VINCI CONSTRUCTION 2004
CONSOLIDATED FINANCIAL STATEMENTS

VINCI CONSTRUCTION

CONSOLIDATED BALANCE SHEET

at 31 December 2004

in thousands of euros

ASSETS

	NOTES	2004 Gross	2004 Amort. Dep'n and Provs	2004 Net	2003
Intangible fixed assets other than goodwill	2	135,440	95,722	**39,718**	41,551
Goodwill on acquisition	3	324,882	188,596	**136,286**	146,740
Tangible assets	4	1,849,839	1,111,542	**738,297**	731,569
Financial assets					
– Investments in subsidiaries and affiliates	5	77,535	39,001	**38,534**	32,085
– Investments accounted for by the equity method		13,949		**13,949**	13,982
– Long-term interest-bearing receivables	12	27,821	262	**27,559**	9,069
– Other financial fixed assets	6	61,593	5,208	**56,385**	37,812
TOTAL FIXED ASSETS		2,491,059	1,440,331	**1,050,728**	1,012,808
Inventories and work in progress	7-8	238,957	10,512	**228,445**	180,622
Trade and other operating receivables	8	4,087,190	271,174	**3,816,016**	3,650,041
Short-term financial receivables	9-12	1,262,729	2,171	**1,260,558**	1,000,180
Marketable securities	9-12	198,610	10	**198,600**	259,522
Cash	12	457,063		**457,063**	289,881
TOTAL CURRENT ASSETS		6,244,549	283,867	**5,960,682**	5,380,246
TOTAL ASSETS		**8,735,608**	**1,724,198**	**7,011,410**	**6,393,054**

in thousands of euros

EQUITY AND LIABILITIES

	NOTES	2004	2003
Share capital		**148,806**	148,806
Share premiums		**54,333**	54,333
Consolidated reserves		**332,873**	265,022
Net income for the period		**219,812**	179,367
Interim dividend		**(79,983)**	(79,983)
SHAREHOLDERS' EQUITY		**675,841**	567,545
Minority interest	10	**100,782**	101,159
Investment subsidies		**79**	83
Provisions for liabilities	11	**879,996**	845,065
Long- and medium-term debt			
- Subordinated debt, bonds and debentures	12	**7,648**	2,376
– Other debt at more than one year	12	**199,659**	225,504
TOTAL EQUITY AND LONG-TERM DEBT		**1,864,005**	1,741,732
Trade and other operating payables	8	**4,792,558**	4,329,373
Short-term debt	12	**354,847**	321,949
TOTAL CURRENT LIABILITIES		**5,147,405**	4,651,322
TOTAL EQUITY AND LIABILITIES		**7,011,410**	**6,393,054**

CONSOLIDATED STATEMENT OF INCOME

at 31 December 2004

in thousands of euros

	NOTES	2004	2003
OPERATING INCOME			
Net sales	13	**7,816,307**	7,249,449
Other revenue	14	**437,013**	475,821
OPERATING INCOME		**8,253,320**	7,725,270
Operating expenses (*) (**)	15	**(7,734,961)**	(7,287,335)
GROSS OPERATING SURPLUS		**518,359**	437,935
Amortisation, depreciation and provisions	15	**(182,121)**	(226,016)
OPERATING INCOME		**336,238**	211,919
Net income from financing activities		**8,892**	3,696
Net foreign exchange gain/(loss)		**2,978**	6,154
Other financial income and expenses, net		**14,973**	5,521
NET FINANCIAL INCOME/(EXPENSE)	16	**26,843**	15,371
OPERATING INCOME AFTER NET FINANCIAL INCOME/(EXPENSE)		**363,081**	227,290
Exceptional income and expenses		**(44,497)**	4,654
Exceptional amortisation, depreciation and provision charges		**22,750**	3,017
NET EXCEPTIONAL INCOME/(EXPENSE)	17	**(21,747)**	7,671
Income tax	18	**(99,260)**	(28,362)
NET PROFIT FROM CONSOLIDATED ENTITIES BEFORE AMORTISATION OF GOODWILL		**242,074**	206,599
Amortisation of goodwill		**(16,101)**	(15,141)
NET INCOME OF CONSOLIDATED ENTITIES		**225,973**	191,458
Share in earnings of companies accounted for by the equity method		**1,653**	1,791
NET CONSOLIDATED INCOME		**227,626**	193,249
Minority interest		**(7,814)**	(13,882)
NET INCOME		**219,812**	179,367
Number of shares		**18,600,811**	18,600,811
EARNINGS PER SHARE (IN EUROS)		**11.82**	9.64

(*) and transfers of operating expenses
(**) including statutory profit-sharing.

CASH FLOW STATEMENT

in thousands of euros

	31.12.2004	31.12.2003
OPERATING ACTIVITIES		
Gross operating surplus	**518,359**	437,935
Financial transactions, exceptional items and write-downs of current assets	**11,720**	(42,773)
Tax and statutory profit-sharing	**(93,237)**	(74,734)
CASH FLOW FROM OPERATIONS (excluding dividends received from companies accounted for by the equity method)	**436,842**	320,428
Net change in working capital requirement	**267,125**	(637)
TOTAL (I)	**703,967**	319,791
INVESTING ACTIVITIES		
Acquisition of industrial assets	**(213,968)**	(211,400)
Disposals of fixed assets	**37,417**	56,727
Net investment in industrial assets	**(176,551)**	(154,673)
Acquisition of investments and securities	**(27,647)**	(9,578)
Proceeds from disposal of securities	**25,852**	33,368
Net financial investments	**(1,795)**	23,790
Net change in other financial fixed assets	**(15,886)**	21,243
TOTAL (II)	**(194,232)**	(109,640)
FINANCING ACTIVITIES		
Minority interest in capital increases of subsidiaries	**115**	
Dividends paid by VINCI Construction	**(117,187)**	(97,654)
Dividends paid to minority interest in subsidiaries	**(2,142)**	(7,548)
Dividends received from companies accounted for by the equity method	**661**	1,628
Other long-term liabilities	**(15,926)**	2,288
TOTAL (III)	**(134,479)**	(101,286)
CASH FLOW FOR THE PERIOD (I + II + III)	**375,256**	108,865
Net cash at the start of the period	**1,008,823**	907,548
Impact of exchange rate fluctuations, scope of consolidation and other	**(2,453)**	(7,590)
Net cash at the end of the period	**1,381,626**	1,008,823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2004

MOVEMENTS IN SHAREHOLDERS' EQUITY

in thousands of euros

Shareholders' equity	Share capital	Premiums and reserves	Interim dividend	Translation differences	Net income	Total
At 31 December 2002	**148,806**	**278,423**	**(59,522)**	**(8,924)**	**143,085**	**501,868**
Appropriation of net income		83,563	59,522		(143,085)	
Dividend paid		(17,671)				(17,671)
Interim dividend			(79,983)			(79,983)
Translation and revaluation differences		(257)		(8,995)		(9,252)
Change in accounting methods		(6,784)				(6,784)
Net income after minority interest					179,367	179,367
At 31 December 2003	**148,806**	**337,274**	**(79,983)**	**(17,919)**	**179,367**	**567,545**
Appropriation of net income		99,384	79,983		(179,367)	
Dividend paid		(37,204)				(37,204)
Interim dividend			(79,983)			(79,983)
Currency differences		(2,234)		(510)		(2,744)
Changes in consolidation scope and other movements		8,415				8,415
Net income after minority interest					219,812	219,812
At 31 December 2004	**148,806**	**405,635**	**(79,983)**	**(18,429)**	**219,812**	**675,841**

In accordance with CNC Recommendation 2003-R .01 of 1 April 2003 and the COB Recommendation of 28 October 2003 relating to preparation of the 2003 financial statements, VINCI Construction has recognised a provision for its commitments in respect of long-service bonuses in its 2003 financial statements. The net effect after tax of this change in method has been recognised against shareholders' equity in the opening balance sheet for €6.8 million.

1. ACCOUNTING POLICIES AND VALUATION METHODS

General principles

The consolidated financial statements of VINCI Construction, themselves consolidated in the financial statements of VINCI, have been prepared in accordance with Regulation 99-02 of the French Accounting Regulation Committee (the CRC) dated 29 April 1999 relating to the consolidated financial statements of commercial companies and enterprises.

Application of new CRC regulations

The French Accounting Regulation Committee has adopted Regulations 2002-10 and 2003-07 on depreciation and impairment of assets and Regulation 2004-06 on the definition, recognition and measurement of assets.
These new regulations will be applicable to financial years commencing on or after 1 January 2005, early application being possible in the 2004 financial statements. VINCI Construction has not applied these new regulations early in its financial statements at 31 December 2004.

1. 1. CONSOLIDATION METHODS AND SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of all the companies with net sales greater than €2 million, as well as those of subsidiaries whose net sales are lower than this figure but whose impact on the Group's financial statements is material. Companies over which VINCI Construction exercises majority control are fully consolidated. Those in which VINCI Construction exercises significant influence are accounted for by the equity method. Proportionate consolidation is used for partnerships whenever the share of net sales or the balance sheet is material for the Group, and for joint venture companies over which VINCI Construction exercises joint control. Other joint ventures are consolidated according to a semi-proportionate method that involves recording only the Group's share of sales and expenses in the income statement, but the full current accounts of partners in the balance sheet.
Scope of consolidation can be broken down by consolidation method as follows:

	France	Foreign	Total
Full consolidation	230	199	**429**
Proportionate consolidation	37	135	**172**
Equity method	4	16	**20**
Total	**271**	**350**	**621**

Wiemer und Trachte is accounted for using the equity method.

Main changes in consolidation scope

Disposal for €22.8 million ($28 million) of the subsidiary SKE Support Services Inc, specialised in the provision of services to the US Army.

1. 2. ACCOUNTING TREATMENT OF ASSET CONTRIBUTION TRANSACTIONS UNDERTAKEN AS PART OF THE REORGANISATION OF THE VINCI GROUP CONSTRUCTION DIVISION

Regulation CRC 99-02 provides that the acquisition cost and the initial value in the consolidated financial statements of identifiable assets and liabilities should be measured at their fair value.
During 2001, various entities entered the consolidation scope of VINCI Construction through asset contribution transactions in connection with the reorganisation of the VINCI Group Construction Division.
It was decided that the entities entering the consolidation scope would be recognised in the accounts of VINCI Construction for the carrying amount of their assets and liabilities in the consolidated financial statements of VINCI, after having taken account of any deferred tax and provisions for lump sums payable to employees on retirement. The differences arising between the acquisition cost of the shares at fair value, as adopted in the asset transfer agreements to set the share exchange ratios, and these carrying amounts have been taken to shareholders' equity for €120.9 million. This exception to the application of the accounting rules provided for by Regulation CRC 99-02 was made, in accordance with article L.123-14 of the new French Code of Commerce, in order to give a true and fair view of the net assets, financial position and earnings of the VINCI Construction Group and to ensure consistency with the consolidated financial statements published by VINCI by treating these asset contributions as intragroup transactions.

1. 3. TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES AND BRANCHES

The financial statements of consolidated foreign companies and branches are translated using the closing rate method:
- all monetary and non-monetary assets and liabilities are translated at the year-end exchange rate;
- income and expenses (including depreciation, amortisation and provision charges) are translated at the average rate for the period.

Translation gains and losses are recognised under translation differences in the consolidated reserves.

1. 4. ITEMS DENOMINATED IN FOREIGN CURRENCY

Items shown in the consolidated balance sheet and denominated in foreign currency are translated at the year-end rate. Only unrealised losses resulting from that presentation are recognised in the income statement for the period. The Group has not adopted the preferential method consisting of recognising unrealised translation gains and losses.

1. 5. FOREIGN EXCHANGE FINANCIAL INSTRUMENTS

In its management of exchange rate risks on its commercial transactions, the Group uses derivative financial instruments, mainly forward sales and purchases of foreign currency.

Whenever exchange contracts are considered to be hedging transactions, any gains and losses on these contracts are recognised in the same period as the item hedged.

If this is not the case, whenever the market value is lower than the initial value of the contract, the unrealised loss is recognised as a provision for liabilities, a provision for loss in value, or both.

VINCI Construction's activities across the world are carried out by foreign subsidiaries that operate principally in their own country. In so far as possible, contracts invoiced in foreign currencies give rise to expenses in the same currency. This applies particularly to construction sites abroad, for which subcontracting and supply costs in the local currency greatly exceed costs in euros. In consequence, the Group's exposure to exchange rate risks on commercial transactions is slight.

1. 6. GOODWILL ON ACQUISITION

Goodwill on first consolidation, which represents the difference between the acquisition cost of shares in consolidated companies and the corresponding share of equity at the date of acquisition, is allocated to the various assets and liabilities of the acquired entity.

The unallocated balance is recognised under consolidated assets as goodwill on acquisition and amortised over a period not exceeding twenty years, unless faster amortisation is warranted by particular circumstances.

Goodwill on acquisition of less than €150,000 is amortised in full during the period.

1. 7. INTANGIBLE AND TANGIBLE FIXED ASSETS

Intangible assets

(start-up costs, business goodwill, concessions, patents, software, etc.)

Intangible fixed assets are valued at their acquisition cost.

Tangible assets

Land, buildings, plant and equipment are valued at their acquisition cost.

Depreciation charges are calculated using the straight line or diminishing balance method over their expected useful life. Depreciation periods are those habitually used in the industry, namely:

Buildings	20 to 30 years
Civil engineering equipment	3 to 10 years
Vehicles	3 to 5 years
Fixtures and fittings	5 to 10 years
Office furniture and equipment	3 to 10 years

Capital leases and operating leases

Fixed assets financed through leasing arrangements are recorded as capital expenditure whenever the terms of the contract are those of a capital lease. A capital lease is an arrangement under which the lessor conveys to the lessee in return for payment or a series of payments the right to use an asset for an agreed period of time, and under which the lessor transfers substantially all risks and rewards incident to ownership of the asset to the lessee.

Such fixed assets are included in assets at their historical cost and depreciated over the same periods as assets owned outright by or made fully available to the company.

Leases that do not meet the definition of a capital lease are recognised as operating leases and only the rental payments are accounted for as expenses.

1. 8. FINANCIAL FIXED ASSETS

The gross value of shares in non-consolidated entities corresponds to their acquisition cost. If this value is greater than the fair value, a provision for impairment is taken equal to the difference.

The fair value of such shares is determined on the basis of the proportion of the shareholders' equity of the entities concerned, adjusted if necessary, in the case of recently acquired entities, to take account of their strategic importance and their prospects for growth and capital appreciation.

Long-term loans are not discounted and are shown in the balance sheet at their nominal value.

1. 9. PROVISIONS FOR EMPLOYEE BENEFITS

Retirement benefit obligations

Provisions are made for retirement benefit obligations, covering both lump-sum payments on retirement and supplementary pension benefits, for both current and retired employees. These obligations are assessed using the projected unit credit actuarial method.

Actuarial differences that exceed 10% of obligations or of the market value of investments are amortised over the average expected duration of the residual working life of employees covered by the pension provisions.

Provisions are made in respect of autonomous subsidiaries' retirement benefit obligations on the basis of local regulations in force.

However, commitments relating to lump-sum payments on retirement for manual construction workers met by contributions to an insurance scheme are accounted for as an expense as and when contributions become due.

Other employee benefits

Provisions have been taken in respect of long-service bonus commitments. This provision is calculated on the basis of employees in service within the Group at the year end. It is measured using the projected unit credit method applied to all types of potential bonus.

1. 10. RECOGNITION OF PROFITS AND LOSSES

The Group recognises profits and losses on its long-term contracts using the percentage of completion method as defined by CRC Regulation 99-08. Unless there is a justified exception and for construction projects in which the Group's share is less than €10 million, it is considered that the net income recognised is in line with that determined on a percentage of completion basis.

If the estimate of the ultimate out-turn of a contract indicates a loss, and regardless of the recognition method, a provision is made for the loss on completion including, where applicable, rights to additional revenue or claims, based on a reasonable assessment.

1. 11. PROFIT OR LOSS ON DISPOSAL OF SITE PLANT

Profit or loss on disposal of site equipment is recognised under "Other operating revenue".

1. 12. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are recognised in the period in which they are incurred.

1. 13. DEFERRED TAX

Deferred tax is recognised on all temporary differences and is calculated using the liability method.

Deferred tax assets resulting from these temporary differences are only taken into account up to the amount of their likely recovery against future taxable profits.

This likelihood is assessed at the year end on the basis of forecasts of the future tax position.

In accordance with the applicable rules, no deferred taxes are recognised on provisions taken within the Group in respect of consolidated subsidiaries.

1. 14. EXECUTIVE REMUNERATION

Fees paid to the directors of VINCI Construction during 2004 amounted to €21,350.

VINCI Construction's share of remuneration paid to members of the Management Committee in 2004 amounted to €2,343,108.

2. INTANGIBLE FIXED ASSETS

in thousands of euros

	31.12.2003	Increase	Decrease	Currency differences and other changes in consolidation scope	31.12.2004
Gross	131,679	9,447	(1,488)	(4,198)	**135,440**
Amortisation and provisions	(90,128)	(9,406)	1,678	2,134	**(95,722)**
TOTAL NET	**41,551**	**41**	**190**	**(2,064)**	**39,718**

Intangible fixed assets mainly comprise commercial goodwill (i.e. other than goodwill on acquisition).

3. GOODWILL ON ACQUISITION

in thousands of euros

	Gross	Amortisation	Net
Goodwill on acquisition at the beginning of the period	324,483	(177,743)	**146,740**
Goodwill on acquisition arising during the period	5,611		**5,611**
Amortisation charges for the period		(16,101)	**(16,101)**
Currency differences and others	(5,212)	5,248	**36**
TOTAL	**324,882**	**(188,596)**	**136,286**

The net year-end value of the main goodwill on acquisition items was:

	Net
Sogea Holdings UK	71,830
VINCI PLC	12,351
Rosser & Russell Building Services Ltd	6,173

4. TANGIBLE FIXED ASSETS

4. 1. CHANGE IN THE PERIOD

in thousands of euros

	31.12.2003	Increase	Decrease	Currency differences and other changes in consolidation scope	31.12.2004
Gross	1,778,022	204,666	(141,226)	8,377	**1,849,839**
Depreciation and provisions	(1,046,453)	(181,684)	124,214	(7,619)	**(1,111,542)**
TOTAL NET	**731,569**	**22,982**	**(17,012)**	**758**	**738,297**

4. 2. BREAKDOWN BY TYPE OF ASSET

in thousands of euros

	Gross	Depreciation	Net
Land	48,217	(4,111)	**44,106**
Buildings	210,261	(79,987)	**130,274**
Plant and equipment	1,418,759	(918,613)	**500,146**
Office furniture, computer equipment, fixtures and fittings	141,666	(104,100)	**37,566**
Concession fixed assets	10,324	(4,731)	**5,593**
Assets under construction	20,612		**20,612**
TOTAL NET	**1,849,839**	**(1,111,542)**	**738,297**

4. 3. INVESTMENTS IN THE PERIOD

in thousands of euros

	31.12.2004
Land	**1,279**
Buildings	**25,906**
Plant and equipment	**119,363**
Vehicles	**20,609**
Office furniture, computer equipment, fixtures and fittings	**18,025**
Concession fixed assets	**34**
Assets under construction	**19,450**
TOTAL INVESTMENTS	**204,666**

5. INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

in thousands of euros

	31.12.2003	31.12.2004
Gross	89,473	**77,535**
Amortisation and provisions	(57,388)	**(39,001)**
TOTAL NET	**32,085**	**38,534**
BREAKDOWN BY DIVISION		
GTM Construction	6,238	**11,035**
VINCI Construction Holding	7,435	**7,426**
Sogea Construction	5,704	**6,714**
Compagnie d'Entreprises CFE	6,210	**6,053**
VINCI Construction Filiales Internationales	3,154	**3,819**
Freyssinet International	1,446	**2,443**
VINCI Construction Grands Projets	1,898	**1,044**
TOTAL	32,085	**38,534**

This item includes shares in non-consolidated companies controlled by the Group but whose impact on its activities or earnings is not material.

At 31 December 2004, the main non-consolidated companies were:

in thousands of euros

	% held	Net
SCI Clichy	100	4,365
SM Entreprise	100	2,500
Doris Engineering	14	1,702
ETCR	100	1,205
Advitam	47	1,144
STE Établissement Barthere	100	974
Dumez Atlantique	100	915
Solomat	100	900
Chateau du Rouvray SCI	100	887
PY Sogethai	75	770
Dumez Produits Nationaux	100	762
Dumez Réunion	100	762
Garonne Networks (ex-Soges)	70	735
CTPR Canalisation et Travaux Publics	100	700
Compagnie de Travaux et Revêtements Spéciaux	100	669
Sogea Networks	100	600
Seeg	1	583
VINCI Construction SI	100	510
Dumez GTM SA	100	500
Barbe	100	469

6. OTHER FINANCIAL FIXED ASSETS (NET)

This heading comprises long-term loans and receivables of a financial nature, and deposits and guarantees.

in thousands of euros

	31.12.2003	Variation	31.12.2004
Deposits and other financial fixed assets	36,433	17,228	**53,661**
Other securities	1,379	1,345	**2,724**
TOTAL NET	**37,812**	**18,573**	**56,385**

7. INVENTORIES AND WORK IN PROGRESS

At the year end, "Inventories and work in progress" comprised stocks of materials and spare parts.

in thousands of euros

	31.12.2003	31.12.2004
Inventories	85,136	**168,025**
Work in progress	95,486	**60,420**
TOTAL NET	**180,622**	**228,445**

8. WORKING CAPITAL REQUIREMENT/(SURPLUS)

in thousands of euros

	31.12.2003	31.12.2004
Inventories and work in progress (net)	180,622	**228,445**
Trade and other operating receivables	3 849,569	**4,087,190**
Provisions against operating receivables	(199,528)	**(271,174)**
INVENTORIES AND OPERATING RECEIVABLES (I)	3,830,663	**4,044,461**
Trade and other operating payables	4,329,373	**4,792,558**
OPERATING PAYABLES (II)	4,329,373	**4,792,558**
WORKING CAPITAL REQUIREMENT (I-II)	(498,710)	**(748,097)**

9. SHORT-TERM FINANCIAL RECEIVABLES AND OTHER MARKETABLE SECURITIES

in thousands of euros

	31.12.2003	31.12.2004
Marketable securities	259,522	**198,600**
Other short-term financial receivables	1 000,180	**1 260,558**
TOTAL NET	**1 259,702**	**1 459,158**

"Marketable securities" mainly comprises negotiable debt securities, shares in unit trusts or treasury funds (SICAVs). Their book value corresponds to their market value. Other financial receivables comprises an investment of €1,243,795,000 with the parent company VINCI, attracting interest at conditions close to those prevailing on the market.

10. MINORITY INTEREST

Movements in minority interest during the period were as follows:

in thousands of euros	31.12.2003	31.12.2004
OPENING BALANCE	106,476	**101,159**
Dividends paid	(7,548)	**(2,142)**
Changes in consolidation scope and miscellaneous	(10,653)	**(4,706)**
Currency differences	(998)	**(1,343)**
Minority interest in net profit or loss for the period	13,882	**7,814**
BALANCE AT THE END OF THE PERIOD	101,159	**100,782**

11. PROVISIONS FOR LIABILITIES

in thousands of euros	31.12.2003	Changes in consolidation scope and miscellaneous	Charges for the period	Reversals	Reversals of unused provisions	31.12.2004
Warranties given to customers	202,424	(3,091)	81,186	29,357	17,948	**233,214**
Losses on completion	159,241	(15,289)	73,476	112,094	5,684	**99,650**
Disputes	153,597	17,321	73,600	40,821	15,049	**188,648**
Other provisions	203,459	1,301	64,817	48,276	6,118	**215,183**
Operating provisions	718,721	242	293,079	230,548	44,799	**736,695**
Financial provisions	6,818	398	5,559	2,806		**9,969**
Exceptional provisions	119,526	2,407	55,070	34,547	9,124	**133,332**
TOTAL	**845,065**	**3,047**	**353,708**	**267,901**	**53,923**	**879,996**

"Warranties given to customers" relates to provisions for after-sales service expenses, covering the commitments of Group enterprises under contractual warranties and statutory ten-year or two-year warranties on construction projects. They are estimated statistically on the basis of observations of expenses for previous years or individually on the basis of identified defects.

Provisions for losses on completion mainly concern provisions taken whenever an estimate of the final out-turn of a project indicates a loss, on the basis of the most probable estimate of income.

Provisions for disputes and other operating liabilities mainly relate to disputes with customers, which generally extend beyond the end of the period.

Exceptional provisions relate to provisions intended to cover non-recurring liabilities, in particular restructuring costs and liabilities relating to litigation of an exceptional nature.

12. FINANCIAL SURPLUS

At the year end the Group had a net cash surplus of €1,381,626,000 which breaks down as follows:

in thousands of euros	31.12.2003	31.12.2004
Long-term financial receivables	9,069	**27,559**
TOTAL LONG-TERM FINANCIAL RECEIVABLES	9,069	**27,559**
Portion of other loans and debt payable in more than one year	(227,880)	**(207,307)**
TOTAL LONG- AND MEDIUM-TERM DEBT	(227,880)	**(207,307)**
Portion of long-term debt payable in less than one year	(183,412)	**(120,497)**
Short-term debt	(138 537)	**(234 350)**
GROSS DEBT	(540,760)	**(534,595)**
Marketable securities	259,522	**198,600**
Short-term financial receivables	1,000,180	**1,260,558**
Cash	289,881	**457,063**
NET CASH POSITION	1,008,823	**1,381,626**

13. NET SALES

Net consolidated sales exclude miscellaneous income and services, as well as services to non-consolidated entities, which are included under "Other operating revenue". Year-on-year changes in sales also take account of changes in consolidation scope. Net sales break down as follows:

in millions of euros	31.12.2003	31.12.2004
Net sales for the period	7,249	**7,816**
of which:		
– Net sales of companies consolidated for the first time		**(64)**
– Net sales of companies no longer consolidated	(27)	-
– Impact of foreign exchange rate fluctuations	(12)	-
SALES AT CONSTANT CONSOLIDATION SCOPE AND EXCHANGE RATES	7,210	**7,752**

At constant consolidation scope and exchange rates, net sales show a strong increase of approximately 8% against the previous period.

in millions of euros	31.12.2003	31.12.2004
BREAKDOWN BY DIVISION		
Sogea Construction	2,132	**2,344**
GTM Construction	1,582	**1,825**
VINCI Construction Filiales Internationales	992	**1,088**
VINCI Construction UK	709	**751**
Compagnie d'Entreprises CFE	793	**864**
VINCI Construction Grands Projets	669	**547**
Freyssinet International	421	**460**
Intragroup eliminations	(49)	**(63)**
TOTAL	**7,249**	**7,816**
BREAKDOWN BY GEOGRAPHICAL AREA (BY RECIPIENT COUNTRY)		
France (including overseas territories)	4,217	**4,719**
Europe excluding France	2,185	**2 297**
Africa	408	**433**
Asia	154	**105**
North and South America	222	**171**
Middle East	18	**33**
Oceania	45	**58**
TOTAL	**7,249**	**7,816**
BREAKDOWN BY ACTIVITY		
Building	3,032	**3,406**
Civil engineering	2,706	**2,882**
Hydraulic engineering	562	**635**
Public works and environment	397	**105**
Facilities management and other services	220	**305**
Roads	232	**325**
Provision of services and other	100	**158**
TOTAL	**7,249**	**7,816**

14. OTHER REVENUE

in thousands of euros

	31.12.2003	31.12.2004
Income from joint ventures	(391)	**3,367**
Operating grants and subsidies	1,378	**2,519**
Other operating revenue	474,834	**431,127**
TOTAL	**475,821**	**437,013**

"Other operating revenue" relates to revenue not directly connected with operational activities, such as plant hire, insurance settlements, sale of goods, etc.

15. OPERATING EXPENSES

Operating expenses amounted to €7,734,961,000 and can be broken down as follows:

in thousands of euros

	31.12.2003	31.12.2004
Purchases consumed	(1,817,666)	**(1,980,518)**
Subcontracting	(2,265,757)	**(2,448,184)**
Wages, salaries, benefits and social charges	(1,693,248)	**(1,785,785)**
Taxes and levies	(76,614)	**(85,272)**
Other external services and other operating expenses	(1,434,050)	**(1,435,202)**
TOTAL	**(7,287,335)**	**(7,734,961)**

Net operating amortisation, depreciation and provision charges can be broken down as follows:

in thousands of euros

	31.12.2003	31.12.2004
NET AMORTISATION, DEPRECIATION AND PROVISION CHARGES		
Intangible fixed assets	(4,803)	**(9 043)**
Tangible fixed assets	(173,783)	**(176,847)**
Concession fixed assets	(192)	**(205)**
TOTAL	**(178,778)**	**(186,095)**
NET PROVISION CHARGES		
Impairment of current assets	(2,891)	**21,704**
Operating liabilities and charges	(44,347)	**(17,730)**
TOTAL	**(47,238)**	**3,974**
TOTAL AMORTISATION, DEPRECIATION AND PROVISIONS	**(226,016)**	**(182,121)**

16. FINANCIAL INCOME/(EXPENSE)

"Financial income and expense" can be broken down as follows:

in thousands of euros

	31.12.2003	31.12.2004
Net income from financing activities	3,696	**8,892**
Dividends	2,170	**2,392**
Net foreign exchange gain/(loss)	6,154	**2,978**
Other financial income and expenses, net	3,351	**12,581**
TOTAL	**15,371**	**26,843**

17. EXCEPTIONAL INCOME/(EXPENSE)

"Exceptional income and expense" relates to non-recurring items such as restructuring costs, costs related to disposals, the impact of asset disposals (except when this forms part of normal business activities), costs of closing enterprises or sites, debt-forgiveness and the impact of guarantees given when called in.

in thousands of euros

	31.12.2003	31.12.2004
Gain on disposals	47,677	**(9,382)**
Exceptional income and expenses from operating transactions	(43,023)	**(35,115)**
Net provision charges for impairment and exceptional liabilities	3,017	**22,750**
TOTAL	**7,671**	**(21,747)**

18. INCOME TAX

18. 1. BREAKDOWN OF NET INCOME TAX CHARGE

in thousands of euros

	31.12.2003	31.12.2004
Current tax	(67 796)	**(100 059)**
Deferred tax	39 434	**799**
TOTAL	**(28 362)**	**(99 260)**

18. 2. EFFECTIVE TAX RATE

in thousands of euros

	31.12.2004
NET INCOME BEFORE TAX AND AMORTISATION OF GOODWILL	**319,074**
Theoretical tax rate	**35.43%**
EXPECTED TAX CHARGE	**(113,048)**
Effect of income being taxed at reduced rate	**969**
Tax rate differential between current and previous year	**(4,759)**
Tax rate differences (foreign countries)	**2,106**
Impact of tax loss carryforwards and other unrecognised temporary differences	**(30)**
Lump-sum and other additional taxes	**15,780**
Other permanent differences	**3,194**
Other	**(3,472)**
TAX CHARGE ACTUALLY RECOGNISED	**(99,260)**
Effective tax rate	**31.11%**

18. 3. BREAKDOWN OF DEFERRED TAX ASSETS AND LIABILITIES

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

in thousands of euros

Assets	**130,844**
Liabilities	**37,771**
Net	**93,073**

18. 4. UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets unrecognised because their recovery is uncertain amounted to €65 million at 31 December 2004.

19. OFF BALANCE SHEET COMMITMENTS

"Off balance sheet commitments" break down as follows:

in thousands of euros

	Commitments received	Commitments given
Performance guarantees	94,004	**860,789**
Retention payments	193,883	**735,469**
Future payments to subcontractors and suppliers	68,431	**608,075**
Joint and several guarantees of partnerships		**13,000**
Bid bonds	123	**34,375**
Collateral security	5,058	**158,422**
Operating leases		**85,163**
Other commitments	75,005	**146,699**
TOTAL	**436,504**	**2,641,992**

20. PROVISIONS FOR EMPLOYEE BENEFITS

Retirement benefit obligations

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

	31.12.2003	31.12.2004
Discount rate	4.75 %	**4.75 %**
Inflation rate	2 %	**2 %**
Rate of salary increases	2 % - 3 %	**2 % - 3 %**
Rate of benefit increases	1.5 % - 2.5 %	**1.5 % - 2.5 %**
Amortisation period of initial actuarial liability	10 - 15 years	**10 - 15 years**

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

TOTAL RETIREMENT BENEFIT OBLIGATIONS	**391.6**
of which:	
– covered by provisions	**86.7**
– covered by pension funds	**243.4**

Actuarial losses not provided for amounted to €54.2 million at 31 December 2004, and are amortised over the remaining working life of employees in service.

Following adoption of the "Fillon Act" in France, the collective bargaining agreement of executives in the public works sector was amended on 1 June 2004. As a result of this amendment, the Group's obligations in connection with lump sums payable on retirement increased €21.2 million at 31 December 2004.

The past service cost relating to this change is amortised over the average remaining working life of the employees, as from 1 June 2004.

Other employee benefits

in thousands of euros	
TOTAL OBLIGATIONS COVERED BY PROVISIONS	**11.9**

21. EMPLOYMENT COSTS

	31.12.2003	31.12.2004
Engineers and managers	6,046	**6,384**
Non-management	36,119	**36,589**
TOTAL	**42,165**	**42,973**

Employment costs for all companies in the Group amounted to **€1,785,785,000.**

22. OTHER DISCLOSURES

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 Company.

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 acted in the project as principal, architect and main contractor. The construction work on terminal 2E was carried out in multiple separate lots by numerous different companies. The passageway shells (superstructures) were constructed by a group of companies comprising several VINCI Construction subsidiaries.

This event is currently subject to a criminal investigation and court-ordered appraisal to establish the reasons for the collapse. The financial implications of the event, in terms of reconstruction costs and prejudice caused, and the terms under which financial liability will be allocated to the various parties involved have yet to be established. Nevertheless, the Company considers that this event will not have a material adverse effect on its financial situation.

In 1997, SNCF (French Railways) lodged multiple claims with the Paris Administrative Court against a large number of construction and civil engineering enterprises, of which several are VINCI Construction Group companies, 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 Rhône-Alpes lines (and their interconnections). 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 tenders affected by two of the petitions and the Court ordered an expert review to establish the impact of the incident. On 22 April 2004, the Paris Court of Appeal delivered judgments confirming this ruling and, thereafter, the Paris Administrative Court decided to bring all other proceedings on which it had not yet pronounced judgement to an end. SNCF's claims with respect to these petitions implicate companies from the VINCI Construction Group as well as numerous third party enterprises. The amount sought from the consortiums in which VINCI Construction companies are members totals €97 million.

VINCI Construction considers that SNCF did not suffer financial prejudice on the award of these tenders to its subsidiaries given that each tender 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.

Sogea Nord-Ouest, a subsidiary of Sogea Construction, was ordered on 10 October 2000 by the Lyon Commercial Court to pay €9 million to HIL, a principal, in respect of penalties for late delivery due to delays in delivering a hotel building because of a fire caused by a subcontractor. Sogea-Nord Ouest appealed against this ruling and on 15 January 2004, in a final ruling, the Lyon Appeal Court reduced the sum due by Sogea Nord-Ouest to €3 million. Sogea Nord-Ouest will also sue the subcontractors responsible and insurers.

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. VINCI Construction does not expect these procedures to have a material impact on its financial situation in the event of an unfavourable outcome.

23. BRANCHES AND MAIN COMPANIES CONSOLIDATED AT 31 DECEMBER 2004

	Consolidation method	% holding
PARENT COMPANY		
VINCI CONSTRUCTION	**FC**	**100**
SUBSIDIARIES		
SOGEA CONSTRUCTION	**FC**	**100**
BATEG SNC	FC	100
CAMPENON BERNARD CONSTRUCTION	FC	100
CAMPENON BERNARD MEDITERRANEE	FC	100
CAMPENON BERNARD REGIONS	FC	100
DESCHIRON	FC	100
EMCC	FC	100
SICRA	FC	100
SOBEA ENVIRONNEMENT	FC	100
SOGEA ATLANTIQUE	FC	100
SOGEA NORD	FC	100
SOGEA NORD-OUEST	FC	100
VINCI ENVIRONNEMENT	FC	100
GTM CONSTRUCTION	**FC**	**100**
ENTREPRISE PETIT	FC	100
CHANTIERS MODERNES	FC	100
DUMEZ EPS	FC	100
DUMEZ IDF	FC	100
DUMEZ MEDITERRANEE	FC	100
GTM BATIMENT	FC	100
GTM GENIE CIVIL ET SERVICES	FC	100
GTM MATERIEL	FC	100
GTM TERRASSEMENT	FC	100
LES TRAVAUX DU MIDI	FC	100
VINCI CONSTRUCTION GRANDS PROJETS	**FC**	**100**
BARRAGE NAGA HAMMADI (EGYPT)	PC	33
CTRL (CHANNEL TUNNEL RAIL LINK)	PC	38
JANIN ATLAS (CANADA)	FC	100
PONT RION-ANTIRION (GREECE)	PC	53
S C GRUPO 3 (CHILE)	FC	100
SOCASO	PC	67
SOCATOP	PC	42
THALYS IV (NETHERLANDS)	PC	13
TUNNELS HALLANDSAS (SWEDEN)	PC	40

FC = FULL CONSOLIDATION; PC = PROPORTIONATE CONSOLIDATION;
EM = ACCOUNTED FOR USING THE EQUITY METHOD.

VINCI CONSTRUCTION FILIALES INTERNATIONALES	**FC**	**100**
DUMEZ-GTM CALEDONIE	FC	100
FIRST CZECH CONSTRUCTION COMPANY - FCC CZECH REPUBLIC)	FC	100
GTM GUADELOUPE	FC	100
HIDEPITO (HUNGARY)	FC	98
NOFRAYANE (GUYANE)	FC	100
NOVKOL (SERBIA)	FC	70
SBTPC (REUNION)	FC	100
SMP CONSTRUCTION (CZECH REPUBLIC)	FC	96
SOBEA GABON	FC	90
SOGEA MARTINIQUE	FC	100
SOGEA REUNION	FC	100
SOGEA-SATOM	FC	100
WARBUD (POLAND)	FC	73
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
MENARD SOLTRAITEMENT	FC	100
THE REINFORCED EARTH CY (USA)	FC	100
SOGEA HOLDINGS LTD (UK)	**FC**	**100**
CRISPIN & BORST	FC	100
ROSSER & RUSSELL	FC	100
VINCI INVESTMENT	FC	100
VINCI PLC	FC	100
COMPAGNIE D'ENTREPRISES CFE (BELGIUM)	**FC**	**44**
BAGECI	FC	44
BPC - BATIMENTS ET PONTS CONSTRUCTION (BELGIUM)	FC	44
DEME (DREDGING ENVIRONMENTAL AND MARINE ENGINEERING)	PC	22
MBG	FC	44
VAN WELLEN	PC	22
VINCI CONSTRUCTION USA	**FC**	**100**
SKE LLC	FC	100
VINCI CONSTRUCTION HOLDING		
DUMEZ CONSTRUCTION	FC	100
WIEMER UND TRACHTE (GERMANY)	EM	39

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

OF VINCI CONSTRUCTION FOR THE YEAR ENDED 31 DECEMBER 2004

In accordance with our appointment as auditors by your Shareholders General Meeting, we have audited the accompanying consolidated financial statements of VINCI Construction for the year ended 31 December 2004.
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.

1. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have 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 these 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 expressed below.
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 operations of the companies included in the consolidation, in accordance with accounting principles generally accepted in France.
Without calling into question the opinion stated above, we draw your attention to Note 1.2 to the consolidated financial statements, which describes the accounting treatment of the asset contributions made in 2001 in connection with the reorganisation of VINCI Group's Construction division.

2. REASONS FOR OUR CONCLUSIONS

As required by Article L. 225-235 of the French Code of Commerce regarding disclosure of the reasons for our conclusions, we inform you of the following:
As shown in Note 1.10 to the financial statements, 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 estimates of the final outcome of a contract indicate 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 conclusions were formed as part of our audit of the annual 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 performed the procedures to verify the Group's financial information given in the report of the Chairman. We have no comments to make as to its fair presentation and its conformity with the consolidated financial statements.

Neuilly sur Seine and Paris, 30 March 2005
The Statutory Auditors

DELOITTE & ASSOCIES
Thierry Benoit

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