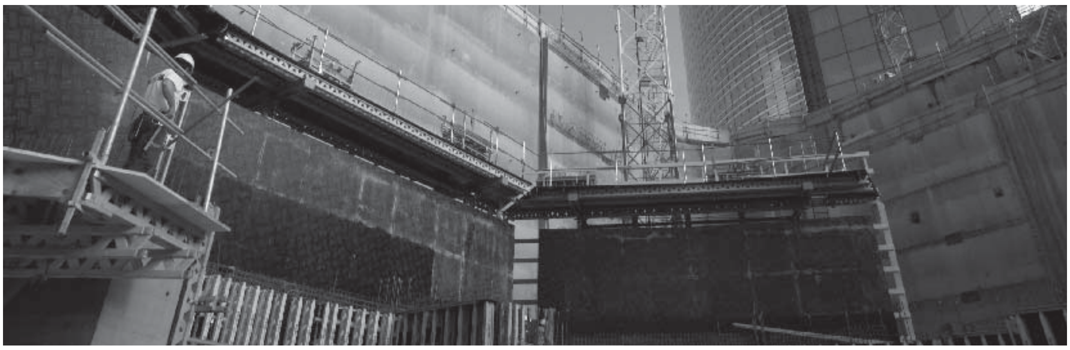

Annual report

2005

Consolidated IFRS balance sheet as at 31 december 2005

in thousands of euros

ASSETS

	NOTES	2005 Gross	2005 Amort. Dep'n & Provs.	2005 Net	2004 Net
Non-current assets					
Intangible assets	2	52,325	41,395	**10,930**	12,910
Goodwill	3	354,567	186,085	**168,482**	162,255
Concession intangible fixed assets	4	16,524	4,902	**11,622**	4,475
Property, plant and equipment	5	2,031,967	1,217,851	**814,116**	724,417
Investment property	6	33,993	8,459	**25,534**	12,608
Investments in associates	7	22,354		**22,354**	13,976
Other non-current financial assets	8	99,448	43,295	**56,153**	123,015
Fair value of derivative (assets)	14	2,235		**2,235**	207
Deferred tax assets	19,3	135,566		**135,566**	142,692
TOTAL NON-CURRENT ASSETS		2,748,979	1,501,987	**1,246,992**	1,196,555
Current assets					
Inventories and work in progress	9	231,044	14,004	**217,040**	227,430
Trade and other operating receivables	11	4,405,390	209,845	**4,195,545**	3,559,013
Other current assets	11	167,040	1,676	**165,364**	109,687
Current tax assets	11	18,106		**18,106**	19,018
Current financial assets	11	324		**324**	55
Cash management financial assets and marketable securities	10 - 14	1,689,398	1,509	**1,687,889**	1,459,391
Cash	14	728,630		**728,630**	457,063
TOTAL CURRENT ASSETS		7,239,932	227,034	**7,012,898**	5,831,657
TOTAL ASSETS		**9,988,911**	**1,729,021**	**8,259,890**	**7,028,212**

in thousands of euros

EQUITY AND LIABILITIES

	NOTES	2005	2004
Equity			
Share capital		**148,806**	148,806
Share premium account		**54,333**	54,333
Consolidated reserves		**231,150**	217,861
Net profit for the period		**295,633**	221,008
Equity attributable to equity holders of the parent		**729,922**	642,008
Minority interest		**114,631**	103,680
TOTAL EQUITY		**844,553**	745,688
Non-current liabilities			
Retirement and other employee benefits obligations	12	**125,173**	135,038
Non-current provisions	13	**38,953**	43,693
Participating loans and bonds	14	**2,436**	7,648
Other loans and borrowings	14	**201,002**	199,569
Fair value of derivative (liabilities)	14	**3,529**	3,926
Other non-current liabilities		**12,469**	11,697
Deferred tax liabilities	19,3	**35,428**	35,590
TOTAL NON-CURRENT LIABILITIES		**418,990**	437,161
Current liabilities			
Current provisions	13	**722,830**	722,561
Trade payables	11	**2,671,309**	2,387,387
Other current payables	11	**2,792,383**	2,303,593
Current tax payables	11	**86,697**	72,882
Current borrowings	14	**723,128**	358,940
TOTAL CURRENT LIABILITIES		**6,996,347**	5,845,363
TOTAL EQUITY AND LIABILITIES		**8,259,890**	**7,028,212**

Consolidated IFRS income statement
for the year ended 31 december 2005

in thousands of euros

	NOTES	2005	2004
REVENUE	15	**8,958,351**	7,816,307
Revenue from ancillary activities	16	**85,730**	320,357
OPERATING INCOME		**9,044,081**	8,136,664
Purchases		**(2,075,071)**	(1,980,479)
Sub-contracting and other external expense		**(4,410,105)**	(3,845,571)
Employment costs		**(1,812,880)**	(1,736,554)
Taxes and levies		**(102,604)**	(85,272)
Other operating income and expense		**21,975**	6,317
Net amortisation, depreciation and provision		**(209,384)**	(186,620)
OPERATING PROFIT ON ORDINARY ACTIVITIES	16	**456,012**	308,485
	(% of revenue)	**5.09 %**	3.95 %
Share-based payment expense	17	**(24,325)**	(11,305)
Goodwill impairment expense		**(4,723)**	(1,161)
OPERATING PROFIT		**426,964**	296,019
	(% of revenue)	**4.77 %**	3.79 %
Cost of gross financial debt		**(30,879)**	(22,294)
Income from financial assets and cash equivalents		**46,073**	31,202
COST OF NET FINANCIAL DEBT		**15,194**	8,908
Other financial income and expense	18	**20,708**	18,277
Income tax expense	19	**(151,242)**	(97,184)
Share of profit of associates		**2,131**	1,680
NET PROFIT FOR THE PERIOD		**313,755**	227,700
Minority interest		**(18,122)**	(6,692)
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**295,633**	221,008
	(% of revenue)	**3.30 %**	2.83 %
Number of shares		**18,600,811**	18,600,811
EARNINGS PER SHARE (IN EUROS)		**15.89**	11.88

Consolidated IFRS cash flow statement

in thousands of euros	31/12/2005	31/12/2004
Net profit for the period (including minority interest)	**313,755**	227,699
Net amortisation and depreciation expense	**205,146**	189,617
Net provision expense	**(937)**	12,490
Share-based payment expense (IFRS 2)	**9,883**	11,305
Gain or loss on disposal of fixed assets	**(20,319)**	(6,133)
Change in fair value of foreign currency derivative financial instruments	**414**	19
Share of profit or loss of associates and dividends received from unconsolidated entities	**(6,688)**	(4,072)
Capitalised borrowing costs	**(81)**	
Cost of net financial debt	**(15,194)**	(8,908)
Current and deferred tax expense	**151,242**	97,184
Cash flows from operations before tax and financing costs and changes in working capital requirements and current provisions	**637,221**	519,201
Changes in working capital requirement and current provisions	**115,257**	271,286
Income taxes paid	**(118,369)**	(95,777)
Net interest received	**15,409**	8,981
Net cash flows from operating activities	**649,518**	703,691
Purchases of property, plant and equipment, and intangible assets	**(341,681)**	(226,043)
Proceeds from sales of property, plant and equipment, and intangible assets	**32,139**	43,373
Purchases of shares in subsidiaries and associates (consolidated or not)	**(43,191)**	(27,975)
Proceeds from disposal of financial non-current assets	**8,738**	25,852
Net effect of changes in scope of consolidation	**173**	13,074
Dividends received from associates and unconsolidated entities	**5,021**	3,054
Other	**6,418**	(39,543)
Net cash flows from investing activities	**(332,383)**	(208,208)
Minority interest in share capital increases of subsidiaries	**3,632**	115
Dividends paid by VINCI Construction	**(224,141)**	(117,187)
Dividends paid to minority shareholders	**(4,022)**	(2,142)
Proceeds from new long-term borrowings	**198,284**	121,816
Repayments of borrowings	**(88,310)**	(156,062)
Change in cash management assets	**(180,119)**	(279,900)
Net cash flows from financing activities	**(294,676)**	(433,360)
Net change in net cash	**22,459**	62,123
Net cash at beginning of the year	**222,714**	160,362
Effect of changes in foreign exchange rates	**12,750**	229
Net cash at end of the year	**257,923**	222,714

Net cash at end of the year	**257,923**	222,714
Cash management financial assets	**1,687,889**	1,459,391
Loans and collateralised receivables and other financial assets	**4,688**	4,314
Non-current financial debt	**(203,438)**	(207,217)
Other current financial debt (excluding bank overdrafts)	**(252,422)**	(124,590)
Fair value of derivatives, net	**(1,294)**	(3,719)
Net financial surplus at end of the year	**1,493,346**	1,350,893

Statement of changes in consolidated equity

in thousands of euros

EQUITY	Share capital	Share premium account	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**
Balance at 31 Dec. 2004	**148,806**	**54,333**	**216,118**	**771**	**221,008**	**972**	**642,008**	**103,680**	**745,688**
Allocation of net income for previous period			221,008		(221,008)				
Dividend payments			(224,141)				**(224,141)**	(4,022)	**(228,163)**
Net profit for the period					295,633		**295,633**	18,122	**313,755**
Financial instruments: changes in fair value						(2,556)	**(2,556)**	(2,296)	**(4,852)**
Share-based payments (IFRS 2)			12,434				**12,434**		**12,434**
Currency translation differences				5,869			**5,869**	1,123	**6,992**
Changes in consolidation scope and miscellaneous			1,216	(1,593)		1,052	**675**	(1,976)	**(1,301)**
Balance at 31 Dec. 2005	**148,806**	**54,333**	**226,635**	**5,047**	**295,633**	**(532)**	**729,922**	**114,631**	**844,553**

Notes to the consolidated financial statements
as at 31 December 2005

Notes to the consolidated financial statements as at 31 december 2005

1. Accounting policies and valuation methods

1. General principles

In applying the European Regulation 1606/2002 of 19 July 2002 on International Accounting Standards (IAS), VINCI Construction's consolidated financial statements for the year ended 31 December 2005 have been prepared, for the first time, in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), applicable for the 2005 financial year and as endorsed by the European Union. The 2004 comparatives have also been prepared using the IFRSs.
In particular, the 2004 IFRSs figures have been prepared using IAS 39 Financial Instruments: Recognition and Measurement and IAS 32 Financial Instruments: Disclosure and Presentation. VINCI Construction has opted for application of these two standards as from 1 January 2004 in order to ensure better comparability between the 2004 and 2005 financial statements. The provisions of IAS 39 that were rejected by the European Commission relating to the recognition of macro-hedging transactions are not applicable to the Group.

1.1. First-time adoption of IFRSs, methods applied

The 2004 comparatives have been prepared in accordance with the provisions of IFRS 1 First-time Adoption of International Financial Reporting Standards.

1.1.1 General principle

The Group has applied the accounting policies in force at the balance sheet date of its first IFRS financial statements (31 December 2005) retrospectively to its opening balance sheet at 1 January 2004, as if these standards had always been applied.

1.1.2 Elections made by the Group

IFRS 1 makes specific provisions for the retrospective restatement under IFRS of assets and liabilities in accordance with the IFRSs. VINCI Construction has made the following elections:

Retirement benefit obligations: the actuarial gains and losses existing at 1 January 2004, not recognised under French GAAP, are recorded under provisions for retirement benefit obligations with a corresponding reduction of equity. Actuarial gains and losses arising after 1 January 2004 are recognised as and when they occur.

Translation gains and losses in relation to a foreign entity: the Group has elected to reclassify cumulative translation gains and losses at 1 January 2004 in its consolidated reserves. This reclassification has had no impact on the total amount of equity. The new IFRS amount of translation gains and differences is therefore taken to nil at 1 January 2004. If these subsidiaries are subsequently sold, the disposal gain or loss will not include the reversal of translation gains and losses prior to 1 January 2004 but will however include those recognised after that date.

Business combinations: VINCI Construction has elected not to restate, as provided by IFRS 3, business combinations prior to 1 January 2004.

Property, plant and equipment and intangible assets: VINCI Construction has elected not to measure certain items of property, plant and equipment and intangible assets at the transition date at their fair value.

1.2 IFRSs or projects in progress for which early application is possible from 2005

VINCI Construction's financial statements at 31 December 2005 do not include the possible impacts of:
- standards and interpretations published at 31 December 2005 but of which application is only compulsory for periods starting on or after 1 January 2006;
- draft International Financial Reporting Interpretations Committee (IFRIC) interpretations on the accounting treatment of concessions contracts.

1.2.1 Draft interpretations relating to concession contracts

In March 2005, the IFRIC published three draft interpretations relating to the accounting treatment of concession contracts (drafts D12, D13, and D14), which are still under discussion:
• the first draft defines the application scope of concession contracts and the criteria for determining the accounting model to apply. The application scope covers public service concession contracts in which the concession grantor is considered to exercise control over the assets operated. The method of remunerating the concession operator is the only criteria adopted, at present, for determining the nature of the assets to be recognised in the balance sheet and the resulting accounting treatment.
• the other two drafts deal with the two accounting models proposed:
- the intangible asset model: the asset under concession would be recognised as an intangible asset whenever the concession operator is paid directly by the users.
This asset is considered as being a right to receive tolls, granted to the concession operator in consideration for financing and constructing the infrastructure.
- the financial asset model: the asset under concession would be recognised as an amortisable interest-bearing financial receivable whenever the concession operator is remunerated directly by the concession grantor and not by users. The amount of the financial receivable in the balance sheet would correspond to the present value of the receipts to be received from the concession grantor. This model would apply to partnership contracts of the "Public Private Partnership" (PPP) type "Private Finance Initiative" (PFI) in the UK.
Application in 2006 of the IFRIC interpretations relating to concession contracts to be published could alter the accounting treatment currently used in VINCI Construction's consolidated financial statements.
The methods currently used by the Group are not in contradiction with the IFRSs applicable at 31 December 2005 and have not been altered on transition to IFRS. Concession contracts are recognised in the consolidated financial statements as concession intangible fixed assets in accordance with the methods described in paragraph 3 below.

1.2.2 Amendment to IAS 19 – Employee Benefits

The amendment to IAS 19 Employee Benefits relating to the recognition of actuarial gains and losses is applicable as from 1 January 2006, with earlier application being encouraged. The Group has not yet made a decision on the option that it will adopt at that date, in particular with regards to the possibility of recognising all actuarial gains and losses directly in equity.

1.2.3. IFRIC 4 Determining whether an Arrangement contains a Lease

At this stage, the Group has decided not to apply IFRIC 4 Determining whether an Arrangement contains a Lease applicable from 1 January 2006, early. The points of divergence in respect of accounting policies connected with the application of IFRIC 4 and their impact at VINCI are being assessed.

2. Basis of Consolidation

Consolidation scope

Companies over which VINCI Construction exercises majority control are fully consolidated. Companies that are less than 50% owned but in which VINCI Construction exercises control in substance (i.e. has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities) are consolidated using this same method. This relates in particular to CFE, of which VINCI Construction owns 45.38%.

Companies over which VINCI Construction exercises significant influence are accounted for by the equity method.

The proportionate method is used to consolidate companies in which the Group exercises joint control and joint venture partnerships in which the Group's share of the revenue and balance sheet are material to the Group.

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.

Joint venture partnerships created for specific construction projects that manage revenue of over €45 million (on a 100% basis) are consolidated proportionately.

The other joint venture partnerships are consolidated by recording the Group's share of revenue and expenses in the income statement, but the full current accounts of joint venturers in the balance sheet.

Scope of consolidation can be broken down by consolidation method as follows:

	31 december 2005			31 december 2004		
	Total	France	Foreign	**Total**	France	Foreign
Full consolidation	**439**	244	195	**429**	230	199
Proportionate consolidation	**173**	40	133	**173**	37	136
Equity method	**22**	3	19	**19**	4	15
	634	**287**	**347**	**621**	**271**	**350**

Intragroup transactions

Reciprocal operations and transactions relating to assets and liabilities, income and expenses between consolidated or equity-accounted companies are, in general, eliminated in the consolidated financial statements.

This is done:
- for the full amount if the transaction is between two fully consolidated entities;
- applying the percentage of 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.

Translation of the financial statements of foreign entities and establishments (IAS 21)

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

The financial statements of foreign entities presented in a currency other than that used in preparing the Group's consolidated financial statements are translated using the closing rate method. Balance sheet items are translated at the exchange rate at the balance sheet date and income statement items are translated at the average rate for the period. Any resulting translation differences are recognised under translation differences in consolidated reserves. Goodwill relating to foreign entities is considered as comprising part of the assets and liabilities acquired and is therefore translated at the exchange rate in force at the balance sheet date.

Foreign currency transactions (IAS 21- IAS 39)

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

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

Business combinations

The Group applies the purchase method for business combinations made as from 1 January 2004. In application of this method, the Group recognises the identifiable assets, liabilities and certain contingent liabilities at their fair value at the dates when control was acquired.

The cost of a business combination is the fair value, at the date of exchange, of 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 a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

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. Measurement rules and methods applied by the Group

Use of estimates

The preparation of the financial statements requires, in accordance with the IFRSs conceptual framework, estimates to be used and assumptions to be made that affect the amounts shown in these financial statements, in particular as regards the following items:
- the period over which assets are depreciated;
- the measurement of provisions and retirement benefit obligations;
- the measurement of construction contract profit or loss using the stage of completion method;
- the valuation of financial instruments at fair value; and
- values used in impairment tests.

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.

Revenue (IAS 11 - IAS 18)

Consolidated revenue represents the total of the work, goods and services produced by the consolidated subsidiaries as their main activity.
The total includes the revenue, after elimination of intragroup transactions, of:
- fully consolidated companies;
- jointly controlled companies, which are consolidated proportionately, on the basis of the Group's share in the company; and
- joint venture partnerships, based on the Group's share in the entity.

In the property sector, revenue arising on lots sold is recognised as the property development proceeds, using the incurred cost method (cost of land, of work, etc.).

Revenue from ancillary activities (IAS 18)

Revenue from ancillary activities comprises rental income, sales of equipment, materials and merchandise, study work and fees other than those generated by concession operators.

Construction contracts (IAS 11)

The Group recognises construction contract income and expense using the stage of completion method defined by IAS 11.
For the Group, the stage of completion is usually determined by measuring the works.
For construction projects in which the Group's share is less than €10 million, it is considered that the profit or loss recognised on the basis of work completed is in line with that determined on a stage of completion basis, other than in exceptional cases.
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 any rights to additional revenue or claims, based on a reasonable assessment. Provisions for losses on completion are shown under liabilities.
The contractual advances that are generally received when contracts are signed, with pre-defined repayment terms that may if applicable be unconnected with the stage of completion, are recognised in the balance sheet under advances and payments on account received.

Share-based payment (IFRS 2)

The measurement and recognition methods for share subscription and purchase plans and the Plans d'Epargne Groupe – Group Savings Scheme – are defined by IFRS 2 Share-based Payment. The granting of share options and offers to subscribe to the Group Savings Scheme 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 of the equity instruments granted.

• Share subscription option plans
Options to subscribe to shares are granted to Group employees and officers. The fair value of the options granted is determined at the grant date using a binomial valuation model, of the "Monte Carlo" type, adjusting for the probability of the vesting conditions of the rights to exercise the option not being met.

• Group Savings Scheme
Under the Group Savings Scheme, VINCI issues new shares 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 to be a benefit granted to the employees; its fair value is determined using a binomial valuation model, of the "Monte Carlo" type, at the date on which the Board of Directors sets the subscription price. 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.

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 hedges in respect of gross financial debt, and net changes in the fair value of derivatives that are not used for hedging.
- financial income from investments comprises the return on cash investments (interest income, dividends from UCITS (marketable securities and mutual funds), disposal gains and losses, etc.), the impact of interest rate hedges related to these investments and changes in their fair value.

Other financial income and expense

Other financial income and expense mainly comprises foreign exchange gains and losses, the effects of discounting to present value and dividends received from unconsolidated companies.

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 differences between the carrying amount and the tax base of assets and liabilities, using the latest tax rates known. 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.
A deferred tax liability is recognised in respect of the differences relating to shareholdings in equity-accounted or proportionately consolidated entities, unless:
– the group can control the date at which the temporary difference will reverse; and
– the difference is not expected to reverse in the foreseeable future.
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.

Earnings per share (IAS 33)
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.

Intangible assets (IAS 38)
This is mainly computer software. Purchased intangible fixed assets are recorded in the balance sheet at acquisition cost and are amortised on a straight-line basis over their useful life.

Goodwill (IFRS 3)
Goodwill is the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition, recognised on first consolidation.
Goodwill relating to controlled entities is shown under the balance sheet assets under goodwill.
Goodwill relating to entities accounted for using the equity method is reported under investments in associates.
Negative goodwill is recognised directly in the income statement in the year of acquisition.
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 appears to be impaired, the difference between its carrying amount and its recoverable amount is recognised as an operating expense in the period and is not reversible.

Concession intangible fixed assets
The costs of concession contracts are shown on a specific line in the balance sheet as concession intangible fixed 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.

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.

Property, plant and equipment (IAS 16)
Items of property, plant and equipment are recorded at their acquisition or production cost less cumulative depreciation and any impairment losses recognised. They are not revalued.
Depreciation is generally calculated on a straight-line basis over the period of use of the asset. Accelerated depreciation may however be used when it appears more appropriate to the conditions under which the asset is used.
For certain complex assets, in particular buildings, each component of the asset is recognised separately and depreciated over its own period of use.

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

Building	
- 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 asset's entry into service.

Finance leases
Assets acquired under finance leases are recognised as fixed 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.

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 recognised, in the same way as items of property, plant and equipment.

Impairment of non-financial non-current assets (IAS 36)
Under certain circumstances, impairment tests must be performed on intangible and tangible fixed assets. For assets with an indefinite useful life, which is the case for goodwill, a test is performed at least annually and whenever there is an indication of a loss of value. For other fixed assets, a test is performed only when there is an indication of a loss of value.

Investments in associates (IAS 28)
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 of a loss of value, the recoverable value of equity-accounted investments in associates is tested as described in the note above on impairment of non-financial non-current assets.

Other non-current financial assets (IAS 32-39)

Other non-current financial assets comprise available-for-sale securities and the part due in more than one year of loans and receivables measured at their amortised cost. Purchases and sales of financial assets are recognised at their settlement date.

• Available-for-sale securities

Available-for-sale securities comprises the Group's shareholdings in unconsolidated entities.

When these assets are first recognised, they are measured at their fair value, which is generally their cost of acquisition plus the transaction costs.

At the balance sheet date, available-for-sale listed 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, fair value is determined on the basis of the present value of the expected cash flows, or failing that, on the basis of the Group's share of the company's equity.

Changes in fair value are recognised directly in equity and are only transferred to the income statement when the securities in question are sold.

Whenever an impairment test leads to recognition of an unrealised loss as against the historic cost and whenever this is considered to be a material and/or durable loss of value, this loss is recognised in the income statement and is irreversible.

If the fair value cannot be reliably determined, shares are recognised at cost. If there is an objective indication of durable impairment, an irreversible impairment loss is recognised in the income statement.

• Loans and receivables at amortised cost

Loans and receivables at amortised cost comprise mainly receivables connected with shareholdings, current account advances to associates or unconsolidated entities, guarantee deposits, collateralised loans and receivables and other loans and receivables.

When first recognised, these loans and receivables are recognised at their fair value plus the directly attributable transaction costs. At each balance sheet date, these assets are measured at their amortised cost using the effective interest rate method.

If there is an objective indication of durable impairment, an impairment loss is recognised. The impairment loss corresponding to the difference between the carrying amount and the recoverable amount (i.e. the present value of the expected cash flows discounted using the original effective interest rate) is recognised in the income statement. It may be reversed if the recoverable amount changes favourably in the future.

Inventories and work in progress (IAS 2)

Inventories and work in progress are recognised at their cost of acquisition or by the production cost of the entity. At each balance sheet date, they are measured at the lower of cost and net realisable value.

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.

Current financial assets (IAS 32-39)

This category is the part due in less than one year of the loans and receivables shown under other non-current financial assets.

Cash management financial assets (IAS 32-39)

Cash management financial assets comprise related companies' cash management current accounts, investments in monetary and bond securities and units in UCITS, made from a short-term management viewpoint.

They are measured and recognised at their fair value. Changes in fair value are recognised in the income statement, as the fair value option has been adopted.

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

Cash and cash equivalents

Cash and cash equivalents comprise only current accounts at banks that are not subject to any restrictions. Bank overdrafts are not included in cash and are reported under current financial debt.

Retirement and other employee benefit obligations (IAS 19)

• Defined benefit retirement obligations

Provisions are taken in the balance sheet for obligations arising from 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 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 (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 the income statement. 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, the past service cost is recognised immediately in the income statement. Conversely, whenever adoption of a new 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 mainly from changes in actuarial assumptions and from experience adjustments (the effects of differences between the actuarial assumptions adopted and what has actually occurred).

Actuarial gains and losses that exceed 10% of the higher of the present value of the Group's defined benefit obligation and the fair value of the plan assets are recognised on a straight-line basis over the average expected remaining working life of the employees participating 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 financial income and expenses.
Commitments relating to lump-sum payments on retirement for manual construction workers, which are met by contributions to an outside insurance scheme, are recognised as an expense as and when contributions are payable.

• Provisions for other employee benefits
Provisions are taken for long-service bonuses in the French subsidiaries, and for the payment of medical expenses in certain subsidiaries. This provision is measured using the actuarial forecasting method (the projected unit credit method).
The part with a maturity of less than one year of provisions for retirement benefit obligations and for other employee benefits is shown under current liabilities.

Provisions (IAS 37 and IAS 11)

Provisions are liabilities of which the timing or amount cannot be accurately assessed. They are measured at the present value of the best estimate of the consumption of resources required to settle the obligation.
Provisions are recognised whenever the Group has a present obligation as a result of a past event and it is probable that an outflow of resources of which a reliable estimate can be made will be required to settle the obligation. The amount recognised as a provision must be the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Obligations to be settled after one year are discounted whenever the effect of discounting is material.
Provisions for restructuring costs are recognised whenever the Group has a detailed formal plan of which the interested parties have been informed.

• 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.
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 defects.
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.

• Non-current provisions
Non-current provisions are provisions not directly linked to the operating cycle and that are generally unlikely to reverse in less than one year. They include, in particular, provisions for potential employment liabilities and for disputes.
That part of non-current provisions that matures in less than one year is shown under current provisions.

Current and non-current financial debt (IAS 32-39)

Financial debt comprises bond and other loans, measured and recognised at amortised cost using the effective interest method. Under this method, the redemption premiums and issuance costs, initially shown as a deduction from the nominal amount of the liability, are included in the cost of borrowing. Under this method, the interest expense is recognised actuarially under the cost of gross financial debt.
The part due in less than one year of borrowings is included in current borrowings.

Fair value of derivative financial instruments (assets and liabilities) (IAS 32-39)

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 considered to be a hedge, the change in its fair value must be recognised through the income statement. If a derivative is considered 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.
Most interest rate and exchange rate derivatives used by VINCI Construction may be considered as hedging instruments. Recognition as a hedging instrument is applicable if:
- the hedging relationship is clearly defined and documented at the date when it is set up;
- the effectiveness of the hedging relationship is demonstrated from the outset, and regularly while it is in place.

• Financial instruments considered as hedging instruments
Derivative financial instruments considered as hedging instruments are systematically recognised in the balance sheet at fair value. Nevertheless, their recognition varies depending on whether they are considered as:
- a fair value hedge of an asset or liability or of a firm commitment to buy or sell an asset;
- a cash flow hedge;
- a hedge of a net investment in a foreign entity.

• Fair value hedge
A fair value hedge enables the exposure to the risk of a change in the fair value of an asset, a liability such as fixed rate loans and borrowings, assets and liabilities denominated in foreign currency or firm commitments not recognised, to be hedged.
Changes in the fair value of the hedging instrument are recognised in the income statement for the period. The impact of the revaluation of the hedged item is recognised symmetrically in the income statement for the period. Except for the ineffective part of the hedge, these two revaluations offset each other within the same line items in the income statement.

• Cash flow hedge
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.
Changes in the fair value of the derivative financial instrument are recognised net of tax under equity for the effective part and in the income statement for the period for the ineffective part. Cumulative gains or losses in equity must be reclassified in the income statement under the same line item as the

hedged item – i.e. under operating income and expenses for cash flows from operations and under financial income and expense otherwise – whenever the hedged cash flow affects the income statement.
If the hedging relationship is interrupted, in particular because it is no longer considered effective, the cumulative gains or losses in respect of the derivative instrument are retained in equity until maturity of the hedged transaction. If the future cash flow is no longer highly probable, the gains and losses previously recognised in equity are immediately taken to the income statement.

• Hedge of a net investment in a foreign entity
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. In a similar way as for cash flow hedges, the effective portion of the changes in the value of the derivative instrument is recorded in equity under translation reserves and the portion considered as ineffective is recognised in profit or loss. The change in the value of the derivative instrument recognised under translation differences must be reversed in the income statement when the foreign entity that was the object of the initial investment is disposed of.

• Financial instruments not considered as hedging instruments
Derivative financial instruments that are not considered as hedging instruments are recognised in the balance sheet at fair value and changes in their fair value are recognised in the income statement.
Derivative instruments considered as hedges of which the maturity is greater than one year are shown as non-current assets or liabilities. Other financial instruments are classified as current assets or 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.

2. Intangible assets

in thousands of euros

	31.12.2004	Increase	Decrease	Currency differences and changes in consolidation scope	**31.12.2005**
Gross	54,089	2,571	(6,150)	1,815	**52,325**
Amortisation and provisions	(41,179)	(4,638)	5,876	(1,454)	**(41,395)**
Total net	**12,910**	**(2,067)**	**(274)**	**361**	**10,930**

Intangible assets mainly comprise software licences and patents.
The impact of acquisitions and reversals of amortisation in connection with business combinations, and that of impairment losses and reversals, on changes in the period is not material.

3. Goodwill

in thousands of euros

	Gross	Amortisation	**Net**
Goodwill at the beginning of the period	341,165	(178,910)	162,255
Goodwill recognised during the period	9,636		9,636
Amortisation and provisions		(4,723)	(4,723)
Translation differences and others	3,766	(2,452)	1,314
Total	**354,567**	**(186,085)**	**168,482**

The net year-end values of the main goodwill items was :	
SOGEA HOLDINGS UK	76,055
VINCI PLC	22,009
ENERGILEC	8,920

4. Concession intangible fixed assets

in thousands of euros

	31.12.2004	Increase	Decrease	Currency differences and changes in consolidation scope	**31.12.2005**
Gross	9,482	8,926	(533)	(1,351)	**16,524**
Amortisation and provisions	(5,007)	(416)	533	(12)	**(4,902)**
Total net	**4,475**	**8,510**	**0**	**(1,363)**	**11,622**

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

5. Property, plant and equipment

in thousands of euros

5.1 Change in the period

	31.12.2004	Increase	Decrease	Currency differences and changes in consolidation scope	31.12.2005
Gross	1,861,490	333,222	(147,557)	(15,188)	**2,031,967**
Depreciation and provisions	(1,137,073)	(201,323)	129,285	(8,740)	**(1,217,851)**
Total net	**724,417**	**131,899**	**(18,272)**	**(23,928)**	**814,116**

5.2 Breakdown by type of asset

	Gross	Depreciation	Net
Land	45,293	(3,938)	**41,355**
Buildings	198,504	(72,480)	**126,024**
Plant and equipment	1,652,145	(1,042,888)	**609,257**
Office furniture, computer equipment, fixtures and fittings	136,025	(98,545)	**37,480**
Total net	**2,031,967**	**(1 217 851)**	**814 116**

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.

5.3 Investments in the period

	31.12.2005
Land	**3,030**
Buildings	**25,421**
Plant and equipment	**284,823**
Office furniture, computer equipment, fixtures and fittings	**19,948**
Total investments	**338,222**

5.4 Leased assets

Leased assets amounted to €39.3 million at 31 December 2005 and mainly relate to property used in operations.
Maturities of payment commitments in respect of remaining capital due are as follows:

Finance lease obligations (in millions of euros)	31.12.2004	31.12.2005
within 1 year	12.3	**6.1**
between 1 year and 5 years	9.1	**16.6**
after 5 years	19.0	**16.6**
Total	**40.5**	**39.3**

6. Investment property

in thousands of euros

	31.12.2004	Increase	Decrease	Currency differences and changes in consolidation scope	31.12.2005
Gross	16,731	2,415	(4,013)	18,860	**33,993**
Depreciation and provisions	(4,123)	(820)	43	(3,559)	**(8,459)**
Total net	**12,608**	**1,595**	**(3,970)**	**15,301**	**25,534**

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.

7. Investments in associates

in thousands of euros

	31.12.2004	31.12.2005
Value of the shares at the beginning of the period	13,982	**13,976**
Share capital increases of associates	161	**3,646**
Group share of net income for the period	1,680	**2,131**
Dividends paid	(661)	**(464)**
Changes in consolidation scope, foreign currency translation differences and other	(1,186)	**3,065**
Total net	**13,976**	**22,354**

8. Other non-current financial assets

in thousands of euros

	Gross	Amortisation	Net
Investments in subsidiaries and associates	57,493	(31,340)	**26,153**
Other available-for-sale financial assets	10,058	(3,150)	**6,908**
Other non-current financial assets	36,373	(8,805)	**27,568**
Present value adjustment of non-current financial assets	(4,476)		**(4,476)**
Total net	**99,448**	**(43,295)**	**56,153**

9. Inventories and work in progress

in thousands of euros

	31.12.2004	31.12.2005
Inventories	167,010	**188,827**
Work in progress	60,420	**28,213**
Total net	**227,430**	**217,040**

10. Cash management financial assets

These break down as follows:

in thousands of euros

	31.12.2004	31.12.2005
UCITS (marketable securities and mutual funds)	198,857	**305,329**
Other	1,260,534	**1,382,560**
Total net	**1,459,391**	**1,687,889**

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

11. Working capital requirement / (surplus)

in thousands of euros

	31.12.2004	**31.12.2005**
Inventories and work in progress (net)	227,430	**217,040**
Trade and other operating receivables	3,559,013	**4,195,545**
Other current assets	109,687	**165,364**
Current tax assets	19,018	**18,106**
Inventories and operating receivables (I)	3,915,148	**4,596,055**
Trade payables	2,387,387	**2,671,309**
Other current payables	2,303,593	**2 792,383**
Current tax payables	72,882	**86,697**
Operating payables (II)	4,763,862	**5,550,389**
Working capital requirement connected with operations (I-II)	**(848,714)**	**(954,334)**
Current provisions	722,561	**722,830**

12. Provisions for employee benefits

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

in thousands of euros

RETIREMENT BENEFIT OBLIGATIONS	31.12.2004	**31.12.2005**
Discount rate	4.75 %	4.50 %
Inflation rate	2.0 %	2.0 %
Rate of salary increases	3.0 %	3.0 %
Rate of pension increases	2.5 %	2.5 %
Amortisation period of initial actuarial liability	10 - 15 ans	10 - 15 ans

Retirement benefit commitments relate to contractual lump-sum payments on retirement, are calculated using the prospective actuarial method and are fully provided for in the balance sheet.

Total commitments covered by provisions	**130,775**
Of which due within one year	15,902
OTHER EMPLOYEE BENEFITS	
Total commitments covered by provisions	**11,687**
Of which due within one year	1,387

13. Provisions

in thousands of euros

	31.12.2004	Expenses	Reversals	Reversals of unused provisions	Other changes	**31.12.2005**
Warranties given to customers	233,215	80,493	(47,668)	(11,133)	9,563	**264,470**
Losses on completion	99,649	75,838	(71,475)	(5,290)	2,288	**101,010**
Litigation	188,898	40,502	(34,985)	(13,813)	(16,035)	**164,567**
Restructuring	15,480	2,236	(6,879)	(40)	(140)	**10,657**
Other current liabilities	98,540	48,835	(44,235)	(5,434)	6,550	**104,256**
Discounting of current provisions	(3,123)	(1,040)	236		(9)	**(3,936)**
Reclassification of the part maturing in less than one year of non-current provisions	89,902				(8,096)	**81,806**
Current provisions	722,561	246,864	(205,006)	(35,710)	(5,879)	**722,830**
Exchange rate risks	9,621		(4,079)	(5,542)		**-**
Liabilities in respect of subsidiaries	18,158	806	(7,473)	5,510		**17,001**
Other non-current liabilities	108,893	34,650	(32,585)	(5,056)		**105,902**
Discounting of non-current provisions	(3,077)	(32)	964	1		**(2,144)**
Reclassification of the part maturing in less than one year of non-current provisions	(89,902)				8,096	**(81,806)**
Non-current provisions	43,693	35,424	(43,173)	(5,087)	8,096	**38,953**
Total	**766,254**	**282,288**	**(248,179)**	**(40,797)**	**2,217**	**761,783**

The types of provisions are defined in Note 1 - 3.1 Measurement rules and methods.

14. Cash surplus

At the year end the Group had a net cash surplus of €1,493,346 Thousand which breaks down as follows:

in thousands of euros

	31.12.2004	**31.12.2005**
Participating loans and bonds	(7,648)	**(2,436)**
Other loans and borrowing	(199,569)	**(201,002)**
Non-current financial debt	(207,217)	**(203,438)**
Part at less than one year of long-term borrowing	(130)	**(134,580)**
Cash management current accounts, liabilities	(14,408)	**(19,915)**
Other loans and borrowings	(110,052)	**(97,927)**
Current financial debt	(124,590)	**(252,422)**
Gross financial debt (excluding bank overdrafts)	**(331,807)**	**(455,860)**
Fair value of derivatives, net	(3,719)	**(1,294)**
Loans and collateralised receivables and other financial assets	4,314	**4,688**
Cash management financial assets and marketable securities	1,459,391	**1,687,889**
Net cash position (cash / overdrafts)	222,714	**257,923**
Net financial debt	**1,350,893**	**1,493,346**

15. Revenue

Consolidated revenue excludes miscellaneous income and services, as well as services to unconsolidated entities, which are included under other operating revenue.
Year-on-year changes in revenue also take account of changes in consolidation scope and break down as follows:

in millions of euros	31.12.2005	31.12.2004
REVENUE FOR THE YEAR	**8,958**	7,816
of which:		
Revenue of companies consolidated for the first time	**(52)**	34
Revenue of companies no longer consolidated		(34)
Impact of foreign exchange fluctuations		37
Revenue on a like-for-like basis	**8,906**	**7,853**

At constant consolidation scope and exchange rates, revenue showed a strong increase of slightly more than 13 % against the previous period.

REVENUE BY DIVISION		
Sogea Construction	**2,744**	2,344
GTM Construction	**1,976**	1,825
VINCI Construction Filiales Internationales	**1,336**	1,088
VINCI PLC	**937**	751
Compagnie d'Entreprises CFE	**976**	864
VINCI Construction Grands Projets	**604**	547
Freyssinet International	**508**	460
Intra-groupe eliminations	**(123)**	(63)
Total	**8,958**	**7,816**

REVENUE BY GEOGRAPHICAL AREA (BY DESTINATION)	31.12.2005	31.12.2004
France (including overseas territories (DOM-TOM))	**5,381**	4,719
Europe excluding France	**2,569**	2,297
Africa	**539**	433
Asia	**119**	105
North and South America	**167**	171
Middle East	**117**	33
Oceania	**66**	58
Total	**8,958**	**7,816**

REVENUE BY ACTIVITY		
Building	**4,207**	3,406
Civil engineering and earth-moving	**3,079**	2,882
Hydraulic engineering	**709**	635
Public works and environmental	**136**	105
Facility Management and other services	**194**	305
Roads	**451**	325
Services and other	**182**	158
Total	**8,958**	**7,816**

16. Operating profit

in thousands of euros

	31.12.2005	31.12.2004
Revenue	**8,958,351**	7,816,307
Revenue from ancillary activities	**85,730**	320,357
Operating income	**9,044,081**	8,136,664
Purchases (raw materials, supplies, goods)	**(2,075,071)**	(1,980,479)
Sub-contracting and other external expenses	**(4,410,105)**	(3,845,571)
Employment costs	**(1,812,880)**	(1,736,554)
Taxes and levies	**(102,604)**	(85,272)
Other operating income and expenses	**21,975**	6,317
Operating depreciation and amortisation expenses	**(205,129)**	(189,532)
Net operating provision expense		
Impairment losses property, plant and equipment, and intangible assets	**(611)**	(5,314)
Impairment of assets	**4,504**	29,226
Retirement and other benefit obligations	**(6,751)**	(4,161)
Current and non-current provisions	**(1,397)**	(16,839)
Operating profit from ordinary activities	**456,012**	**308,485**

Revenue from ancillary activities amounted to €85.7 million at 31 December 2005. This mainly comprises sales of equipment, materials and merchandise for €58 million, study work, engineering and professional fees invoiced in connection with construction contracts, for €8 million and rental income for €18 million.

17. Share-based payments

The expense relating to the benefits granted to employees has been assessed at €24.3 million for 2005. Of this, €10.4 million is in respect of share-options and €13.9 million in respect of group savings schemes, compared with €4.7 million and €6.6 million respectively in 2004, making a total of €11.3 million.

18. Other financial income and expenses

in thousands of euros

	31.12.2005	31.12.2004
Dividends received	**4,557**	2,392
Foreign exchange gains and losses	**(4,689)**	2,449
Effect of discounting to present value	**(3,976)**	(906)
Other financial income and expenses	**24,816**	14,342
Other financial income and expenses, net	**20,708**	**18,277**

19. Breakdown of net income tax expense

in thousands of euros

	31.12.2005	31.12.2004
19.1 Breakdown of net tax expense		
Current tax	(139,924)	(100,059)
Deferred tax	(11,318)	2,875
Total	**(151,242)**	**(97,184)**

19.2 Effective tax rate

Profit before tax and profit or loss of associates	**467,589**
Theoretical tax rate	34.93 %
Expected tax charge	**(163,329)**
Effect of income being taxed at reduced rate	**2,665**
Tax rate differential between current and previous year	**5,521**
Tax rate differences (foreign countries)	**34,680**
Impact of tax loss carryforwards and other unrecognised temporary differences	**(3,403)**
Fixed-sum and other additional taxes	**(10,635)**
Permanent differences and miscellaneous	**(16,741)**
Tax expense recognised	**(151,242)**
Effective tax rate	32.35 %

19.3 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
	135,566	35,428	**100,138**

19.4 Unrecognised deferred tax assets

Deferred tax assets unrecognised because their recovery is uncertain amounted to €61 million at 31 December 2005.

20. Financial information on construction contracts

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

Advances are the amounts received before the corresponding work has been performed. Their repayment depends on the specific provisions of each contract.
The various items relating to construction contracts in progress at the balance sheet date are:

in millions of euros

	31.12.2005	31.12.2004
Construction contracts in progress (assets)	**514**	475
Construction contracts in progress (liabilities)	**(414)**	(319)
Construction contracts in progress	**100**	156
Costs incurred plus profits recognised to date less losses recognised to date	**14,614**	12,634
Less invoices issued	**(14,514)**	(12,478)
Construction contracts in progress before advances received from customers	**100**	156
Advances received from customers	**(407)**	(303)
Net Construction contracts in progress	**(307)**	(147)

21. Transactions with related parties

Transactions with related parties mainly relate to transactions with companies in which VINCI Construction exercises significant influence or joint control. The Company also has normal business dealings with other companies in the VINCI Group and companies that have directors and senior officers in common with VINCI, in particular Nexity. The transactions with related parties are undertaken on the basis of market prices.

in millions of euros

	31.12.2005	31.12.2004
21.1 Transactions between VINCI Construction and proportionately consolidated companies (unconsolidated part):		
Revenue	**1,468.3**	1,120.9
Purchases	**(279.0)**	(257.8)
Subcontracting	**(984.0)**	(697.9)
Trade receivables	**928.0**	858.3
Trade payables	**388.7**	334.2

These mainly relate to transactions with joint-venture partnerships in connection with VINCI Construction's construction activities.

21. Transactions with related parties (next)

in millions of euros

	31.12.2005	31.12.2004
21.2 Contribution to the consolidated balance sheet of proportionately consolidated companies		
Current assets	**934.1**	757.6
Non-current assets	**364.0**	288.2
Current liabilities	**1,002.5**	841.1
Non-current liabilities	**308.2**	222.2
Operating income	**1,211.5**	1,093.3
Operating expenses	**(1,051.6)**	(1,028.8)
Cost of net financial debt	**(7.7)**	(6.0)
Other financial income and expenses	**(1.9)**	(10.0)
Income tax expense	**(7.9)**	(6.7)

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

22. Off balance sheet commitments

Off balance sheet commitments break down as follows:

in thousands of euros

	Commitments given	Commitments received
Performance guarantees and performance bonds	952,724	191,910
Retention payments bonds	806,508	211,671
Deferred payments guarantees to subcontractors	664 872	27,475
Joint and several guarantees of partnerships	30,766	
Bank overdrafts guarantees	19,538	
Bid bonds	80,618	129
Tax and customs bonds	1,727	
Operating leases	137,078	
Other commitments	399,908	157,991
Total	**3,093,739**	**589,176**

23. Employment costs and numbers employed

Average numbers employed at the balance sheet date were:

	31.12.2005	31.12.2004
Engineers and managers	**6,961**	6,384
Non-management	**38,430**	36,589
Total	**45,391**	**42,973**

Employment costs for all companies in the Group together amounted to 1,812,880 thousand euros.

REMUNERATION OF EXECUTIVES

VINCI Construction's share of remuneration paid to members of the Management Committee in 2005 amounted to €2,943,680.

INDIVIDUAL ENTITLEMENT TO TRAINING

The Act of 4 May 2004 gives employees of French companies a right to a minimum of 20 hours of training a year, which can be carried forward and accumulated for six years. Expenditure under this Individual Right to Training (the DIF) is considered as an expense for the period and, other than in exceptional cases, no provisions are taken for this. The Group's employees had acquired rights to 462,400 hours of such training at 31 December 2005.

24. Other information

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. In respect of the cases described below, provisions have been taken, where necessary, that the Company considers sufficient given the current state of affairs.

24.1 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 group of companies comprising several VINCI Construction subsidiaries.
The incident is currently subject to a criminal investigation and court-ordered expert appraisal to establish the reasons for the collapse. The financial implications of the incident, in terms of, on the one hand, reconstruction costs and, on the other hand, damage caused, and the terms under which financial liability will be allocated to the various parties involved, have yet to be determined. The Company 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 and civil engineering enterprises, of which several belong to the VINCI Construction Group, with a view to obtaining financial compensation for the damage it claims to have suffered between 1987 and 1990 during the award of tenders for the construction of the TGV Nord and Rhône-Alpes lines (and their interconnection). This claim was the consequence of the finding by the competition authority against the enterprises concerned in 1995, which the Paris Appeal Court upheld overall (making a second ruling after its 1997 decision was overturned).

The Paris Administrative Court ruled on 15 December 1998 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 that are the subject of two of the petitions and the Court ordered an appraisal to establish the impact of such practices. On 22 April 2004, the Paris Court of Appeal delivered judgements confirming this ruling. Following this ruling, the Paris Administrative Court decided to resume consideration of all other proceedings on which it had not yet pronounced judgement. On 15 February 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 claims made by SNCF. In June and July 2005, the Paris Administrative Court delivered several rulings ordering further examination of some of the other proceedings. The total amount sought from the consortiums in which VINCI Construction companies have holdings amounts to €97 million.
VINCI Construction 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 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.
Lastly, several VINCI Construction Group companies are being investigated under competition law, and certain employees of VINCI Construction Group subsidiaries are subject, on a personal basis, to judicial enquiry procedures that aim to determine whether they have participated in practices restricting competition or made inappropriate use of corporate assets for the direct or indirect benefit of political figures or parties. In this connection, the Company received notification on 27 July 2005, of a report drawn up by the competition authority regarding the signing of various public sector contracts in the Ile de France region between 1989 and 1996. VINCI Construction does not expect these procedures to have a material negative impact on its financial situation in the event of an unfavourable outcome.

25. Main entities consolidated as at 31 december 2005

PARENT	Consolidation method	% holding
VINCI CONSTRUCTION	FC	100

SUBSIDIARIES		
SOGEA CONSTRUCTION	FC	100
BATEG SNC	FC	100
CAMPENON BERNARD CONSTRUCTION	FC	100
CAMPENON BERNARD MÉDITERRANÉE	FC	100
CAMPENON BERNARD RÉGIONS	FC	100
DESCHIRON	FC	100
DODIN	FC	100
E.M.C.C.	FC	100
SICRA ILE-DE-FRANCE	FC	100
SOBEA ENVIRONNEMENT	FC	100
SOGEA ATLANTIQUE	FC	100
SOGEA NORD	FC	100
SOGEA NORD-OUEST	FC	100
GTM CONSTRUCTION	FC	100
CHANTIERS MODERNES BTP	FC	100
DUMEZ IDF	FC	100
DUMEZ MÉDITERRANÉE	FC	100
ENTREPRISE PETIT	FC	100
GTM BÂTIMENT	FC	100
GTM GÉNIE CIVIL ET SERVICES	FC	100
GTM TERRASSEMENT	FC	100
LAINÉ-DELAU	FC	100
LES TRAVAUX DU MIDI	FC	100
SCAO	PC	33
VINCI CONSTRUCTION GRANDS PROJETS	FC	100
BANQUE EUROPEENNE D'INVESTISSEMENT (Luxembourg)	PC	50
BARRAGE NAGA HAMMADI (Egypt)	PC	33
CENTRALE PRONY II (New Caledonia)	PC	50
JANIN ATLAS (Canada)	FC	100
MITHOLZ (Switzerland)	PC	25
PORT DE GORO NICKEL (New Caledonia)	PC	28
S C GRUPO 3 (Chile)	FC	100
SOCASO	PC	67
SOCATOP	PC	42
TUNNELS HALLANDSAS (Sweden)	PC	40

Notes to the consolidated financial statements as at 31 december 2005

VINCI CONSTRUCTION FILIALES INTERNATIONALES	FC	100
DUMEZ-GTM CALEDONIE	FC	100
FIRST CZECH CONSTRUCTION COMPANY - FCC (Czech Republic)	FC	100
GTM GUADELOUPE	FC	100
HÍDÉPÍTÖ (Hungary)	FC	98
NOFRAYANE (French Guyana)	FC	100
INTER-MOST (Serbia)	FC	100
SBTPC (Réunion)	FC	100
SMP CZ (Czech Republic)	FC	100
SOBEA GABON	FC	90
SOGEA MARTINIQUE	FC	100
SOGEA REUNION	FC	100
SOGEA-SATOM	FC	100
WARBUD (Poland)	FC	100
FREYSSINET	IG	100
FREYSSINET	FC	100
FREYSSINET France	FC	100
FREYSSINET HONG KONG	FC	100
FREYSSINET INTERNATIONAL & CIE	FC	100
FREYSSINET KOREA (Korea)	FC	90
IMMER PROPERTY (Australia)	FC	70
MÉNARD SOLTRAITEMENT	FC	100
THE REINFORCED EARTH CY (USA)	FC	100
SOGEA HOLDINGS LTD (UK)	FC	100
CRISPIN & BORST LTD	FC	100
NORWEST HOLST CONSTRUCTION LTD	FC	100
ROSSER AND RUSSELL BUILDING SERVICES LTD	FC	100
VINCI PLC	FC	100
VINCI SERVICES LTD	FC	100
COMPAGNIE D'ENTREPRISES CFE (Belgium)	FC	45
BAGECI	FC	45
BPC - Bâtiments et Ponts Construction (Belgium)	FC	45
CFE NEDERLAND	FC	45
DEME (Dredging Environmental and Marine Engineering)	FC	23
MBG	FC	45
NIZET ENTREPRISE	FC	45
SOGESMAINT	FC	45
VAN WELLEN	FC	45
VINCI CONSTRUCTION HOLDING		
DUMEZ CONSTRUCTION	FC	100
WIEMER UND TRACHTE (Germany)	EM	38

Reconciliation

Reconciliation of equity at 1 January 2004 and 31 December 2004 (French GAAP against IFRS)

Application of the IFRSs to the VINCI Construction consolidated financial statements leads to a limited reduction of consolidated equity (which includes minority interest under IFRS) of €31 million at 31 December 2004 (at €746 million against €777 million under French GAAP) which should be compared with a reduction of €46 million at 1 January 2004, the date of the opening IFRS balance sheet.

in millions of euros

	Total equity at 1 January 2004	Profit 2004	Other changes	Minority interest	Total equity at 31 December 2004
French GAAP	**568**	**220**	**(112)**	**101**	**777**
Intangible assets	(16)	15			(1)
Property, plant and equipment		1		2	3
Provisions	10	(4)		2	8
Actuarial gains and losses on retirement benefit obligations	(55)	3			(52)
Discounting of receivables, debts and provisions	1	1			2
Deferred tax on IAS restatements	16	(1)		(1)	14
Share-based payment expenses		(10)	10		
Financial instruments	(1)			1	
Other restatements	(1)	(4)	1	(1)	(5)
IFRS restatements	**(46)**	**1**	**10**	**4**	**(31)**
IFRS	**522**	**221**	**(101)**	**104**	**746**

Reconciliation

1. Reconciliation of the 2004 income statement (French GAAP against IFRS)

The tables below show the reconciliations of the income statement at 31 December 2004 prepared under French GAAP and IFRS, distinguishing on the one hand restatements that affect net profit (and/or a corresponding entry under equity) and on the other, reclassifications that are solely changes in presentation within the financial statements, with no effect on net profit.

in millions of euros

FRENCH GAAP		NOTES
Net sales	**7,816**	
Other revenue	437	
Operating expense	(7,735)	
Amortisation and depreciation, and provisions	(182)	
Operating income	**336**	1,1
Financial expense	9	
Other financial income and expense	18	
Net financial income/(expense)	**27**	1,2
Net exceptional income/(expense)	**(22)**	1,3
Income tax expense	(99)	
Amortisation of goodwill	(16)	1,4
Share in earnings of companies accounted for by the equity method	2	
Minority interest	(8)	1,5
Net income	**220**	

IFRS		NOTES
Revenue	**7,816**	
Revenue from ancillary activities	320	
Operating expense	(7,828)	
Operating profit from ordinary activities	**308**	
Share-based payment expense	(11)	
Goodwill impairment expense	(1)	1,4
Operating profit	**296**	1,1
Cost of net financial debt	9	
Other financial income and expense	18	
Net financial income/(expense)	**27**	1,2
Income tax expense	(97)	
Share of profit / (loss) of associates	2	
Net profit for the period (including minority interest)	**228**	
Minority interest	(7)	
Net profit attributable to equity holders of the parent	**221**	1,5

Reconciliation

1.1 Operating profit

Operating profit under IFRS amounts to €296 million. This is €40 million less than the operating income under French GAAP. Details of the difference are as follows:

in millions of euros

Operating income under French GAAP	**336**
Restatements	
Non-amortisation of actuarial gains and losses (allocated to opening balance sheet equity)	3
Cancellation of reversals of provisions for major repairs	(5)
Cancellation of amortisation of commercial goodwill and start-up costs	2
Effect of share-based payments (IFRS 2): Group Savings Scheme and share options (1)	(11)
Other	(1)
Total restatement	**(12)**
Reclassifications	
Other exceptional operating income and expense, net	(29)
Cost of discounting retirement benefit obligations (reclassified to financial income / (expense))	2
Goodwill impairment expense	(1)
Total reclassification	**(28)**
Operating profit	**296**

(1) An expense of €11 million before tax is recognised in application of IFRS 2 on share-based payments and similar. This expense, and the corresponding increase of equity, relates to:
- options to subscribe to VINCI shares granted since 7 November 2002, for the part of the rights remaining to be acquired by the beneficiaries at 1 January 2005 (€4.7 million);
- subscriptions to the Group Savings Scheme for the first four months of 2005, of which the terms and conditions were set as from the 2004 accounting period (€6.6 million before tax).

1.2 Net financial income / (expense)

At €27 million, net financial income is the same under IFRS. However the detail of the reclassifications and restatements affecting this item are as follows:

in millions of euros

Net financial income / (expense) under French GAAP	**27**
Restatements	
Restatement of foreign exchange gains and losses in translation reserves	(4)
Other	(1)
Total restatement	**(5)**
Reclassifications	
Cost of discounting retirement benefit obligations	(2)
Other exceptional operating income and expense, net	7
Total reclassification	**5**
Net financial income / (expense) under IFRS	**27**

1.3 Net exceptional income / (expense)

The net exceptional income / (expense) line shown in the French GAAP income statement no longer appears in the IFRS income statement, in accordance with IAS 1.

The following table shows the various reclassifications to operating profit under IFRS of income and expense items that were previously reported under net exceptional income / (expense), as explained in paragraph 1.1.

in millions of euros

Net exceptional income / (expense) under French GAAP	**(22)**
Reclassifications	
Restructuring costs	9
Other exceptional operating income and expense	15
Net provision charge	5
Total reclassification in operating profit under IFRS	**29**
Net gains on disposal of securities	(7)
Total reclassification in financial income / (expense) under IFRS	**(7)**
Total reclassification	**22**

1.4 Amortisation of goodwill

in millions of euros

Amortisation of goodwill under French GAAP	**(16)**
Non-amortisation of goodwill under IFRS	15
Impairment loss and amortisation of goodwill maintained under IFRS (included in operating profit)	**(1)**
of which – net exceptional impairment loss after impairment tests	(1)

In application of IFRS 3 Business Combinations, goodwill is not amortised under IFRS (see Note 3 Measurement rules and methods).
The effect on the IFRS net profit is therefore an increase of €15 million at 31 December 2004. In the IFRS income statement there remains an amount of €1 million under expenses that corresponds to exceptional impairment losses on goodwill (impairments tests).

1.5 Summary of impacts of restatements on net profit

The various restatements that affect the IFRS net profit presented in the previous paragraphs are summarised in the following table:

in millions of euros

Net income under French GAAP	**220**
Restatements	
Non-amortisation of actuarial gains and losses (allocated to opening balance sheet equity)	3
Cancellation of reversals of provisions for major repairs	(5)
Cancellation of amortisation of commercial goodwill and start-up costs	2
Restatement of foreign exchange gains and losses in translation reserves	(4)
Non-amortisation of goodwill under IFRS	15
Effect of minority interest on restatements	1
Other restatements	(11)
Total restatement	**1**
Net profit attributable to equity holders of the parent under IFRS	**221**

2. Reconciliation of the balance sheet at 31 December 2004 (French GAAP against IFRS)

For the presentation of balance sheet items, IFRSs recommend that a distinction be made between "non-current" assets and liabilities, representing equity and long-term finance, and "current" assets and liabilities, relating to the Company's ordinary operations, without necessarily being of a short-term nature. The part due in less than one year of non-current assets and liabilities is also presented under current assets and liabilities.

2.1 Balance sheet assets

in millions of euros

	Notes	French GAAP 31/12/04	IFRS reclassifications	IFRS restatements	IFRS 31/12/04
Non-current assets					
Intangible assets	2.3.1	40	(11)	(16)	13
Goodwill	2.3.2	136	11	15	162
Concession intangible fixed assets		5		(1)	4
Property, plant and equipment		720		4	724
Investment property		13			13
Investments in associates		14			14
Other non-current financial assets		123			123
Deferred tax assets	2.3.3		131	12	143
Total non-current assets		**1,051**	**131**	**14**	**1,197**
Current assets					
Inventories and work in progress		228		(1)	227
Trade and other operating receivables	2.3.4	3,816	(257)		3,559
Other current assets	2.3.5		107	3	110
Current tax assets	2.3.6		19		19
Cash management financial assets		1,459			1,459
Cash		457			457
Total current assets		**5,960**	**(131)**	**2**	**5,831**
TOTAL ASSETS		**7,011**		**16**	**7,028**

Reconciliation

2.2 Balance sheet equity and liabilities

in millions of euros

	Notes	French GAAP 31/12/04	IFRS reclassifications	IFRS restatements	IFRS 31/12/04
Equity					
Share capital		149			149
Share premium account		54			54
Consolidated reserves		253		(35)	218
Net profit		220		1	221
Equity attributable to equity holders of the parent		**676**		**(34)**	**642**
Minority interest		101		3	104
Total equity		**777**		**(31)**	**746**
Non-current liabilities					
Retirement and other employee benefit obligations	2.4.1	99	(20)	56	135
Non-current provisions	2.4.2	781	(735)	(3)	43
Non-current financial debt		207			207
Fair value of non-current derivatives (liabilities)				4	4
Other non-current liabilities	2.4.3		12		12
Deferred tax liabilities	2.4.4		38	(2)	36
Total non-current liabilities		**1,087**	**(705)**	**55**	**437**
Current liabilities					
Current provisions	2.4.5		735	(12)	723
Trade payables	2.4.6	4,793	(2,406)		2,387
Current tax payables	2.4.7		73		73
Current financial debt		354		4	359
Other current payables	2.4.8		2,303		2,303
Total current liabilities		**5,147**	**705**	**(8)**	**5,845**
TOTAL EQUITY AND LIABILITIES		**7,011**		**16**	**7,028**

Reconciliation

2.3 Reconciliation of balance sheet assets at 31 December 2004 (French GAAP against IFRS)

2.3.1 Intangible assets

in millions of euros	
French GAAP	**40**
Restatement	
Cancellation of commercial goodwill *(fonds de commerce)*	(16)
Total restatement	**(16)**
Reclassification	
Commercial goodwill *(fonds de commerce)* reclassified under goodwill	(11)
Total reclassification	**(11)**
IFRS	**13**

Restatement:
Other "commercial goodwill" items that do not meet the definition of an intangible asset under IAS 38 have been cancelled against equity.

Reclassification:
"Commercial goodwill" and market shares acquired in business combinations and recognised as intangible assets under French GAAP are reclassified under goodwill under IFRS.

2.3.2 Goodwill

in millions of euros	
French GAAP	**136**
Restatement	
Non-amortisation of goodwill	15
Total restatement	**15**
Reclassification	
Commercial goodwill *(fonds de commerce)*	11
Total reclassification	**11**
IFRS	**162**

Restatement:
In application of IFRS 3 Business Combinations, goodwill is no longer amortised. This restatement has led to the cancellation in the IFRS financial statements of €15 million of goodwill amortisation.

Reclassification:
"Commercial goodwill" and market shares acquired in business combinations and recognised as intangible assets under French GAAP are reclassified under goodwill under IFRS (see 2.3.1).

2.3.3 Deferred tax assets

in millions of euros	
French GAAP	
Restatement	
Deferred tax assets on IFRS restatements	12
Total restatement	**12**
Reclassification	
Deferred tax assets reported under non-current assets	131
Total reclassification	**131**
IFRS	**143**

2.3.4 Trade and other operating receivables

in millions of euros	
French GAAP	**3,816**
Reclassification	
Deferred charges shown under other current assets	(107)
Deferred tax assets reported under non-current assets	(131)
Current tax assets reported on a separate line	(19)
Total reclassification	**(257)**
IFRS	**3,559**

2.3.5 Other current assets

in millions of euros	
French GAAP	
Restatement	
Other restatements	3
Total restatement	**3**
Reclassification	
Deferred charges shown under other current assets	107
Total reclassification	**107**
IFRS	**110**

Reconciliation

2.3.6 Current tax assets

in millions of euros	
French GAAP	
Reclassification	
Current tax assets reported on a separate line	19
Total reclassification	**19**
IFRS	**19**

2.4 Reconciliation of balance sheet liabilities at 31 December 2004 (French GAAP against IFRS)

2.4.1 Retirement and other employee benefit obligations

in millions of euros	
French GAAP	**99**
Restatement	
Actuarial gains and losses	56
Total restatement	**56**
Reclassification	
Part maturing in less than one year of provisions	(20)
Total reclassification	**(20)**
IFRS	**135**

Restatement:
In connection with its first adoption of IFRSs, VINCI Construction has elected to allocate actuarial gains and losses on retirement benefit obligations to equity (see note 1.1.2). These amounted to €56 million at 31 December 2004.

Reclassification:
The part with a maturity of less than one year of the provisions for retirement benefit obligations and other employee benefits is considered as a current debt and is reported under "other current liabilities" in the IFRS balance sheet.

2.4.2 Non-current provisions

in millions of euros	
French GAAP	**781**
Restatement	
Discounting of non-current provisions	(3)
Total restatement	**(3)**
Reclassification	
Current provisions and part maturing in less than one year of non-current provisions	(735)
Total reclassification	**(735)**
IFRS	**43**

Restatement:
In accordance with the IFRSs, provisions are recognised at their present value.

Reclassification:
In accordance with IAS 1, which recommends that a distinction be made between current and non-current assets and liabilities, provisions shown under the long-term part of the balance sheet under French GAAP have been reclassified as current liabilities whenever they are attached to the operating cycle.
The part of non-current provisions that matures in less than one year is also reclassified under current liabilities.

2.4.3 Other non-current liabilities

in millions of euros	
French GAAP	
Reclassification	
Part due in more than one year of non-financial liabilities reported under non-current liabilities	12
Total reclassification	**12**
IFRS	**12**

Reclassification
In accordance with IAS 1, the part of other liabilities due in less than one year has been reclassified under other current liabilities.

2.4.4 Deferred tax liabilities

in millions of euros	
French GAAP	
Restatement	
Deferred tax recognised on IFRS restatements	(2)
Total restatement	**(2)**
Reclassification	
Deferred tax liabilities reported under non-current liabilities	38
Total reclassification	**38**
IFRS	**36**

2.4.5 Current provisions

in millions of euros	
French GAAP	
Restatement	
Effect of discounting current provisions	(12)
Total restatement	**(12)**
Reclassification	
Current provisions and part with a maturity of less than one year of non-current provisions	735
Total reclassification	**735**
IFRS	**723**

2.4.6 Trade payables

in millions of euros

French GAAP	**4,793**
Reclassification	
Other operating liabilities reported under other current liabilities	(2,406)
Total reclassification	**(2,406)**
IFRS	**2,387**

2.4.7 Current tax payables

in millions of euros

French GAAP	
Reclassification	
Current tax liabilities reported on a separate line	73
Total reclassification	**73**
IFRS	**73**

2.4.8 Other current liabilities

in millions of euros

French GAAP	
Reclassification	
Part with a maturity of less than one year of retirement benefit obligations and other employee benefit commitments	20
Deferred tax liabilities reported under non-current liabilities	(38)
Part at more than one year of non-financial liabilities reported under non-current liabilities	(12)
Current tax liabilities reported on a separate line	(73)
Other operating liabilities reported under other current liabilities	2,406
Total reclassification	**2,303**
IFRS	**2,303**

Reclassification

The part with a maturity of less than one year of retirement benefit obligations is reclassified as a current liability.

In accordance with IAS 1, the part of other liabilities with a maturity of less than one year has been reclassified under other current liabilities.

In accordance with IAS 12, current tax payables previously shown under trade and other operating payables are shown under a separate heading in the balance sheet.

3. Reconciliation of net financial debt at 31 December 2004 (French GAAP against IFRS)

in millions of euros

	French GAAP 31/12/04	IFRS restatements	IFRS 31/12/04
Other loans and borrowings	(207)		(207)
Non-current financial debt	**(207)**		**(207)**
Cash management current accounts, liabilities	(15)		(15)
Other current financial debt	(106)	(4)	(110)
Current financial debt	**(121)**	**(4)**	**(125)**
GROSS FINANCIAL DEBT (excluding bank overdraft)	**(328)**	**(4)**	**(332)**
Net fair value of non-current derivatives		(4)	(4)
Loans and collateralised receivables and other financial assets	28	(23)	5
Cash management financial assets and marketable securities	1 459		1 459
Net cash position (cash / overdrafts)	223		223
NET FINANCIAL DEBT	**1 382**	**(31)**	**1 351**

Compared with the net financial surplus under French GAAP of €1,382 million at 31 December 2004, the financial surplus is €31 million lower under IFRS. This difference arises from the taking into account of the fair value of derivative instruments under IFRS for €4 million and the exclusion of certain financial receivables of which the liquidity is considered insufficient and which have been reclassified.

Report of the Statutory Auditors

Consolidated Financial Statements – Year ended 31 December 2005

In accordance with 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 2005.

Your Chairman is responsible for preparation of the financial statements. Our role is to express an opinion on these financial statements, based on our audit. These financial statements have been prepared for the first time under the International Financial Reporting Standards (IFRS) as endorsed by the European Union. They include data relating to 2004 restated under the same rules, for comparison.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professionnal 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 from 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.

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.

II. Justification of our assessments

As required by Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters :

As shown in paragraph 3.1 of the section on the Group's accounting policies and measurement methods, entitled "Construction Contracts", the Group recognises income from long-term contracts using the percentage-of-completion method on the basis of the best available estimates of the final outcome of contracts. If the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion. We have assessed the reasonableness of the assumptions used and the resulting evaluations.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the formation of our opinion, which is expressed in the first part of this report.

III. Specific verification

We have also verified the information contained in the Chairman's report on the Group. We have no comments to make as to its fair presentation and its conformity with the consolidated financial statements.

Neuilly-sur-Seine and Paris, 19 April 2006

The Statutory Auditors

DELOITTE & ASSOCIÉS

Thierry Benoit

SALUSTRO REYDEL

A member of KPMG International

Bernard Cattenoz Philippe Bourhis