets used in operations.

» 5. Investment property *in € thousands*

	31 Dec. 2006	Increase	Decrease	Translation differences and changes in consolidation scope	31 Dec. 2007
Gross	38,694		(4,508)	(8,705)	25,481
Amortisation and provisions	(12,938)	(68)	3,893	(1,617)	(10,730)
Net total	**25,756**	**(68)**	**(615)**	**(10,322)**	**14,751**

The impact on the Group's financial statements of acquisitions and reversals of depreciation in connection with business combinations, and of impairment losses and reversals, is not material.

» 6. Investments in associates *in € thousands*

	31 Dec. 2006	31 Dec. 2007
Value of shares at start of period	**22,354**	**14,036**
Share capital increases of equity-accounted associates	636	4,651
Share of profit or loss for the period	2,746	4,486
Dividends paid	(1,595)	(1,913)
Changes in consolidation scope, foreign currency translation differences and other	(10,105)	2,946
Net total	**14,036**	**24,206**

» 7. Other non-current financial assets *in € thousands*

	Gross	Impairment loss	Net
PPP financial receivables	3,549		3,549
Investments in subsidiaries and associates	66,358	(31,136)	35,222
Other available-for-sale financial assets	5,481	(2,443)	3,038
Other non-current financial assets	36,071	(6,884)	29,187
Fair value of derivative financial instruments (assets)	1,284		1,284
Discounting of non-current financial assets	(2,209)		(2,209)
Net total	**110,534**	**(40,463)**	**70,071**

» 8. Inventories and work in progress *in € thousands*

	31 Dec. 2006	31 Dec. 2007
Inventories	218,276	240,455
Work in progress	17,392	49,151
Net total	**235,668**	**289,606**

» 9. Cash management financial assets, cash and cash equivalents *in € thousands*

Cash management financial assets break down as follows:

	31 Dec. 2006	31 Dec. 2007
Cash management financial assets	**1,311,417**	**1,144,296**
UCITS	345,541	591,508
Cash	585,852	793,063
Cash and cash equivalents	**931,393**	**1,384,571**

Financial assets mainly comprise an investment of cash with the parent company VINCI, attracting interest close to market rates.

» 10. Working capital requirement (surplus) *in € thousands*

	31 Dec. 2006	31 Dec. 2007
Inventories and work in progress (net)	235,668	289,606
Trade and other operating receivables	4,969,450	6,064,760
Other current assets	166,319	211,893
Current tax assets	20,904	24,076
Inventories and other operating receivables (I)	**5,392,341**	**6,590,335**
Trade payables	3,101,079	3,956,214
Other current liabilities	3,060,324	3,753,317
Current tax payables	83,806	112,401
Operating payables (II)	**6,245,209**	**7,821,932**
Working capital requirement connected with operations (I-II)	**(852,868)**	**(1,231,597)**
Current provisions	***799,456***	***1,026,579***

» 11. Retirement and other employee benefit obligations *in € thousands*

11.1. Retirement benefit obligations

At 31 December 2007, provisions for retirement benefit obligations amounted to €131,366,000 (including €116,772,000 at more than one year) versus €109,075,000 at 31 December 2006 (including €96,903,000 at more than one year). They comprise, on the one hand, provisions for lump sums on retirement and, on the other hand, provisions for obligations for supplementary retirement benefits. The part at less than one year stood at €14,594,000 at 31 December 2007, versus €12,172,000 at 31 December 2006, and is reported under other current liabilities in the balance sheet.

VINCI Construction's retirement benefit obligations under defined benefit plans fall into two categories:
Obligations borne directly by VINCI Construction or its subsidiaries, covered by provisions recognised in the consolidated balance sheet, consist in retirement benefits paid when the retirement is a voluntary initiative taken by the employee (in compliance with the Social Security Act currently in force).
Obligations borne through external pension funds; for the most part these relate to the UK subsidiaries (VINCI PLC, Freyssinet UK) and the CFE Group in Belgium.

The retirement benefit obligations that are covered by provisions recognised in the balance sheet mainly relate to France and Belgium. For these countries, the provisions are calculated on the basis of the following assumptions:

Plan	31 Dec. 2007	31 Dec. 2006
Discount rate	5.25%	4.75%
Inflation rate	1.9%	2.0%
Rate of salary increases	2%- 4.2 %	2%- 4.2 %
Rate of pension increases	1.5%- 2.5 %	1.5%- 2.5 %
Probable average remaining working life of employees	10-15 years	10-15 years

For the United Kingdom, provisions are calculated on the basis of the following assumptions:

Plan	31 Dec. 2007	31 Dec. 2006
Discount rate	5.80%	5.00%
Inflation rate	3.2%	2.5%
Rate of salary increases	3% - 4.15%	3% - 3.5%
Rate of pension increases	3.05% - 5%	2.5% - 5%
Probable average remaining working life of employees	5 -17 years	3 -16 years

For each plan, the expected return on plan assets is determined using the building block method, which breaks the expected return down into three parts: money market investments, investments in bonds and investments in equities. The return on equities is determined by adding 3% to the long-term return on government bonds. The money and bond market components are determined from published market indices.
Plan assets are valued at their fair value at 31 December 2007. The book value at 31 December 2007 is used for assets invested with insurance companies.

On the basis of these assumptions, retirement benefit obligations, and the provisions and retirement costs recognised in expenses break down as follows:

Reconciliation of obligations and provisions in the balance sheet

	31 Dec. 2007			31 Dec. 2006		
(in € millions)	France	Foreign	Total	France	Foreign	Total
Present value of retirement benefit obligations	(141.0)	(446.3)	(587.3)	(103.5)	(379.0)	(482.5)
Fair value of plan assets	1.3	454.0	455.3	0.7	343.0	343.7
Surplus (or deficit)	**(139.7)**	**7.7**	**(132.0)**	**(102.8)**	**(36.0)**	**(138.8)**
Provisions recognised in balance sheet	**(113.3)**	**(18.1)**	**(131.4)**	**(80.0)**	**(29.1)**	**(109.1)**
Assets recognised in balance sheet		0.9	0.9			–
Items not recognised in balance sheet						
Actuarial gains and losses	9.7	(16.0)	(6.3)	2.9	6.9	9.8
Past service cost	16.7		16.7	19.9		19.9
Assets not recognised in balance sheet		(8.9)	(8.9)			–

The actuarial loss in the period totalled €21.6 milion.

11.2. Other employee benefits

The provision for other employee benefits at 31 December 2007 totalled €19,638,000 (including €15,924,000 at more than one year) versus €12,759,000 at 31 December 2006 (including €10,945,000 at more than one year). The part at less than one year, i.e. €3,714,000 and €1,814,000 at 31 December 2007 and 31 December 2006, respectively, is presented in the balance sheet under other current liabilities.
The provisions for other employee benefits are measured using the Projected Unit Credit method and mainly relate to obligations to pay jubilee premiums.

» 12. Provisions *in € thousands*

	31 Dec. 2006	Provisions	Write-backs	Unused write-backs	Other changes	31 Dec. 2007
Warranties given to customers	269,405	105,975	(56,709)	(19,706)	33,711	332,676
Losses on completion	132,264	169,987	(81,259)	(3,419)	5,181	222,754
Litigation	162,386	38,105	(34,394)	(35,201)	51,205	182,101
Restructuring	9,691	6,549	(3,520)	(200)	(248)	12,272
Other current liabilites	160,730	114,300	(55,356)	(15,634)	9,593	213,633
Discounting of current provisions	(3,419)	1,830			39	(1,550)
Reclassification of the part at less than one year of non-current provisions	68,399				(3,706)	64,693
Current provisions	**799,456**	**436,746**	**(231,238)**	**(74, 160)**	**95,775**	**1,026,579**
Liabilities in respect of subsidiaries	8,632	798	(1,837)	(713)		6,880
Other non-current liabilities	95,919	39,085	(10,789)	(11,178)	99	113,136
Discounting of non-current provisions	(2,196)	492				(1,704)
Reclassification of the part at less than one year of non-current provisions	(68,399)				3,706	(64,693)
Non-current provisions	**33,956**	**40,375**	**(12,626)**	**(11,891)**	**3,805**	**53,619**
TOTAL	**833,412**	**477,121**	**(243,864)**	**(86,051)**	**99,580**	**1,080,198**

» 13. Net financial surplus and financing resources *in € thousands*

At the year end, the Group had a net cash surplus of €1,496,378,000 which breaks down as follows:

	31 Dec. 2006	31 Dec. 2007
Participating loans and bonds [a]	**(147)**	**(147)**
Other loans and borrowings [a]	(180,618)	(426,662)
Fair value of derivative financial instruments (non-current liabilities)	(512)	(2,094)
Financial debt	***(181,130)***	***(428,756)***
Non-current financial debt	**(181,277)**	**(428,903)**
Part at less than one year of long-term borrowing [a]	(164,007)	(80,012)
Cash management, current accounts, liabilities	(19,595)	(12,350)
Other current financial liabilities	(137,565)	(89,732)
Fair value of derivative financial instruments (current liabilities)	(639)	(536)
Bank overdrafts	(354,972)	(426,785)
Current financial debt	**(676,778)**	**(609,415)**
GROSS DEBT	**(858,055)**	**(1,038,318)**
Fair value of derivative financial instruments (assets)	1,534	4,925
Loans and collateralised receivables and other financial assets	3,371	904
Cash management financial assets	1,311,417	1,144,296
Cash and cash equivalents	931, 393	1,384,571
NET FINANCIAL SURPLUS	**1,389,660**	**1,496,378**

(a) Borrowings and long-term financial debt, broken down hereafter

Cash management financial assets, amounting to €1,098.7 million, consist in investments made with Vinci paying interest at conditions close to market conditions.

Including cash and cash equivalents (cf. cash flow statement)

	31 Dec. 2006	31 Dec. 2007
UCITS - cash equivalents	345,541	591,508
Cash and cash equivalents	585,852	793,063
Bank overdrafts	(354,972)	(426,785)
NET CASH	**576,421**	**957,786**

Breakdown of borrowings and long-term financial debt (in € millions)

	31 Dec. 2006	31 Dec. 2007
Bond loans	0.1	0.1
Bank borrowings and other financial debt	292.1	240.8
Loans related to restatements of finance leases	52.5	98.3
VINCI Group loans	–	167.6
BORROWINGS AND LONG-TERM FINANCIAL DEBT [a]	**344.7**	**506.8**

The other loans and borrowings are not subject to any specific covenant, except for CFE's syndicated loan which is subject to covenants that take account, amongst other items, of equity and the debt-to-equity ratio, and of the cash flow generated.

Breakdown of loans and borrowings ***(in € millions)***

	Currency	Contractual interest rate	Maturity	Nominal still due	Value in balance sheet
Bond loans				**0.1**	**0.1**
CFE	EUR	6.0%	December 2010	0.1	0.1
Bank borrowings and other financial debt				**240.8**	**240.8**
CFE		3.8%	until 2020	161.3	161.3
Solétanche		5.5%	until 2018	45.2	45.2
Other				34.3	34.3
Loans related to restatements of finance leases				**98.3**	**98.3**
CFE		3.1%	until 2015	28.7	28.7
Solétanche		6.1%	until 2013	39.5	39.5
Other				30.1	30.1
VINCI Group loans				**167.6**	**167.6**

» 14. Revenue *in € millions*

The change in revenue takes account of changes in consolidation scope and foreign exchange rates.

It breaks down as follows:

	31 Dec. 2007	31 Dec. 2006
Revenue for the period	**13,027**	**10,174**
• *Revenue of companies consolidated for the first time*	*(895)*	*38*
• *Revenue of companies no longer consolidated*		*(30)*
• *Impact of foreign exchange fluctuations*		*(2)*
Revenue at constant consolidation scope and exchange rates	**12,132**	**10,180**

At constant consolidation scope and foreign exchange rates, revenue increased 19% over the previous year.

REVENUE BY DIVISION	31 Dec. 2007	31 Dec. 2006
• VINCI Construction France	6,189	5,166
• VINCI Construction Filiales Internationales	1,965	1,571
• VINCI PLC	1,131	928
• Compagnie d'Entreprises CFE	1,518	1,212
• VINCI Construction Grands Projets	861	778
• Freyssinet	831	618
• Solétanche Bachy	588	
• Intragroup eliminations	(56)	(99)
TOTAL	**13,027**	**10,174**

REVENUE BY GEOGRAPHICAL AREA *(by destination)*	31 Dec. 2007	31 Dec. 2006
• France (including overseas territories - (DOM-TOM))	7,361	6,030
• Europe excluding France	3,839	2,816
• Africa	751	593
• Americas	374	304
• Middle East	328	185
• Asia	272	166
• Oceania	102	80
TOTAL	**13,027**	**10,174**

REVENUE BY BUSINESS LINE	31 Dec. 2007	31 Dec. 2006
• Building	5,925	4,573
• Civil engineering and earthworks	4,972	3,629
• Hydraulic engineering	780	802
• Roads	602	504
• Facility Management and other services	238	220
• Real estate development and promotion	219	164
• Public works and environmental	172	184
• Provision of services and other	119	98
TOTAL	**13,027**	**10,174**

» 15. Operating profit from ordinary activities *in € thousands*

	31 Dec. 2007	31 Dec. 2006
Revenue	13,027,231	10,174,392
Revenue from ancillary activities	122,574	94,887
Operating revenue	**13,149,805**	**10,269,279**
Purchases (raw materials, supplies, goods)	(3,092,007)	(2,354,676)
Sub-contracting and other external expenses	(6,392,371)	(5,028,350)
Wages, salaries and social benefit charges	(2,486,601)	(2,027,284)
Taxes and levies	(131,547)	(116,429)
Other operating income and expenses	35,257	31,707
Operating depreciation and amortisation expense	(280,123)	(231,496)
Net operating provision charges		
• Impairment losses on tangible and intangible fixed assets	(1,302)	(366)
• Impairment of assets	(15,436)	46,115
• Retirement and other benefit obligations	(6,772)	(2,285)
• Current and non-current provisions	(134,081)	(75,165)
Operating profit from ordinary activities	**644,822**	**511,050**

Revenue from ancillary activities amounted to €122.6 million at 31 December 2007 and mainly consisted of sales of equipment, materials and goods for €62.2 million, studies, engineering and fees invoiced in connection with construction contracts, for €31.5 million and rental income for €26.9 million.

» 16. Share-based payments *in € millions*

The expense relating to benefits granted to employees has been assessed at €41.3 million before tax in respect of 2007, of which €9.6 million was in respect of share options and, €20.8 million in respect of the Group Savings Schemes and €10.9 million was in respect of free share plans.

» 17. Other financial income and expenses *in € thousands*

	31 Dec. 2007	31 Dec. 2006
Dividends received	2,324	1,968
Foreign exchange gains and losses	(445)	(1,083)
Effect of discounting to present value	(2,905)	(3,138)
Capital gains or losses on asset disposals and withdrawals from reserves	17,194	(6,057)
Other financial income and expenses	4,511	21,673
Other financial income and expenses, net	**20,679**	**13,363**

»18. Income tax expense *in € thousands*

18.1. Breakdown of net tax expense

	31 Dec. 2007	31 Dec. 2006
Current and deferred tax	(219,725)	(146,797)
Effective tax rate	33.25%	28.08%

18.2. Effective tax rate

Profit before tax and profit or loss of associates	**660,814**
Theoretical tax rate	34.43%
Expected tax charge	**(227,518)**
Goodwill impairment expense	26
Effect of income being taxed at reduced rate and other rates	3,004
Tax rate differential between current and previous year	76
Tax rate differences (foreign countries)	21,850
Creation (use) of carryforward losses not giving rise to deferred tax	(314)
Fixed-sum and other additional taxes	(11,633)
Permanent differences and miscellaneous	(5,216)
Tax charge recognised	**(219,725)**
Effective tax rate	33.25%

18.3. Analysis of deferred tax assets and liabilities

Deferred tax assets and liabilities arise from temporary differences and were as follows at the year end:

Assets	Liabilities	Net
155,501	36,591	118,910

18.4. Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €62.4 million at 31 December 2007.

»19. Construction contracts *in € millions*

19.1. Financial information relating to construction contracts

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

Advances are the amounts received before the corresponding work has been performed. Their repayment depends on the specific provisions of each contract. They are usually retained during the contract regardless of the amount of the work completed or in progress.

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

	31 Dec. 2007	31 Dec. 2006
Construction contracts in progress - assets	580	657
Construction contracts in progress - liabilities	(775)	(521)
Construction contracts in progress	**(195)**	**136**
Costs incurred plus profits recognised and less losses recognised to date	20,916	16,759
Less invoices issued	(21,112)	(16,623)
Construction contracts in progress before advances received from customers	**(196)**	**136**
Advances received from customers	(526)	(420)
Construction contracts in progress, nets	**(722)**	**(284)**

19.2. Commitments made and received in connection with concession contracts

The Group gives and receives guarantees (personal surety) in connection with its construction contracts, which break down as follows:

	Commitments made	Commitments received
Performance guarantees and performance bonds	2,076	307
Retention payments	1,259	304
Deferred payments to subcontractors	1,056	142
Bid bonds	54	1
Total	**4,445**	**753**

»20. Transactions with related parties *in € millions*

Transactions with related parties are:

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

20.1. Remuneration of members of the Executive Committee

VINCI Construction's share of remuneration paid to members of the Executive Committee amounted to €3,622,091 in 2007.

20.2. Unconsolidated part items of entities consolidated by the proportionate method

	31 Dec. 2007	31 Dec. 2006
Revenue	1,650.1	1,785.9
Purchases	229.9	333.5
Subcontracting	1,240.0	1,176.4
Trade receivables	805.0	1,030.0
Trade payables	452.7	474.4

These mainly relate to transactions with joint venture partnerships in connection with the Group's construction activities.

20.3. Contribution to the consolidated balance sheet by proportionately consolidated companies

	31 Dec. 2007	31 Dec. 2006
Current assets	1,079.0	1,012.4
Non-current assets	499.6	461.6
Current liabilities	1,155.7	1,201.2
Non-current liabilities	393.1	361.5
Operating revenue	1,935.7	1,458.3
Operating expenses	(1,838.2)	(1,364.3)
Cost of net financial debt	(9.5)	(8.0)
Other financial income and expenses	(4.9)	-
Income tax	(18.9)	(12.7)

Given the nature of the construction projects undertaken by VINCI Construction, joint venture partnerships created for projects and that manage revenue of over €45 million (on a 100% basis) are consolidated proportionately.

» 21. Contractual obligations and other commitments made and received *in € millions*

	Commitments given	Commitments received
Joint and several guarantees of partnerships	8.8	
Bank overdrafts	28.0	
Tax and customs bonds	15.0	
Operating leases	242.4	
Collateral securities	221.3	2.1
Other commitments	159.3	193.0
Total	**674.8**	**195.1**

Given in particular the quality of its partners, the Group considers that the risk of its guarantee being invoked in respect of these commitments is negligible.

» 22. Employees and staff training rights

The average number of employees at 31 December 2007 breaks down as follows:

	31 Dec. 2007	31 Dec. 2006
Engineers and managers	9,840	7,817
Monthly and hourly paid staff	55,393	45,076
TOTAL	**65,233**	**52,893**

Individual entitlement to training

The Act of 4 May 2004 gives employees of French businesses the right to a minimum of 20 hours of training a year, which can be carried forward and accumulated over a period of six years.

Expenditure under this individual right to training is considered as an expense for the period and does not give rise to the recognition of a provision, other than in exceptional cases. The Group's employees had acquired rights to 1,084,000 hours at 31 December 2007.

» 23. Disputes and arbitration

To the Company's knowledge, there is no exceptional event or litigation likely to affect substantially the business, financial performance, net assets or financial situation of the Group or the Company. The companies that are members of the VINCI Construction group are sometimes involved in litigation arising from the normal course of business. The related risks are assessed by VINCI Construction and the subsidiaries involved on the basis of their knowledge of the cases and provisions are taken in consequence. The main disputes in progress at the date of this document are as follows:

Disputes and arbitration

• On 23 May 2004, part of the shell structure over the passageway of Roissy airport's 2E terminal collapsed. The structure had been built for Aéroports de Paris, which in this project acted as principal, architect and main contractor. The construction work on terminal 2E was carried out under multiple separate contracts by numerous different companies. The passageway shells (superstructures) were constructed by a consortium comprising companies that are today VINCI Construction subsidiaries.

The incident is currently subject to a court-ordered expert appraisal to establish the reasons for the collapse and assess the damages suffered. A criminal investigation has also been launched following the collapse.
The financial consequences of this incident relate on the one hand to the rebuilding costs, which are a matter for the prime contractor's insurers, and, on the other hand, to the financial losses incurred by the operators of the building as a result of the disorganisation resulting from the site being unavailable for use. The amount of these losses and the terms under which these consequences will be borne by the companies involved have yet to be determined. In view of the current situation, the Group considers that this dispute will not have a material unfavourable effect on its financial situation.

• In 1997, SNCF lodged multiple claims with the Paris Administrative Court against a large number of construction enterprises, of which several are VINCI Construction Group subsidiaries, with a view to obtaining financial compensation for the prejudice it claims to have suffered between 1987 and 1990 during the award of tenders for the construction of the TGV Nord and TGV Rhône-Alpes lines and their interconnection. This claim followed the ruling against the companies involved by the competition authority in 1995, which the Paris Appeal Court had upheld overall.

The Paris Administrative Court, after having in December 1998 ruled in respect of these two claims that the findings of the competition authority regarding the anti-competitive practices entitled SNCF to claim that its consent was impaired with respect to the contracts in question, ordered an appraisal to establish the impact of such practices. The enterprises had appealed against this decision but the Council of State (the Conseil d'Etat), in a ruling issued on 19 December 2007, rejected their appeals. In 2005, the expert appointed by the Paris Administrative Court submitted two reports in which it was concluded that SNCF had incurred extra costs significantly lower than the amounts claimed.

The amount sought from consortiums in which VINCI Construction companies have an interest, and which carried out approximately 20 of the contracts for work, amounts to €90.6 million. These claims will have to be subjected to detailed examination by the Paris Administrative Court.

The VINCI Construction Group considers that SNCF did not suffer financial prejudice on the award of these tenders to its subsidiaries given that each contract was subject to detailed negotiation with full knowledge of the facts by SNCF, which is a highly experienced and qualified project owner. VINCI Construction considers that these disputes will not have a material adverse effect on its financial situation.

» 24. Branches and main consolidated companies at 31 december 2007

	Consolidation method	% holding
1. Parent		
VINCI CONSTRUCTION	**FC**	**100.0**
2. Subsidiaries		
VINCI CONSTRUCTION France	**FC**	**100.0**
BATEG	FC	100.0
BOTTE FONDATIONS	FC	100.0
BOURDARIOS	FC	100.0
CAMPENON BERNARD CONSTRUCTION	FC	100.0
CAMPENON BERNARD MEDITERRANEE	FC	100.0
CAMPENON BERNARD REGIONS	FC	100.0
CAMPENON BERNARD SUD EST	FC	100.0
CHANTIERS MODERNES BTP	FC	100.0
CHANTIERS MODERNES SUD	FC	100.0
DESCHIRON	FC	100.0
DODIN	FC	100.0
DUMEZ COTE D'AZUR	FC	100.0
DUMEZ EPS	FC	100.0
DUMEZ Ile de France	FC	100.0
DUMEZ MEDITERRANEE	FC	100.0
E.M.C.C.	FC	100.0
ENERGILEC	FC	100.0
ENTREPRISE PITANCE	FC	100.0
GTM BATIMENT	FC	100.0
GTM GENIE CIVIL ET SERVICES	FC	100.0
GTM TERRASSEMENT	FC	100.0
LAINE-DELAU	FC	100.0
LES TRAVAUX DU MIDI	FC	100.0
NEXIMMO 5	IP	49.90
PETIT	FC	100.0
SCAO	IP	33.33
SICRA Ile de France	FC	100.0
SOCIETE D'INGENIERIE ET DE REALISATION DE CONSTRUCTION	FC	100.0
SOGEA ATLANTIQUE	FC	100.0
SOGEA CARONI	FC	100.0
SOGEA NORD OUEST	FC	100.0
SOGEA EST BTP	FC	100.0
SOGEA SUD	FC	100.0
VINCI ENVIRONNEMENT	FC	100.0
VINCI NETWORKS	FC	100.0

» 24. Branches and main consolidated companies at 31 december 2007 *(Continued)*

	Consolidation method	% holding
VINCI CONSTRUCTION Filiales Internationales	**FC**	**100.0**
DUMEZ-GTM CALEDONIE	FC	100.0
FIRST CZECH CONSTRUCTION COMPANY - FCC (Czech Republic)	FC	100.0
GTM GUADELOUPE	FC	100.0
HIDEPITO (Hungary)	FC	97.4
INTER-MOST (Serbie)	FC	100.0
NOFRAYANE (French Guyana)	FC	100.0
PRUMSTAV (Czech Republic)	FC	75.0
SBTPC (Reunion)	FC	100.0
SMP CZ (Czech Republic)	FC	100.0
SOBEA GABON	FC	90.0
SOGEA MARTINIQUE	FC	100.0
SOGEA MAYOTTE	FC	100.0
SOGEA REUNION	FC	100.0
SOGEA SATOM	FC	100.0
WARBUD (Poland)	FC	99.7
SOGEA HOLDINGS LTD (Great Britain)	**FC**	100.0
CRISPIN & BORST	FC	100.0
JOHN JONES	FC	100.0
NORWEST HOLST LIMITED	FC	100.0
VINCI INVESTMENT	FC	100.0
VINCI PLC	FC	100.0
WEAVER PLC	FC	100.0
COMPAGNIE D'ENTREPRISES CFE (Belgium)	**FC**	46.8
ABEB	FC	46.8
BPC	FC	46.8
BPI	FC	46.8
CFE HUNGARY	FC	46.8
CFE NEDERLAND	FC	46.8
CFE POLSKA	FC	46.8
CFE SLOVAQUIA	FC	46.8
CLE	FC	46.8
CLI SA	FC	46.8

» 24. Branches and main consolidated companies at 31 december 2007 *(Continued)*

	Consolidation method	% holding
DEME (Dredging Environmental and Marine Engineering)	IP	23.4
ENGEMA	FC	46.8
GEKA	FC	46.8
NIZET ENTREPRISES	FC	46.8
SOGESMAINT	FC	31.7
VAN WELLEN	FC	46.8
VANDERHOYDONCKX	FC	46.8
VMA INFRA-INDUSTRIE	FC	46.8
VINCI CONSTRUCTION GRANDS PROJETS	**FC**	**100.0**
M1 MOTORWAY (England)	IP	50.0
EUROPEAN INVESTMENT BANK (Luxembourg)	IP	50.0
WADI DAYQAH DAM (Oman)	IP	50.0
BRIGHTWATER TUNNELS (USA)	IP	60.0
KINCARDINE CROSSING BRIDGE (Scotland)	IP	50.0
BUDAPEST SUBWAY (Hungary)	IP	49.6 (1)
LINE 3 OF CAIRO SUBWAY (Egypt)	IP	28.5
QATARI DIAR VINCI CONSTRUCTION (Qatar)	IP	49.0
S C GRUPO 3 (Chile)	FC	100.0
SOCALY	IP	72.0 (2)
SOCASO	IP	66.7
SOCATOP	IP	50.0 (3)
HALLANDSAS TUNNELS (Sweden)	IP	40.0

(1) including 14.6% share of VINCI Construction Filiales Internationales
(2) including 48% share of VINCI Construction France
(3) including 8.3% share of VINCI Construction France

FREYSSINET	**FC**	**100.0**
FREYSSINET SA (Spain)	IP	50.0
FREYSSINET France	FC	100.0
FREYSSINET HONG KONG	FC	100.0
FREYSSINET INTERNATIONAL & CIE	FC	100.0
FREYSSINET KOREA (South Korea)	FC	90.0
IMMER PROPERTY (Australia)	FC	92.0
MENARD SOLTRAITEMENT	FC	100.0
TERRE ARMEE INTERNATIONNAL	FC	100.0

» 24. Branches and main consolidated companies at 31 december 2007 *(Continued)*

	Consolidation method	% holding
THE REINFORCED EARTH CY (USA)	FC	100.0
Groupe GEOPAC (Canada)	FC	100.0
NUKEM Ltd (Great Britain)	FC	100.0
SOLETANCHE BACHY	**FC**	**100.0**
SOLETANCHE BACHY France	FC	100.0
CSM BESSAC SAS France	FC	100.0
SOLETANCHE BACHY PIEUX SAS France	FC	100.0
RODIO CIMENTACIONES ESPECIALES SA (Spain)	IP	50.0
KRONSA INTERNACIONAL SA (Spain)	IP	50.0
NICHOLSON CONSTRUCTION COMPANY INC (USA)	FC	100.0
BACHY SOLETANCHE LTD (United Kingdom)	FC	100.0
BACHY SOLETANCHE GROUP LTD (Hong Kong)	FC	100.0
SOLETANCHE STROY ZAO (Russia)	FC	100.0
OSNOVA SOLSIF LTD (Ukraine)	FC	70.0
BACHY SOLETANCHE SINGAPORE PTE LTD	FC	100.0
VINCI CONSTRUCTION HOLDING		
DUMEZ CONSTRUCTION	FC	100.0

Following our appointment as Statutory Auditors by your Shareholders General Meeting, we have audited the accompanying consolidated financial statements of VINCI Construction for the year ended 31 December 2007.

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

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion, which follows.
In our opinion, the consolidated financial statements 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.
Without qualifying the opinion expressed above, we draw your attention to Note A.1.2 to the consolidated financial statements which describes a change in accounting method relating to acquisitions and disposals of non-controlling interests in a company after control has been obtained.

2. Justification of our assessments

As required by article L.823-9 of the French Code of Commerce relating to the justification of our assessments, we bring to your attention the following matters:
As presented in Note 3.4 to the consolidated financial statements, headed Construction contracts, the VINCI Construction Group recognises income from long-term contracts using the percentage of completion method on the basis of the best available estimates of the final profit or loss of contracts. We have assessed the reasonableness of the assumptions used and the resulting evaluations.
As presented in Note 3.11, the VINCI Construction Group performs impairment tests on goodwill, at least annually and whenever there is an indication that it may be impaired, in accordance with the methodology as described in Note C-2 to the consolidated financial statements. We have assessed whether the assumptions used are reasonable.
As mentioned in the first part of this report, Note A.1.2 to the consolidated financial statements describes a change in accounting method relating to acquisitions and disposals of non-controlling interests in a company after control has been obtained. In accordance with IAS 8, the 2006 comparative information, presented in the consolidated financial statements, has been restated to take account of this change in method retrospectively. As a result, the comparative information is different from the published 2006 consolidated financial statements.
In assessing the accounting policies adopted by your Company, we have examined the correct restatement of the 2006 consolidated financial statements and the related disclosures made in Note A.1.2 to the consolidated financial statements.
These assessments were made as part of our audit of the consolidated financial statements taken as a whole and have therefore contributed to the formation of our opinion, given in the first part of this report.

3. Specific verification

We have also verified the information relating to the Group given in the Management Report, in accordance with the professional standards applicable in France. We have no comments to make as to its fair presentation and its conformity with the consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, 25 April 2008
The Statutory Auditors

SALUSTRO REYDEL
A member of KPMG International
Philippe Bourhis

DELOITTE & ASSOCIÉS
Marc de Villartay,
Dominique Jumaucourt