NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(in millions of euros)

2 March 2007

CONTENTS

(Figures in millions of euros)

NOTES

- The consolidated financial statements of the Bouygues Group for the year ended 31 December 2006 have been prepared using the principles and methods defined in International Financial Reporting Standards (IFRS) as adopted by the European Union (European Council Regulation 1606/2002 of 19 July 2002).

- They have been prepared in millions of euros, and comprise:
  - ✓ the balance sheet and income statement;
  - ✓ the statement of changes in shareholders' equity;
  - ✓ the cash flow statement;
  - ✓ the notes to the financial statements. [(1)]

The comparatives consist of the financial statements for the years ended 31 December 2005 and 31 December 2004, also prepared in accordance with IFRS.

[(1)] The notes to the financial statements include comparatives with 2005. Comparatives with 2004 are not shown in the notes, but may be found in the 2005 Annual Report.

NOTE 1	SIGNIFICANT EVENTS OF THE YEAR

1.1. SCOPE OF CONSOLIDATION AS AT 31 DECEMBER 2006

- **Main changes in the scope of consolidation:**

  1,083 entities were consolidated as at 31 December 2006 (compared with 983 as at 31 December 2005). The main changes during the year were:

  a) Alstom: acquisition of a 25.07% interest (see note 1.4).

  b) Bouygues Construction: acquisitions of ETDE subsidiaries (Thermal Transfer UK), Balestra (Switzerland), Szigma (Hungary), Marazzi AG (Switzerland), and various construction project joint ventures set up or deconsolidated on project completion.

  c) Acquisitions, net of divestments, by Colas: Cermak (Czech Republic), Vecchietti, Ferrrari, etc.

  d) Acquisitions by TF1 (1001listes, etc), and the transfer of TPS to Canal+ France.

- **Sale of Novasaur:**

  At 31 December 2005, the Bouygues group held a 9.88% interest in Novasaur, the holding company of the Saur group. This entire interest (shares, and bonds redeemable for cash or shares) was sold for €41 million during the first quarter of 2006, generating a net gain of €27 million.

- **Transfer of TPS to Canal+ France:**

  On 6 January 2006, agreement was reached between Vivendi, TF1 and M6 on the terms for a merger of the French Pay TV activities of the Canal+ Group and TPS. Under the agreement, TPS Gestion (which owned 100% of TPS) was to be transferred to Canal+ France, an entity wholly controlled by Vivendi. TF1 was to have taken a 9.9% stake in this entity, together with a put option exercisable in February 2010 at the greater of (i) an independent valuation or (ii) a minimum price of €745.8 million (valuing 100% of Canal+ France at €7.5 billion).

  This agreement was subject to approval from the French competition authorities. On 30 August 2006, the merger received competition clearance from the Minister of the Economy and Finance, subject to undertakings made by Vivendi and Canal+ France.

  Under the agreements governing the transitional period between clearance from the French competition authorities and the transfer to Canal+ France of the entire interest in TPS Gestion (100% owner of TPS) on 4 January 2007, TF1 and Métropole Télévision-M6 ceased to govern the operating and financial policies of TPS with effect from 1 September 2006, and hence ceased to exercise joint control over TPS. Consequently, the consolidated financial statements of TF1 only include income and expenses generated by TPS over the first 8 months of the year.

  On 30 November 2006, in accordance with the terms of the agreement, TF1 subscribed €129.4 million to a share issue carried out by TPS Gestion.

The consolidated financial statements of TF1 for the year ended 31 December 2006 include an overall net gain of €254 million on this transaction, the Bouygues Group's share of this gain being €109 million. The parameters used in determining the net gain on the transaction were based on the terms of the draft shares-for-assets exchange agreement transferring TPS Gestion (which owns 100% of TPS) to Canal+ France. This agreement was signed on 19 December 2006 and approved by an Extraordinary General Meeting of Canal+ France shareholders on 4 January 2007.

On 4 January 2007 TF1, M6 and Vivendi signed a shareholders' agreement under which TF1 and M6 have a joint exit right in the event that Vivendi/Groupe Canal+ divest exclusive control over Canal+ France, and a priority right to sell their shares in the event of a stock market flotation of Canal+ France.

TF1 has no representative on the Canal+ France Supervisory Board and no rights to exercise any control over the management of the company.

1.2. BOND ISSUES

- **Supplementary bond issue of €250 million:**

  On 31 January 2006, Bouygues carried out a bond issue of €250 million, supplementary to the initial July 2005 issue of €750 million. The issue matures in 2020, was priced at 97.203%, and bears interest at 4.25%.

  This issue extends the average maturity of the Bouygues Group's debt.

- **Other bond issues in 2006:**

  - In order to secure long-term refinancing for part of the investment in Alstom, Bouygues carried out a euro-denominated bond issue in May 2006, in two tranches:

    a) €1,150 million maturing 2013, priced at 99.812% and bearing interest at 4.50%.

    b) €600 million maturing 2016, priced at 99.657% and bearing interest at 4.75%.

  - In early October 2006, Bouygues carried out a £400 million 20-year bond issue on the sterling market, paying interest in sterling at 5.5%.

    Because this issue is being used to refinance the euro-denominated acquisition of Alstom. Bouygues contracted a cross currency swap with the bankers who acted as lead managers on the issue. The swap has the same maturity as the bond issue, and hedges fluctuations in the sterling debt. The euro equivalent interest rate is 5.01%. Like the Group's other bond issues, the portion of this issue maturing after more than one year is classified in "Non-current debt". These bond issues do not include any equity instruments. Accrued interest payable is recorded in "Current liabilities".

1.3. SALE OF BOUYGUES TELECOM CARAÏBE

On 28 April 2006, following fulfilment of all the sale conditions, Bouygues Telecom sold its wholly-owned subsidiary Bouygues Telecom Caraïbe to Digicel Limited (Jamaica) for €155.4 million. The sale generated a gain of €110.2 million, reported in "Net profit of discontinued and held-for-sale operations" in the income statement. The Bouygues Group's share of this gain was €98.7 million.

1.4. ACQUISITION OF ALSTOM SHARES

On 26 April 2006, Alstom and Bouygues signed a cooperation agreement approved by the Boards of Directors of the two groups.

On 26 June 2006, the European Commission authorised the acquisition by Bouygues of the French government's interest in Alstom (29,051,244 shares, representing 21.01% of the capital).

At 31 December 2006, after purchasing a further 4.06% interest in the market, Bouygues held 25.07% of the capital and voting rights of Alstom. The investment in Alstom is accounted for by the equity method, and is carried at net acquisition cost of €2,374 million. This amount includes Bouygues' share of Alstom's net profit since the date of acquisition (26 June 2006), estimated on the basis of the published interim consolidated financial statements for the six months ended 30 September 2006; the differential between estimated and actual results for the final quarter of 2006 will be recognized by Bouygues in the first quarter of 2007.

In accordance with IAS 28, the interest in Alstom is included in the balance sheet under "Investments in associates" at a carrying amount of €2,413 million. This carrying amount includes goodwill as determined by an independent valuation at the date of acquisition in accordance with IFRS 3, Business Combinations:

a) The identifiable assets, liabilities and contingent liabilities acquired as at 30 June 2006 were measured at fair value, with changes in the fair value during the period to 31 December 2006 taken into account.

b) The valuation identified few assets that required remeasurement, apart from the following intangibles:
   - the brand name:
   - acquired technology;
   - the backlog.

   (see Note 2 for a description of the valuation method)

c) After fair value remeasurements, the goodwill arising on the acquisition in the books of the Bouygues group amounted to €1,616 million.

d) The amortization of fair value remeasurements had a negative effect of €18 million (25.07% share) on the consolidated income statement of the Bouygues Group for the year ended 31 December 2006.

1.5. ALSTOM HYDRO-HOLDING

In October 2006, Bouygues acquired 50% of Alstom Hydro-Holding (Alstom's hydro-power division) from Alstom for €150 million.

Under the agreements with Alstom signed on 29 September 2006 and 31 October 2006:

- Alstom has specific rights, in particular in the event of disagreement between the shareholders.

- Bouygues has an option to sell its shares back to Alstom in November 2009, or earlier in the event of disagreement with Alstom:

  - for €175 million, or
  - in exchange for 2.2 million Alstom shares, or the equivalent value in euros.

Consequently:

- The interest in Alstom Hydro-Holding, over which Alstom has exclusive control, is not consolidated by the Bouygues group but recognized as a non-current financial asset.

- Because of the long-term industrial strategy underpinning relations between Bouygues and Alstom, the Bouygues group has decided not to account for the call option entitling it to exchange this asset for Alstom shares (as described above) as a financial instrument. If this item had been accounted for as a financial instrument, the resulting volatility would have had an estimated favourable impact of €50 million on the financial statements as at 31 December 2006.

1.6. "BOUYGUES PARTAGE" EMPLOYEE SHARE OWNERSHIP PLAN

A new employee share ownership plan, designed to give employees a stake in the future development of the Bouygues group on attractive terms, was announced to the Group's employees in December 2006 ahead of implementation in the first half of 2007.

The employer's contribution to be paid by Bouygues in 2007 was accrued in the financial statements as at 31 December 2006. The amount of the discount (20%), treated as an employee benefit under IFRS, was recognized as an expense in the year ended 31 December 2006, on the assumption that 30,000 employees would take up the offer.

Other information:

- Subscription price per share	=	€36.44
- Plan announcement date	=	7 December 2006
- Nominal discount per share offered to employees (against spot price on the grant date)	=	€9.11
- Discount per share under IFRS	=	€4.19
- Method used to value lock-up clause	=	As recommended by the French national accounting standard-setter (CNC)
- Expense recognized in the consolidated income statement	=	€15.1m
- Spot price per share on the grant date	=	€45.55

1.7. SIGNIFICANT EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION SINCE 31 DECEMBER 2006

None.

NOTE 2	ACCOUNTING POLICIES

2.1. DECLARATION OF COMPLIANCE

- The consolidated financial statements of the Bouygues group have been prepared in accordance with the standards issued by the International Accounting Standards Board as applicable in the European Union on 31 December 2006. These standards, collectively referred to as International Financial Reporting Standards (IFRS), also include International Accounting Standards (IAS) and interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee.

- This is in compliance with European Council regulation 1606/2002, adopted on 19 July 2002.

- The Bouygues group consolidated financial statements include the financial statements of Bouygues and its subsidiaries, and investments in associates. They are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated.

  The consolidated financial statements were adopted by the Board of Directors on 27 February 2007, and will be submitted for approval by the shareholders at the next Ordinary General Meeting in April 2007.

- Business activities:

  The Bouygues group is a diversified industrial group. Its operations are split into two sectors:

  a) Construction:

  - Bouygues Construction (Building & Civil Works, Electrical contracting)
  - Bouygues Immobilier (Property)
  - Colas (Roads)

  b) Telecoms/Media:

  - TF1 (Television)
  - Bouygues Telecom (Mobile Telephony)

  The Bouygues group has operations in nearly 80 countries. In 2006, it generated €26,408 million of sales, of which €7,285 million was generated outside France.

  In June 2006, Bouygues acquired an interest in Alstom, with which it signed a cooperation agreement. The deal gives Bouygues a presence in two new high-growth businesses: Transport and power.

2.2. BASIS OF PREPARATION

The consolidated financial statements have been prepared using the historical cost convention, with the exception of certain financial assets and liabilities which are measured at fair value.

- Principal new standards and interpretations mandatorily applicable in 2006:

  - IFRIC 4: Determining whether an Arrangement contains a Lease
  - IFRIC 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
  - IFRIC 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment

- Amendment to IAS 19 (Employee Benefits): the Bouygues group elected not to recognize actuarial gains and losses in consolidated shareholders' equity in 2006, but to continue using the "corridor" method as in 2005.

- Amendment to IAS 39: cash flow hedges of forecast intragroup transactions (impact immaterial).

• These new or amended standards and interpretations applicable from 1 January 2006 had no material impact on the financial statements for the year ended 31 December 2006.

• Other new or amended standards and interpretations not mandatorily applicable at 31 December 2006:

- Bouygues has applied IFRIC 12 (not yet approved by the European Union) to the Portsmouth PFI contract recorded in the books of Colas.

  Colas: The Portsmouth PFI contract has been accounted for as a receivable (financial asset), since this treatment most closely reflects the underlying financial and economic reality of the contract. No other contracts of this type are held by Colas.

  Bouygues Construction: PFI contracts are entered into with governmental authorities by companies in which the Bouygues group holds an interest of less than 20%. These entities are not consolidated, given the effective limitations on the Group's role in them. Most concession companies are accounted for as associates (equity method).

• The other new or amended pronouncements (amendments to IAS 1, IFRS 7, IFRS 8, and IFRIC 7 to 12), which had either been adopted or were in the process of approval by the European Union at the balance sheet date, have not been early adopted by the Bouygues group. The impact of these pronouncements on the financial statements is currently being reviewed, but is unlikely to be material.

• Elective accounting treatments and estimates used in the valuation of certain assets, liabilities, income and expenses:

Preparing financial statements to comply with IFRS requires the use of estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the balance sheet date, and the amounts of income and expenses reported for the financial year.

These estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

The main items involved are goodwill impairment, share-based payment (stock options), employee benefits (lump-sum retirement benefits and discount offered under the Bouygues Partage employee share ownership plan), fair value of unlisted financial instruments, other miscellaneous provisions, and deferred tax assets).

Where no standard or interpretation applies to a specific transaction, Group management has exercised its judgement to define and apply accounting policies that will provide relevant and reliable financial information, such that the financial statements:

- represent faithfully the financial position, financial performance and cash flows of the Group;
- reflect the economic substance of the underlying transactions;
- are neutral, prudent, and complete in all material respects.

2.3. CONSOLIDATION METHODS

- Companies over which Bouygues exercises control are consolidated using the full consolidation method.

Exclusive control over TF1:

- Bouygues holds 42.9% of the capital and voting rights of TF1.
- Exclusive control by Bouygues is demonstrated by the fact that:

  Bouygues has consistently and regularly held a majority of the voting rights exercised at TF1 shareholders' meetings.

  No other shareholder directly or indirectly controls a higher share of voting rights than Bouygues.

Bouygues has clearly had exclusive power to determine decisions at TF1 shareholders' meetings during at least two consecutive financial years.

Other factors indicating the existence of exclusive control include:

- the large number of seats on the TF1 Board of Directors allocated to Bouygues;
- the role of Bouygues in appointing key executives of TF1.

All these factors clearly establish that Bouygues exercises exclusive control over TF1.

- Investments in joint ventures:

  A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Bouygues consolidates the assets, liabilities, income and expenses of such entities using the proportionate consolidation method based on the percentage of control exercised.

- Investments in associates:

  An associate is a company over which Bouygues exercises significant influence without exercising control. Significant influence is presumed to exist where Bouygues directly or indirectly holds at least 20% of the entity's voting rights.

  The net profit or loss and assets and liabilities of such entities are accounted for by the equity method.

  - Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by (i) its 25.07% interest in the capital and (ii) its control of two seats on the Board of Directors. Consequently, this investment has been accounted for by the equity method since 26 June 2006, the acquisition date, and is shown (inclusive of goodwill) under "Investments in associates" in the balance sheet.

- In accordance with IAS 39, equity investments in non-consolidated entities are recognised at fair value and are subject to impairment testing.

Changes in scope of consolidation:

	2006	2005
Fully consolidated	825	760
Proportionately consolidated	226	197
Equity method	32	26
	1,083	983

- The main changes during 2006 are described in "Significant Events".

2.4. BUSINESS COMBINATIONS

The acquisition cost of a business combination (including transaction costs) is allocated to the identifiable assets and liabilities of the acquiree, measured at fair value at the acquisition date. These identifiable assets and liabilities are presented in the balance sheet using the full fair value method in accordance with IFRS 3. This method involves remeasuring the assets and liabilities acquired at fair value in full (including minority interests), rather than remeasuring just the percentage interest acquired.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Subsequent to this date, minority interests in these items have been measured under IFRS at the carrying amount of consolidated assets and liabilities as shown in the balance sheet of the acquired entity.

Fair value is the amount for which an asset or cash generating unit could be sold between knowledgeable, willing parties in an arm's length transaction. Goodwill represents the excess of acquisition cost over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities that can be reliably measured at the acquisition date; it is allocated to the cash generating unit (which within the Bouygues Group equates to the business segment) benefiting from the business combination.

The main initial allocations of acquisition cost to identifiable assets and liabilities may be adjusted within the twelve months following the acquisition date, after which they may no longer be adjusted.

Negative goodwill is taken to the income statement in the period in which the acquisition is made.

Subsequently, goodwill is carried at cost net of any impairment losses identified using the methods described under "Subsequent remeasurement of non-current assets" below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

- **Alstom: Method used to allocate fair value between identifiable assets/liabilities and goodwill**:

  - The acquisition cost of the investment as at 31 December 2006 was €2,374 million.

    This comprises (i) the price paid in April 2006 to acquire the French government's 21.01% interest; (ii) the price paid to acquire an additional 4.06% stake on the stock market; and (iii) directly attributable acquisition costs.

    The fair value estimates were prepared by an independent valuer and were in most cases determined as of 30 June 2006 (for a 23.26% stake), based on published information about the Alstom group and on valuation reports prepared by external financial advisers in connection with the Bouygues group's acquisition of the initial stake in Alstom.

    The additional acquisitions made in the second half of 2006 (a further 1.81% interest) do not affect the valuations used in the purchase price allocation as at 30 June 2006.

- Remeasurement as at 31 December 2006:

  The Bouygues group's 25.07% share of the estimated consolidated net assets of the Alstom group as at 31 December 2006 was €2,109 million, after taking into account profits for the year then ended (based partly on estimates). On this basis, the excess of purchase cost over the pre-acquisition carrying amount of the net assets acquired was €1,896 million.

- Based on the independent valuer's review, this amount was allocated as follows to the identifiable assets and liabilities of the Alstom group, after remeasurement at fair value:

- Separate assets identified and recognized, and assets remeasured at fair value (in € million):

	Fair value estimate 100%	Fair value estimate Bouygues share
a) Intangible assets (brand name and technology) =	2,441	
- Under IFRS 3, an intangible asset may be recognised separately if it meets the definition of an intangible asset in IAS 38 and its fair value can be measured reliably.		
- Brand name: The valuation of the Alstom brand name is based on discounting the future royalties that a third party would pay to use the Alstom brand name (assumed to have an indefinite life).	1,352	339
- Technology: Alstom owns or has been granted licences to use various patents and other intellectual property rights (amortised over 15 years).	1,089	273
More than 120 patents have been filed in France and Europe, and Alstom has a strong focus on research and development. The valuation is based on discounting the future royalties that a third party would pay to use Alstom technology.		
b) Backlog	355	89
The backlog represents all services not yet executed under contracts already signed, valued sector by sector based on publicly-available information. The backlog margin rate used (by sector) was estimated based on linear interpolation as at 30 June 2006 of actual sector margins as at 31 March and 30 September 2006.		
The backlog was valued on the basis of the profit generated after paying a return on the support assets required to produce the services included in the backlog (EVA method).		
The amount used for support assets in the backlog calculation results from a number of technical options designed to reflect the specific characteristics of large-scale contracting.		
c) Provisions for pension obligations (actuarial gains and losses)	(1,008)	(253)
In accordance with IFRS 3 and IAS 19, the Bouygues group is required to recognise all cumulative actuarial gains and losses not yet fully recognised by the Alstom group, whether or not they fall within the "corridor".		
Cumulative unrecognised net actuarial losses as at 30 June 2006 amount to €1,032 million, falling to €1,008 million once unrecognised past service cost is taken into account.		
This treatment means that the Bouygues group is eliminating through profit or loss the actuarial losses expensed by Alstom (€65 million for the last financial year, ended 31 March 2006). As a result, the liability recognised by the Bouygues group will be extinguished over time at the same rate as that used in the books of Alstom.		

d) Deferred tax liabilities, financial liabilities and other items	(671)	(168)
The remeasurements made in connection with the acquisition give rise to the recognition of deferred taxes on the difference between the carrying amount and tax base of identifiable assets and liabilities. The total deferred tax liability amounts to €537 million based on a tax rate of 31%, including €426 million for non-depreciable assets.		
No deferred tax asset was recognised by the Bouygues group in respect of tax loss carry-forwards held by the Alstom group due to lack of sufficient information regarding these losses and the entities and countries involved.		
Given the asset divestment program carried out between 2002 and 2005, the fair value of the majority of the property, plant and equipment has been assumed to be close to its carrying amount.		
- Fair value remeasurements	1,117	280
f) Balance: goodwill recognised by Bouygues:	/	**1,616**
Total allocation	**/**	**1,896**

- Net amortization expense of €18 million was charged during the year ended 31 December 2006 in respect of these remeasurements.

2.5. FOREIGN CURRENCY TRANSLATION

2.5.1. Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rate. Translation differences are recognised as income or expenses in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

2.5.2. Financial statements of foreign entities

All assets and liabilities of consolidated entities with a functional currency other than the euro are translated at the closing exchange rate. Income and expenses are translated at the average exchange rate for the period. Translation differences arising from this treatment, and arising from the retranslation of a subsidiary's opening shareholders' equity at the closing exchange rate, are taken to the translation reserve, which is a component of "Share premium and reserves" in shareholders' equity. Translation differences arising on the net investment in foreign subsidiaries and associates are recognised in shareholders' equity.

2.6. DEFERRED TAXATION

Deferred taxation is recognised on differences between the carrying amount and tax base of assets or liabilities, and arises as a result of:

• Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:

- items generating a tax liability in the future (deferred tax liabilities), arising mainly from income That is liable to tax in future periods; or

- items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes.

• Tax losses available for carry-forward (deferred tax assets), provided that there is a genuine probability of recovery in future periods.

Deferred taxes are measured using known applicable tax rates at the balance sheet date. In the case of French entities, deferred tax assets have been adjusted to reflect the effect of changes in tax legislation and of new tax rates.

Deferred taxes are not discounted.

Deferred tax assets are included in non-current assets.

2.7. NON-CURRENT ASSETS

2.7.1. Property, plant and equipment

Property, plant and equipment is measured at acquisition cost net of accumulated depreciation and impairment. Depreciation is recognised on a straight line basis over the estimated useful life of the asset.

Useful lives by main asset category and business segment:

	CONSTRUCTION	MEDIA	TELECOMS	
- Mineral deposits (quarries)	(1)			
- Non-operating buildings	10 to 40 years	25 to 50 years	-	
- Industrial buildings	10 to 20 years	-	20 years	
- Plant, equipment and tooling	3 to 8 years	3 to 7 years	5 to 20 years	(2)
- Other property, plant and equipment (vehicles and office equipment)	3 to 10 years	2 to 10 years		(2)

In accordance with IAS 16, when an item of property, plant and equipment consists of components with different useful lives, each component is accounted for and depreciated as a separate item of property, plant and equipment.

Gains and losses on disposal represent the difference between the sale proceeds and the carrying amount, and are recognised in the income statement under "Other operating income and expenses".

(1) Depreciated on the basis of the rate of depletion, up to a maximum of 40 years (Colas)

(2) Depending on the type of asset

Depreciation periods are reviewed annually, and are adjusted if expectations differ from previous estimates.

Leases:

Items of property, plant and equipment held under leases (or agreements containing leases in the sense of IFRIC 4) whereby the Bouygues Group retains substantially all the risks and rewards of ownership are recognised as assets in the balance sheet. Leases are classified as finance leases or operating leases in accordance with the criteria specified in IAS 17.

Assets held under finance leases are recognised in the balance sheet in "Property, plant and equipment" at the lower of fair value or the present value of the minimum lease payments, less accumulated depreciation and impairment losses. They are depreciated over their estimated useful lives. The lease obligation is recognised as a liability under "Debt" in the balance sheet.

Obligations under operating leases are disclosed in off balance sheet commitments.

- **Grants received:**

  Investment grants received from national, regional or local governments are netted off the value of the assets concerned, and depreciated at the same rate as those assets.

2. 7. 2. Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance, which may be:

- separable, i.e. capable of being independently sold, transferred, licensed, rented or exchanged; or
- derived from contractual or other legal rights, whether separable or not.

Intangible assets with finite useful lives are depreciable. Intangible assets with indefinite useful lives are not depreciable, but are subject to an impairment test at each balance sheet date.

They include:

• **Development expenses:**

- In accordance with IFRS, incorporation and research expenses are expensed as incurred.

- Development expenses are capitalised if the relevant criteria are met, i.e. if they are expected to generate future economic benefits and their cost can be reliably measured.

Concessions, patents and similar rights:

These include the following assets held by Bouygues Telecom:

Type of asset	Amortisation method	Period
GSM frequency costs	straight line	12 years
UMTS licence	straight line	17.5 years [(1)]
IT system software and developments	straight line	4 years
Office software	straight line	4 years

- [(1)] **UMTS licence:**
  The amortisation period for the UMTS licence will match its useful life; since the high-speed network opened on 26 May 2005, Bouygues Telecom has been amortising its UMTS licence over a period of 17.5 years.

The fee for the UMTS licence, awarded for a 20-year period, comprises:

- a fixed component of €619.2 million, recognised as an intangible asset on the date the licence was awarded (12 December 2002).
- a variable component, calculated at 1% of sales generated by the operation of the third generation mobile network, which is recognised in the income statement for the period with effect from the opening of the UMTS network.

2.7.3. Other intangible assets

Other intangible assets recognised by the Group include leasehold rights and broadcasting rights (TF1).

TF1 broadcasting rights:

This item includes shares in films and programmes produced or co-produced by TF1 Films Production, TF1-Video, Glem, Glem film and Téléma; distribution and trading rights owned by TF1 International TCM DA, TF1 Entreprises and CIBY DA; and music rights owned by Une Musique and Baxter.

Broadcasting rights are recognised as assets, at historical cost. Dates of initial recognition and amortisation methods are as follows:

Initial recognition	Amortisation method		
	Co-production shares	Broadcasting rights Distribution / Trading	Music rights
At end of shooting	in line with revenues (minimum 3 years straight line)		
On receipt of censors' certificate	3 years straight line		
On signature of contract		3 years straight line minimum, or in line with revenues - 5 years for trading	2 years 75% in year 1 25% in year 2

- For films co-produced by TF1 Films Production and Téléma, the Group adopts industry practice and amortises in line with revenues, based on a minimum straight-line charge over 3 years.

- An impairment loss is recognised on a line by line basis where estimated future revenues do not cover the carrying amount of the asset.

2.7.4. Subsequent remeasurement of non-current assets

The carrying amount of non-current assets is reviewed in accordance with Group accounting policies on an annual basis, or more frequently if internal or external events or circumstances indicate that an asset may be impaired. In particular, the carrying amount of intangible assets (other than broadcasting rights, which are measured using the policies described above) and goodwill is compared with their recoverable amount.

In determining value in use, intangible assets to which independent cash flows cannot be directly allocated are grouped within the cash-generating units (CGU) to which they belong, or within the appropriate group of CGUs representing the lowest level at which management monitors return on investment (business segment level in the case of the Bouygues group). The value in use of CGUs is measured using the discounted cash flow (DCF) method, applying the following principles:

- the pre-tax cash flows used are those derived from the medium-term business plan prepared by the management of the business segment as part of the Group's management cycle;
- the discount rate is determined by adjusting the segment's weighted average cost of capital to arrive at a pre-tax rate;
- the terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the business segment operates and with its competitive position in those markets.

The recoverable amount of the CGU as determined above is then compared with the carrying amount in the consolidated balance sheet of the non-current assets (including goodwill) attributed to the CGU. If this carrying amount is greater than the recoverable amount of the CGU, an impairment loss is recognised, this loss being allocated in the first instance to any goodwill recognised in the balance sheet.

- **Information on impairment tests performed**:

  Subsidiaries for which goodwill is shown as a separate asset in the balance sheet:

  Bouygues Telecom:

  The recoverable amount of the Bouygues Telecom CGU was determined by calculating its value in use using the DCF method, based on three-year cash flow projections as per the business plan approved by management.

  An after-tax discount rate of 5.80% was used. Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate (based on 3-year cash flow projections, and on normative cash flow thereafter).

  An analysis of the sensitivity of the calculation to the valuation of the key parameters showed no probable scenario in which the recoverable amount of the CGU would become less than its carrying amount.

  Colas:

  The recoverable amount of the Colas CGU was determined by calculating its value in use using the DCF method, based on three-year cash flow projections as per the business plan approved by management.

  An after-tax discount rate of 6.17% was used. Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate (based on 3-year cash flow projections, and on normative cash flow thereafter).

  An analysis of the sensitivity of the calculation to the valuation of the key parameters showed no probable scenario in which the recoverable amount of the CGU would become less than its carrying amount.

TF1:

The recoverable amount of the TF1 CGU was determined by reference to the closing stock market price on 31 December 2006; this value is significantly greater than the carrying amount.

Impairment testing of goodwill on associates:

Because goodwill included in the carrying amount of investments in associates is not shown separately, it is not tested separately for impairment under IAS 36. The total carrying amount of the investment is tested for impairment by comparing its recoverable amount (higher of value in use or fair value less costs to sell) with its carrying amount, where there is evidence of impairment.
The estimated fair value of Alstom as at 31 December 2006, based on the quoted share price, is very substantially greater than its carrying amount.

- For other non-current assets (in particular non-depreciable assets), an impairment loss is recognised as soon as there is evidence that the asset is impaired.

2.7.5. Non-current financial assets

In addition to deferred tax assets (treated as non-current), other non-current financial assets include loans and receivables (including amounts due from non-consolidated companies), deposits and caution money, and investments in non-consolidated companies over which the Bouygues group exercises neither control nor significant influence.

Investments in non-consolidated companies are measured at fair value, with changes in fair value taken to shareholders' equity.

Fair value is the market price for listed investments, and value in use for unlisted investments. Value in use is determined using the most appropriate criteria for each individual investment.

If there is objective evidence that an investment is impaired, the accumulated losses taken to shareholders' equity are recognised in the income statement.

Advances to non-consolidated companies, and other loans and receivables, are accounted for at amortised cost, determined using the effective interest method.

In the case of variable-rate loans and receivables, cash flows are periodically re-estimated to reflect changes in market interest rates, resulting in an adjustment to the effective interest rate and hence to the valuation of the loan or receivable.

Loans and receivables are reviewed for objective evidence of impairment. An impairment loss is recognised if the carrying amount of a financial asset is greater than the estimated recoverable amount as determined by impairment testing. Impairment losses are recognised in the income statement.

2.8. CURRENT ASSETS

2.8.1. Inventories

Inventories are stated at the lower of cost (first in first out or weighted average cost, depending on the nature of the business) or market price.

Where the realisable value of inventory is lower than cost, a provision for impairment is recognised.

2.8.2. Programmes and broadcasting rights (TF1)

In order to secure broadcasting schedules for future years, the TF1 group enters into binding contracts, sometimes for a period of several years, under which the Group acquires (and the other party agrees to deliver) programmes and sports transmission rights.

These contracts are valued as follows:

Programmes and broadcasting rights:

Rights acquisition contracts not yet recognised in inventory at the balance sheet date are priced at the contractual amount or the estimated future cash outflow, less any advance payments made under the contract. Advance payments are recognised in the balance sheet as a supplier prepayment in “Trade and other debtors”.

Sports transmission rights:

Acquisitions of sports transmission rights under irrevocable orders placed before the balance sheet date are priced at the contractual amount less any sums already paid at that date.

A programme is treated as ready for broadcast and recognised in inventory under “Programmes and broadcasting rights” when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions). Any programme acquisition advance payments made before these conditions are met are treated as supplier prepayments.

The line “Programmes and broadcasting rights” in the balance sheet comprises:

- in-house productions, comprising programmes made by TF1 group companies for the TF1 channel,

- external productions, comprising broadcasting rights acquired by TF1 group channels and co-production shares of broadcasts made for TF1 group channels.

External productions that have not been broadcast, and the rights to which have expired, are expensed as a component of current operating profit.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: at overall production cost (direct costs plus a portion of indirect production costs);

- broadcasting rights and co-productions: at purchase cost, less consumption for the year calculated at each balance sheet date.

TF1 SA programmes (which account for most of the Group’s programme inventory) are deemed to have been consumed as transmitted. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of transmission. If they are acquired for two or more transmissions, consumption is calculated as follows, according to the type of programme:

Type of programme			
	Dramas with a running time of at least 52 minutes	Films, TV movies, series, cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

“Other programmes and broadcasting rights” in the table above refers to children’s programmes other than cartoons, entertainment shows, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted.

2.8.3. Trade receivables

Trade receivables are carried at face value, net of impairment recorded to reflect the probability of recovery. These receivables are usually short-term and non interest-bearing. They are measured at the original invoice amount, unless application of an implied interest rate would have a material effect.

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- statements issued as works are executed or services provided, and accepted by the project owner;
- unbilled receivables, arising where works are entitled to acceptance but billing or acceptance by the project owner has been delayed.

2.8.4. Other current receivables and prepaid expenses

Other receivables are carried at face value, net of impairment recorded to reflect the probability of recovery.

2.9. FINANCIAL INSTRUMENTS

Some group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group’s policy on the use of financial instruments is described below.

2.9.1. Risks to which the Group is exposed

Currency risk

In general, the Bouygues Group has little exposure to currency risk in routine commercial transactions. Wherever possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. In addition, the Group pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

Interest rate risk

The Group’s financial income and expenses have low sensitivity to interest rate risk. The bulk of debt is in the form of fixed-rate bond issues, and a range of hedging instruments is used to convert variable-rate debt into fixed-rate debt.

On average over the year, the amount of variable-rate debt in the balance sheet is less than the amount of surplus cash invested at variable rates.

The consolidated income statement would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

2.9.2. Principles applied to all hedging instruments

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; and interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of a downturn.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties with whom they are contracted, and more generally the management of exposure to currency risk and interest rate risk.

2.9.3. Hedging rules

Currency risk

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the awarding of the contract has been confirmed.

In general, equity investments in foreign companies are hedged by a debt of a similar amount in the same currency, recorded in the books of the company that owns the investment.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions.

Interest rate risk

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.
In practice, this applies to capital-intensive businesses (telecoms and media). These entities control their future interest charges by fixing their cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

2.9.4. Accounting methods

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- Fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement.

- Cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

In a few cases (involving small notional amounts and a short hedging period), financial instruments are deliberately excluded from hedge accounting in order to avoid excessive administrative processing. In these cases, changes in the fair value of the financial instrument are taken directly to the income statement.

2.10. CONSOLIDATED SHAREHOLDERS' EQUITY

Treasury shares are deducted from consolidated shareholders' equity. No gains or losses arising on the cancellation of treasury shares are recognised in the income statement.

If a Group subsidiary holds its own shares, an additional percentage interest in that subsidiary is recognised at Group level.

Translation reserve

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero and the balance transferred to “Retained earnings”.

2.11. NON-CURRENT LIABILITIES

2.11.1. Non-current debt

(portion due after more than one year)

With the exception of derivative instruments accounted for as financial liabilities measured at fair value, all other borrowings and financial liabilities are recognised initially at fair value and subsequently at amortised cost, measured using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of a financial liability are offset against that liability, and amortised over the life of the liability using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments to maturity (or to the next market rate repricing date) to the net carrying amount of the liability. The calculation takes account of all fees and points paid or received by the parties to the contract.

The portion of long-term debt due within less than one year is included in current liabilities.

Call option over a 6.5% interest in the capital of Bouygues Telecom (BNP Paribas)

On 21 June 2005, Bouygues granted BNP Paribas a promise to buy the latter’s 6.5% interest in the capital of Bouygues Telecom, exercisable at any time between 1 September 2005 and 31 July 2007 at a price of between €477 million and €495 million depending on the date of exercise.

At the same time, BNP Paribas granted Bouygues a promise to sell this interest to Bouygues, exercisable between 1 September 2007 and 30 September 2007 at a price of €497 million.

Change in the value of the financial liability between 21 June 2005 and 31 December 2006:

	Residual term (years)	Future value of the liability (€m)	Present value of the liability (€m)	
21 June 2005	2.28	497	449	
31 December 2005	1.75	497	460	
31 December 2006	0.75	471 *(1)*	**456**	→ Increase in current debt

(1) *After payment of dividends by Bouygues Telecom (impact: reduction of €26m).*

- Discount rate (contractual): 2.07%
- The 6.5% minority interest in Bouygues Telecom is eliminated, reducing minority interests by €130m at end 2006.
- Goodwill recognised as an asset in 2005: €320m
- Bouygues Telecom's contribution to consolidated net profit includes the additional 6.5% interest, raising the total contribution to 89.55%.

2.11.2. Non-current provisions

Under IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", a provision is recorded where the Group has an obligation to a third party at the balance sheet date resulting from a past event, the settlement of which is expected to result in a outflow from the group of resources embodying economic benefits.

The amount recognised as a provision represents the Group's estimate of the outflow of resources that will be needed to settle the obligation.

Non-current provisions are not usually associated with the normal business cycle of each segment (compare the definition of current provisions below).

Non-current provisions mainly comprise:

- Provisions established to cover the uninsured portion of risks under 2-year and 10-year construction contract guarantees. These provisions are recognised in line with recognition of contract revenues, based on statistical data reflecting actual experience over the long term.
- Provisions related to notified tax reassessments and fines levied by the competition authorities.
- Provisions for litigation, claims and foreseeable risks relating to the Group's operations, especially foreign operations, including permanent withdrawal from projects and sundry risks and liabilities.
- Provisions for site remediation costs.

- Employee benefits:

  - ➢ Provisions for obligations to employees in respect of lump-sum benefits payable on retirement.

  - ➢ Provisions for long-service awards.

    This provision is calculated using the projected unit credit method based on final salary, and on the basis of the collective agreement for each business segment. The calculation takes account of:

    - ✓ status, age and length of service for each employee category;
    - ✓ employee turnover, calculated on the basis of the average number of leavers by business segment, age bracket and employee category;
    - ✓ average salary and wages including bonuses and benefits in kind, uplifted by a coefficient to reflect the applicable percentage of employer's social security charges;
    - ✓ a final salary inflation rate;
    - ✓ a discount rate applied to the obligation over the projected period to the retirement date;
    - ✓ estimated life expectancy, based on mortality tables.

    The Group does not recognise movements in this obligation arising from changes in actuarial assumptions unless they are more than plus or minus 10% of the retirement benefit obligation (the corridor method). Any actuarial gains and losses recognised are amortised through the income statement over the average remaining working lives of the employees concerned.

  - ➢ Provisions for pension obligations (depending on the country and terms of the pension plan).

    To cover their pension obligations, Group companies make regular payments to external bodies including public and private pension funds and insurance companies (defined-contribution plans). There are however some remaining defined-benefit plans still in existence, mainly in the Colas group (United Kingdom, Ireland, Canada); only a limited number of employees are involved, as it was decided some years ago to close the schemes to new entrants.

    - The actuarial assumptions used to measure the present value of the pension obligation and the service cost for the period in respect of defined-benefit plans represent the best estimate of the variables that will determine the final cost of the benefits. These assumptions are internally consistent. The discount rate was determined by reference to the expected market rate at the balance sheet date, taking into account the estimated timing of benefit payments (see note 19).

2.12. CURRENT LIABILITIES

2.12.1 Advances and down-payments on orders

This item comprises advances and down-payments received from clients on start of construction contracts.

2.12.2. Current provisions

- Provisions relating to the normal business cycle of each segment. These mainly comprise

  - ✓ Provisions for construction contract risks, joint ventures, etc,
  - ✓ Provisions for restructuring
  - ✓ Provision for customer loyalty programmes (Bouygues Telecom), etc

    Bouygues Telecom has introduced a loyalty programme for customers who subscribe to a price plan. Under the programme, customers acquire rights as and when billings are issued.
    Customers may subsequently use these rights to replace their handsets on favourable terms, provided they sign up for another period of at least 12 months.
    For business customers, the rights give entitlement to a free handset.
    A provision is recorded as rights are awarded, taking into account the likelihood they will be exercised; the provision is released as the rights are used.
    In the absence of specific international accounting standards or interpretations on this issue, the French GAAP accounting treatment has been retained for IFRS reporting purposes.

- Provisions for losses to completion on contracts. These relate to construction contracts in progress, and take account of claims accepted by the client. They are measured on a contract by contract basis, with no netting between them.

2.12.3. Trade payables and other current liabilities

Because of the short-term nature of these liabilities, they are shown in the consolidated financial statements at a reasonable estimate of market value.

2.13. INCOME STATEMENT

As allowed under IAS 1, “Presentation of Financial Statements”, the Bouygues group presents an income statement that classifies expenses by nature, in the format specified in recommendation 2004-R-02 issued by the French national accounting standard-setter, the *Conseil National de la Comptabilité* (CNC), on 27 October 2004. An income statement classifying expenses by function is shown in Note 17 to the financial statements.

2.13.1. Definition of operating revenues

Revenues from the Group’s operations are recognised when:

- it is probable that the future economic benefits of the transaction will flow to the Group;
- the amount of revenue can be reliably measured;
- at the transaction date, it is probable that the amount of the sale will be recovered.

Bouygues Telecom:

Bouygues Telecom generates revenue from services and handset sales.

Services

Price plans and commercial services are invoiced one month in advance, and the corresponding revenue is recognised on a straight-line basis over the service period.

Revenues from call charges other than price plans, roaming fees and interconnection fees are recognised as the service is used.

Service discounts offered to new customers on subscription to price plans that are contingent upon the customer committing to retain their subscription for a specified period are charged to income over the minimum commitment period.

Services carried out on behalf of content providers in relation to SMS+ services, special numbers and i-mode services are not included in income and expenses for the period. Only the margin on such services is recognised in sales.

Handset sales

Handset sales are recognised on the sale of the handset to the distributor or retailer, but the margin on the sale is eliminated until the line is activated by the customer.

Distributor/retailer commission
All commission payable to distributors and retailers is recognised as an expense.

2.13.2. Accounting for long-term contracts

Construction activities

In all the Group's construction activities, long-term contracts are accounted for using the percentage of completion method. The revenue recognised equals the latest estimate of the total selling price of the contract multiplied by the actual stage of completion determined by reference to the physical state of progress of the construction work.

If a contract is expected to generate a loss on completion, a provision for losses to completion is recognised as a current provision in the balance sheet. The loss is provided for in full as soon as it can be reliably measured, irrespective of the stage of completion.

Property development

The accounting treatment applied to property development activities is as follows:

Property development revenues are recognised using the percentage of completion method once the following conditions have been met:

- building permit with no appeal;
- signature of notarised deed of sale or development contract;
- construction contract signed (order given to start works).

The percentage of completion represents costs incurred to date as a proportion of the total estimated costs to completion.

Property development project finishing costs are recognised on a percentage of completion basis.

All interest charges associated with ongoing or completed property development projects are expensed as incurred.

2.13.3. Profits/losses from joint operations

These profits and losses are included in "Other operating income and expenses", and represent the Group's share of profits or losses from non-consolidated companies involved in the operation of production sites for road-building and asphalt products; they are included in current operating profit.

2.13.4. Share-based payment

In accordance with IFRS 2, stock subscription options granted to corporate officers or employees of Bouygues or other Group companies (TF1) are accounted for in the financial statements as follows: the fair value of the options granted (corresponding to the fair value of the services rendered by the employees as consideration for the options) is recognised as an employee benefit under "Personnel costs" in the income statement, with the matching entry credited to shareholders' equity.

The amount of the employee benefit is measured at the grant date of the option using the Black & Scholes model, and is charged to the income statement over the vesting period of the rights. In accordance with IFRS 2, this treatment applies only to plans awarded after 7 November 2002.

2.14. Cash flow statement

The cash flow statement is presented in accordance with IAS 7 and CNC recommendation 2004-R-02.

This statement explains changes in the Group's net cash position, which is defined as the net total of the following balance sheet items:

- cash and equivalents,
- overdrafts and short-term bank borrowings.

2.15. Off balance sheet commitments

A summary of contractual obligations and commercial commitments in provided in note 18.

2.16. Financial indicators

Definitions of key financial indicators:

2.16.1. EBITDA

Current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

2.16.2. Free cash flow

Operating cash flow before changes in working capital less net capital expenditure for the period.

2.16.3. Net debt

This represents the aggregate of:

- cash and equivalents;
- overdrafts and short-term bank borrowings;
- non-current and current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

2.17. Other information

Comparability of the IFRS financial statements:

- The accounting policies applied under IFRS as at 31 December 2006 are the same as those applied as at 31 December 2005, and consequently there is no impairment of the comparability of balance sheet, income statement and cash flow statement items between accounting periods.

- The comparative income statements shown have been restated to exclude the contributions from TPS and BTC.

NOTE 3	NON-CURRENT ASSETS	15,140

An analysis of non-current assets by business segment is provided in Note 16.

3.1 Summary of net investment for the period (operating and financing)

	2006	2005
Acquisitions of property, plant and equipment	1,531	1,198
Acquisitions of intangible assets	171	173
Investment in operating assets	**1,702**	**1,371**
Non-current financial assets (investments in consolidated and non-consolidated companies, other long-term investments)	2,687	333
Total investment	**4,389**	**1,704**
Disposals of non-current assets	(336)	(225)
Net investment	**4,053**	**1,479**

3.2 Movements during the period

5,039

3.2.1 Property, plant and equipment

Gross value	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
1 January 2005	**1,350**	**6,938**	**1,773**	**176**	**10,237**
Translation adjustments	30	95	29		**154**
Transfers between items & other	12	83	(202)	(116)	**(223)**
Changes in scope of consolidation	(30)	(49)	21	(6)	**(64)**
Acquisitions and other increases	64	807	225	102	**1,198**
Disposals and other reductions	(13)	(424)	(145)	(4)	**(586)**
31 December 2005	**1,413**	**7,450**	**1,701**	**152**	**10,716**
of which finance leases	30	67	158		**255**
Movements during 2006					
Translation adjustments	(18)	(61)	(23)	(3)	**(105)**
Transfers between items & other	26	88	5	(123)	**(4)**
Changes in scope of consolidation	(22)	35	9	7	**29**
Acquisitions and other increases [(1)]	226	796	272	237	**1,531**
Disposals and other reductions	(16)	(312)	(121)	(1)	**(450)**
31 December 2006	**1,609**	**7,996**	**1,843**	**269**	**11,717**
of which finance leases	22	84	123		**229**

Depreciation and impairment	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
1 January 2005	**(426)**	**(3,965)**	**(1,217)**		**(5,608)**
Translation adjustments	(7)	(60)	(18)		**(85)**
Transfers between items & other	(2)	1	181		**180**
Changes in scope of consolidation	10	5	1		**16**
Disposals and other reductions	7	340	122		**469**
Net depreciation expense	(46)	(796)	(231)		**(1,073)**
Impairment losses recognised					
Impairment losses reversed					
31 December 2005	**(464)**	**(4,475)**	**(1,162)**		**(6,101)**
of which finance leases	(10)	(38)	(110)		**(158)**
Movements during 2006					
Translation adjustments	4	39	15		**58**
Transfers between items & other	(1)	(5)	5		**(1)**
Changes in scope of consolidation	10	(13)	(8)		**(11)**
Disposals and other reductions	6	286	113		**405**
Net depreciation expense	(51)	(761)	(216)		**(1,028)**
Impairment losses recognised					
Impairment losses reversed					
31 December 2006	**(496)**	**(4,929)**	**(1,253)**		**(6,678)**
of which finance leases	(6)	(45)	(98)		**(149)**

Carrying amount	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
31 December 2005	**949**	**2,975**	**539**	**152**	**4,615**
of which finance leases	20	29	48		**97**
31 December 2006	**1,113**	**3,067**	**590**	**269**	**5039** [(2)]
of which finance leases	16	39	25		**80**

[(1)] Including Bouygues Telecom: network investments of €497 million

[(2)] Including investment grants netted off property, plant and equipment: impact -€84 million

Analyses of the carrying amount of intangible assets and property, plant and equipment, and of investment in operating assets, by business segment and geographical area are provided in Note 16, "Segment Information".

3.2.2 Intangible assets

1,022

Gross value	Development expenses	Concessions, patents and similar rights [1]	Other intangible assets	Total
1 January 2005	**6**	**1,098**	**899**	**2,003**
Translation adjustments	0	0	3	**3**
Transfers between items & other	0	(17)	(10)	**(27)**
Changes in scope of consolidation	(7)	(7)	35	**21**
Acquisitions and other increases	1	46	124	**171**
Disposals and other reductions	0	(10)	(4)	**(14)**
31 December 2005	**0**	**1,110**	**1,047**	**2,157**
Movements in 2006				
Translation adjustments	0	0	(1)	**(1)**
Transfers between items & other	149	(145)	(4)	**0**
Changes in scope of consolidation	0	(22)	6	**(16)**
Acquisitions and other increases	24	53	82	**159**
Disposals and other reductions	0	(6)	(9)	**(15)**
31 December 2006	**173**	**990**	**1,121**	**2,284**

Amortisation and impairment	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
1 January 2005	**(4)**	**(250)**	**(729)**	**(983)**
Translation adjustments	0	0	(1)	**(1)**
Transfers between items & other	0	14	3	**17**
Changes in scope of consolidation	4	8	(13)	**(1)**
Disposals and other reductions	0	8	3	**11**
Net amortisation expense	0	(83)	(61)	**(144)**
Impairment losses recognised	0	0	0	**0**
Impairment losses reversed	0	0	0	**0**
31 December 2005	**0**	**(303)**	**(798)**	**(1,101)**
Movements in 2006				
Translation adjustments	0	0	1	**1**
Transfers between items & other	(75)	73	0	**(2)**
Changes in scope of consolidation	0	13	(4)	**9**
Disposals and other reductions	0	6	5	**11**
Net amortisation expense	(28)	(69)	(83)	**(180)**
Impairment losses recognised	0	0	0	**0**
Impairment losses reversed	0	0	0	**0**
31 December 2006	**(103)**	**(280)**	**(879)**	**(1,262)**

Carrying amount	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
31 December 2005	**0**	**807**	**249**	**1,056**
31 December 2006	**70**	**710**	**242**	**1,022** [2]

[1] Includes Bouygues Telecom UTMS licence: €619 million ➔ see Note 2 for description of amortisation method
[2] Including investment grants netted off intangible assets: impact €10 million

3.2.3 Goodwill

4,781

Movement in carrying amount of goodwill during 2006: +€163 million

	Gross value	Impairment	Carrying amount
1 January 2005	**4,556**	**(16)**	**4,540**
Changes in scope of consolidation	500[(1)]		500
Impairment losses		(7)	(7)
Other movements	(415) [(2)]		(415)
31 December 2005	**4,641**	**(23)**	**4,618**
Movements in 2006			
Changes in scope of consolidation	171 [(3)]		171
Impairment losses		(16)	(16)
Other movements	8		8
31 December 2006	**4,820**	**(39)**	**4,781**

[(1)] Includes +€320 million on 6.5% interest in Bouygues Telecom (call option)
[(2)] Includes -€420 million for TPS, in process of divestment at end 2005, reclassified to "Held-for-sale assets"
[(3)] Principal acquisitions included:

TF1:	1001 listes	24
Bouygues Construction:	Marazzi	35
	Thermal T.	29
	VCES	20

Split of goodwill by cash generating unit (CGU)

- See Note 2 for details about the concept of a CGU.

CGU	31 December 2006 Total	31 December 2006 % of parent	31 December 2005 Total	31 December 2005 % of parent
Bouygues Construction [(1)]	224	99.97%	106	99.97%
Colas [(2)]	827	96.49%	805	96.42%
TF1 [(2)]	1,085	42.92%	1,047	42.93%
Bouygues Telecom [(2)]	2,645	89.55%	2,655	89.55%
Other activities			5	
Total Bouygues	**4,781**		**4,618**	

[(1)] Only includes goodwill on subsidiaries acquired by the CGU
[(2)] Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made by the parent company (Bouygues SA)

Consolidated purchase price of listed shares (TF1 and Colas)

	Consolidated purchase price per share [(1)]	Quoted closing share price at 31 December 2006
TF1	11.95	28.11
Colas	71.42	228.50

[(1)] Carrying amount per share in the consolidated financial statements.

Impairment tests were carried out as described in Note 2, and showed no evidence of impairment of intangible assets or goodwill attached to the Group's CGUs (business segments).

3.2.4 Non-current financial assets and non-current tax assets

4,298

These assets include:

- **Investments in associates (companies accounted for by the equity method)**
- **Other non-current financial assets**

	Gross value						
	Associates [1]	Other non-current assets: Investments in non-consolidated companies	Other non-current assets: Other non-current assets	Total gross value	Impairment	Carrying amount	Non-current deferred tax assets
1 January 2005	**488**	**223**	**148**	**859**	**(136)**	**723**	**569**
Translation adjustment	4	0	3	7	0	7	2
Transfers between items & other	(17)	21	(7)	(3)	1	(2)	(53)
Changes in scope of consolidation	(12)	(10)	1	(21)	(11)	(32)	1
Acquisitions and other increases	36	6	94	136	0	136	1
Disposals and other reductions	0	(29)	(33)	(62)	0	(62)	0
Net impairment reversals/(losses)					10	10	(145)
31 December 2005	**499**	**211**	**206**	**916**	**(136)**	**780**	**375**
Movements in 2006							
Translation adjustment	(1)	0	0	(1)	0	(1)	(1)
Transfers between items & other	7	13	(11)	9	(8)	1	0
Changes in scope of consolidation	2,356	15	608	2,979	(34)	2,945	2
Acquisitions and other increases	150	39	268	457	0	457	7
Disposals and other reductions	(51)	(43)	(43)	(137)	0	(137)	(4)
Net impairment reversals/(losses)					(18)	(18)	(108)
31 December 2006	**2,960**	**235**	**1,028**	**4,223**	**(196)**	**4,027**	**271**

[1] Includes goodwill relating to associates: €1,751 million

3.2.4.1 Investments in associates

2,940

	Share of net assets held	Share of 2006 net profit/ (loss)	Goodwill on associates	Carrying amount
1 January 2005	**350**		**136**	**486**
Translation adjustment	4		0	**4**
Transfers between items & other	(17)		0	**(17)**
Changes in scope of consolidation	(12)		0	**(12)**
Acquisitions and other increases	64		0	**64**
Disposals and other reductions	(28)		0	**(28)**
Net impairment reversals/(losses)				**0**
31 December 2005	**361**		**136**	**497**
Movements in 2006				
Translation adjustment	(1)	0	0	**(1)**
Transfers between items & other	3	0	0	**3**
Changes in scope of consolidation	741	0	1,616 [2]	**2,357**
Acquisitions and other increases	18	136	0	**154**
Disposals and other reductions	(51)	0	(1)	**(52)**
Net impairment reversals/(losses)		(18)	0	**(18)**
31 December 2006	**1,071**	**118**	**1,751**	**2,940** [1]

[1] Includes: Alstom = €2,413 million. Based on the quoted stock market price at 31 December 2006 of €102.70, the Bouygues group's interest is worth €3,560 million
- Cofiroute (Colas) = €393 million
(see below)

[2] Alstom goodwill (based on 25.07% interest)

The Bouygues group owns a number of interests in associates, which are listed in Note 25 (Detailed List of Consolidated Companies at 31 December 2006).

Principal associates:

	31 December 2005	Net movement in 2006	31 December 2006	Of which: share of net profit/ (loss)
Alstom		2,413	2,413	56
Construction				
Public works concession companies	52	2	54	8
Other associates	10	2	12	5
Roads				
Cofiroute	369	24	393	50
Other associates	26	2	28	4
Media	40	0	40	13
Results of other associates				(18) [1]
Total	**497**	**2,443**	**2,940**	**118**

[1] Amortisation charged against depreciable assets identified as part of the Alstom purchase price allocation (see Note 2)

Summary information about the assets, liabilities, income and expenses of the Bouygues group's principal associates is provided below.

Amounts shown are for 100% of the associate	31 December 2006	
	Alstom [(1)]	Cofiroute
Non-current assets	8,568	4,915
Current assets	9,617	699
Assets held for sale	803	
Total assets	**18,988**	**5,614**
Shareholders' equity	2,043	1,570
Non-current liabilities	3,623	3,472
Current liabilities	12,462	572
Liabilities on held-for-sale assets	860	
Total liabilities	**18,988**	**5,614**
Sales	6,608	966
Current operating profit	413	510
Net profit/(loss) of discontinued and held-for-sale operations	(15)	
Net profit	**218**	**301**
Net profit attributable to the Group	**227**	**301**

Amounts shown are for 100% of the associate	31 December 2005	
	Alstom [(2)]	Cofiroute
Non-current assets	8,479	4,421
Current assets	8,785	594
Assets held for sale	1,144	
Total assets	**18,408**	**5,015**
Shareholders' equity	1,840	1,428
Non-current liabilities	3,623	3,107
Current liabilities	11,802	480
Liabilities on held-for-sale assets	1,143	
Total liabilities and equity	**18,408**	**5,015**
Sales	13,413	900
Current operating profit	746	465
Net profit/(loss) of discontinued and held-for-sale operations	(198)	
Net profit	**181**	**276**
Net profit attributable to the Group	**178**	**276**

[(1)] Published interim financial statements of Alstom for the six months ended 30 September 2006 (Alstom's financial year-end is 31 March)

[(2)] Financial statements for the year ended 31 March 2006

3.2.4.2 Other non-current financial assets

1,087

- **Investments in non-consolidated companies: 114**
- **Other non-current financial assets: 973**

3.2.4.2.1 Carrying amount of principal investments in non-consolidated companies at 31 December 2006

Investment	31/12/06 Gross value	Impairment	Carrying amount	% interest	Total assets	Total current & non-current liabilities	Total sales	Net profit	31/12/05 Carrying amount
French companies									
CATC	2		**2**	99.8%		-	-	-	**2**
Foncière du Point du Jour	10	(7)	**3**	100.0%	3	-	-	-	**3**
Périphérique de Lyon	9	(8)	**1**	38.7%	4	-	-	-	**1**
Sylver	4		**4**	49.0%					**4**
Novasaur [2]								-	**36**
Asphalt & binder companies (Colas) [1]	14	(2)	**12**		-	-	-	-	**17**
Other investments in French companies	72	(29)	**43**		-	-	-	-	**18**
Sub-total	**111**	**(46)**	**65**		**7**	**0**	**0**	**0**	**81**
Foreign companies									
Socoprim (Ivory Coast)	13		**13**	66.3%	22	1		-	14
Ma Chang (South Korea)	9		**9**	30.0%	109	88			7
CCIB (Romania)	6	(6)	**0**	22.0%	-	-	-	-	0
VSL Corporation (USA)	22	(22)	**0**	100.0%					0
Asphalt & binder companies (Colas) [1]	2	(1)	**1**		-	-	-	-	1
Other investments in foreign companies	72	(46)	**26**		-	-	-	-	11
Sub-total	**124**	**(75)**	**49**		**131**	**89**	**0**		**33**
Total	**235**	**(121)**	**114**		**138**	**89**	**0**	**0**	**114**

[1] The information provided for Colas asphalt & binder companies and other investments in French and foreign companies relates to a number of companies, for which individual information is not disclosed on grounds of immateriality

[2] Sold in 2006

3.2.4.3 Other non-current financial assets

973

The main items included in this heading are:

● Canal+ France financial asset (transfer of TPS)		629 (1)
● Advances to non-consolidated companies		183 (2)
● Non-current loans and receivables		41
● Other long-term investments:		120
comprising:		
- Deposits and caution money	105	
- Other long-term investment securities	15 (3)	

(1) The Canal+ France financial asset received in exchange for the transfer of TPS shares represents 9.9% of the capital of Canal+ France plus a put option exercisable in February 2010 under which TF1 may sell its entire interest in Canal+ France for the greater of:

- a minimum price of €745.8m (for the TF1 interest)
- an independent valuation as of the exercise date of the option

At 31 December 2006, the fair value of this asset was determined on the basis of the minimum price of€745.8m, discounted at the contractual rate of interest as per the agreement of 6 January 2006.➔ income statement impact

(2) Mainly the non-current receivable (financial asset) relating to Alstom Hydro holding (see Note 1)

(3) Main components of "Other long-term investment securities":

Mutual funds	5
Other investments individually less than €2 million	10
	15

Analysis of investments in non-consolidated companies and other non-current financial assets (excluding associates) by type

1,087

	Available-for-sale financial assets(1)	Loans and receivables(3)	Financial assets at fair value through profit or loss(2)	Held-to-maturity financial assets(3)	Total
31 December 2005	98	99	5	81	**283**
Movements during 2006	(2)	132	626	48	**804**
31 December 2006	96	231	631	129	**1,087**
Due within less than 1 year	2	8		1	**11**
Due within 1-5 years	7	21	629		**657**
Due after more than 5 years	87	202	2	128	**419**

(1) Impact of remeasurement recognised in equity
(2) Impact of remeasurement recognised in profit or loss
(3) Measured at amortised cost

Investments in joint ventures

The Bouygues group holds a number of interests in joint ventures, which are listed in Note 25 (Detailed List of Consolidated Companies at 31 December 2006).

Aggregate amounts of assets/liabilities and key income statement indicators are shown below:

Bouygues share	31 December 2006	31 December 2005
Non-current assets	147	160
Current assets	1,067	603
Total assets	**1,214**	**763**
Shareholders' equity	83	28
Non-current liabilities	100	157
Current liabilities	1,031	578
Total liabilities & shareholders	**1,214**	**763**
Sales	**1,287**	**918**
Operating profit	**70**	**39**
Net profit	**68**	**21**

3.2.5 Non-current tax assets

271

See Note 7 for details.

NOTE 4	CURRENT ASSETS	14,680

4.1 Inventories

2,298

Inventories	31 December 2006 Gross value	Impairment[1]	Carrying amount	31 December 2005 Gross value	Impairment [1]	Carrying amount
Inventories: raw materials, supplies, finished goods and property development inventories	1,826	(79)	**1,747**	1,368	(75)	**1,293**
Programmes and broadcasting rights (TF1)	693	(142)	**551**	655	(144)	**511**
Total	**2,519**	**(221)**	**2,298**	**2,023**	**(219)**	**1,804**

		2006	2005
[1] includes:	Losses charged during the period	(77)	(110)
	Losses reversed during the period	85 [a]	95

[a] Includes reversals of impairment losses on property development inventories (Bouygues Immobilier): 18

Programming schedules for future years not yet recognised

The maturities of broadcasting and sports transmission rights contracts (see Note 2 for details) are as follows:

	Maturity within less than 1 year	within 1-5 years	after more than 5 years	Total 2006	Total 2005
. Programmes and broadcasting rights (a)	486	702	102	1,290	1,633
. Sports transmission rights	197	584	170	951	940
Total	**683**	**1,286**	**272**	**2,241**	**2,573**

[a] Some of these contracts are denominated in foreign currencies: €12.2m in Swiss francs, €53.7m in pounds sterling and €429.5m in US dollars.

4.2 Advances and down-payments on orders

333

	31 December 2006			31 December 2005		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Advances and down-payments on orders	337	(4)	**333**	360	(3)	**357**

4.3 Trade receivables, tax assets and other receivables

8,244

	31 December 2006			31 December 2005		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	6,586	(334)	**6,252**	5,759	(341)	**5,418**
Current tax assets (tax receivable)	42	(2)	**40**	73	(2)	**71**
Other receivables and prepaid expenses						
Other operating receivables (employees, social security, government & other)	1,377	(23)	**1,354**	1,148	(20)	**1,128**
Sundry receivables	528	(96)	**432**	495	(89)	**406**
Prepaid expenses	166		**166**	150		**150**
Sub-total	2,071	(119)	**1,952**	1,793	(109)	**1,684**
Total	**8,699**	**(455)**	**8,244**	**7,625**	**(452)**	**7,173**

4.4 Financial instruments (assets)

29

See Note 17, Financial Instruments.

4.5 Cash and equivalents

3,776

Cash and equivalents	31 December 2006 Gross value	Impairment	Carrying amount	31 December 2005 Gross value	Impairment	Carrying amount
Cash	669		**669**	618		**618**
Short-term investment securities	3,110	(3)	**3,107**(1)	2,609	(12)	**2,597**
Total	**3,779**	**(3)**	**3,776**	**3,227**	**(12)**	**3,215**

- Bouygues SA holds €2,712m of these short-term investment securities.
- Investments are placed by the Group with high-quality French and foreign banks.
- Cash equivalents are readily convertible into cash.

(1) Short-term investment securities are mainly classified as available-for-sale.

Net cash and equivalents as shown in the cash flow statement comprise the following items:

	31/12/06	31/12/05
Assets		
Cash	669	618
Short-term investment securities	3,107	2,597
Sub-total	3,776	3,215
Liabilities		
Overdrafts and short-term bank borrowings	(247)	(178)
Sub-total	(247)	(178)
Net cash and equivalents	**3,529**	**3,037**

Split of cash and equivalents by currency at 31 December 2006	Euro	Pound sterling	Swiss franc	Other European currencies	US dollar	Other	Total
Cash	278	36	46	81	23	205	**669**
Short-term investment securities	3,087		3		2	15	**3,107**
Financial instruments							
Overdrafts and short-term bank borrowings	(84)	(3)	(1)	(82)	(1)	(76)	**(247)**
Total 2006	**3,281**	**33**	**48**	**(1)**	**24**	**144**	**3,529**
Total 2005	**2,895**	**22**	**31**	**19**	**26**	**44**	**3,037**

NOTE 5	CONSOLIDATED SHAREHOLDERS' EQUITY

5.1 Share capital of Bouygues SA (in euros) €334,777,583

As at 31 December 2006, the share capital of Bouygues SA consisted of 334,777,583 shares. Movements in the year ended 31 December 2006 were as follows:

	1 January 2006	Movements during 2006 Reductions	Increases	31 December 2006
Shares	336,289,029	(6,410,706)	4,899,260	334,777,583
Investment certificates	473,867	(473,867)		
Number of shares/certificates	**336,762,896**	**(6,884,573)**	**4,899,260**	**334,777,583**
Par value (in euros)	€1			€1
Share capital (in euros)	**336,762,896**	**(6,884,573)**	**4,899,260**	**334,777,583**

5.2 Shareholders' equity as at 31 December 2006 attributable to the Group and to minority interests

31 December 2006	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves & profit for year	Treasury shares	Items recognised directly in equity	Total 31/12/06
Attributable to the Group	335	1,742	805	235	2,288	(75)	17	**5,347**
Minority interests					1,145		1	**1,146**
Total shareholders' equity	**335**	**1,742**	**805**	**235**	**3,433**	**(75)**	**18**	**6,493**

5.3 Analysis of selected items included in shareholders' equity attributable to the Group:

(included in share premium and reserves, translation reserve and other items recognised directly in equity)

	Note	31/12/06
Translation reserve (closing balance)	1	**8**
Fair value remeasurement reserve (closing balance)	2	**84**
Share-based payment - IFRS 2 (movement during the year)	3	**26**
Other movements during the year	4	**(68)**

1 - Translation reserve

The translation reserve at 31 December 2006 reflects translation differences arising since 1 January 2004, when the existing reserve was deemed to be zero. The principal translation differences in the year ended 31 December 2006 arose on foreign companies reporting in:

	31/12/05	Movement in 2006	31/12/06
US dollars	18	(29)	(11)
Canadian dollars	14	(12)	2
Other currencies	12	5	17
Total	**44**	**(36)**	**8**

2 - Fair value remeasurement reserve

Reserve arising on the remeasurement of financial instruments and available-for-sale financial assets at fair value:

	31/12/05	Movement in 2006	31/12/06
Movement during the year	6	78 (1)	**84**

(1) Primarily remeasurements of the fair value of Bouygues SA bond issues (effective interest rate calculation).

3 - Share-based payment (IFRS2): impact on consolidated shareholders' equity

	31/12/05	31/12/06	(charged to "Personnel costs")
TF1 and Bouygues SA stock options			
. Transfer to reserves			
- TF1	2	2	Portion attributable to the Bouygues group
- Bouygues SA	7	9	Based on plans granted since November 2002
Consolidated expense	**9**	**11**	
Employee share ownership plans			
- Bouygues Confiance 3	30		Cost of benefit awarded to employees on 21 June 2005 (discount to share price)
- Bouygues Partage		15	Cost of benefit awarded to employees in 2006 (discount to share price) Plan to be implemented in 2007
Total	**39**	**26**	

4 - Other movements

	31/12/05	31/12/06
Other movements	(22)	(68) (1)
Total	**(22)**	**(68)**

(1) includes deferred taxes: - on fair value remeasurement reserve: -€22 million
- on Bouygues Partage discount: -€11 million

NOTE 6	NON-CURRENT AND CURRENT PROVISIONS

6.1 Non-current provisions = 1,432

	Long-term employee benefits[1]	Litigation and claims[2]	Guarantees given[3]	Other non-current provisions[4]	Total
1 January 2005	**331**	**243**	**215**	**387**	**1,176**
Movements in 2005					
Translation adjustments	1		1	2	**4**
Transfers between items	1	(19)	(2)	(19)	**(39)**
Changes in accounting method and scope of consolidation	1	(1)		(21)	**(21)**
Charges to provisions	67	141	75	103	**386**
Provisions utilised	(30)	(28)	(39)	(66)	**(163)**
Provisions no longer required	(3)	(27)	(18)	(30)	**(78)**
31 December 2005	**368**	**309**	**232**	**356**	**1,265**
Movements in 2006					
Translation adjustments			(1)	(1)	**(2)**
Transfers between items & other	1	(5)	1	11	**8**
Changes in accounting method and scope of consolidation	(1)		4	19	**22**
Charges to provisions	45	126	90	132	**393**
Provisions utilised	(14)	(28)	(42)	(50)	**(134)**
Provisions no longer required	(2)	(69)	(16)	(33)	**(120)**
31 December 2006	**397**	**333**	**268**	**434**	**1,432**

		includes:	Principal segments involved:	
(1) **Long-term employee benefits**		**397**	- Bouygues Construction	100
Lump-sum retirement benefits	278		- Colas	204
Long-service awards	97		- TF1	35
Other long-term employee benefits	22			
(2) **Litigation and claims**		**333**	- Bouygues Construction	184
Provisions for customer disputes	118		- Bouygues Immobilier	41
Subcontractor claims	45		- Colas	82
Employee-related litigation and claims	20			
Other litigation and claims	150			
(3) **Guarantees given**		**268**	- Bouygues Construction	175
Provisions for guarantees given	189		- Bouygues Immobilier	16
Additional building, civil engineering/ civil works guarantees	79		- Colas	73
(4) **Other non-current provisions**		**434**	- Bouygues Construction	128
Risks related to official inspections	137		- Colas	154
Provisions for miscellaneous foreign risks	14		- Bouygues Telecom	47
Provisions for subsidiaries and affiliates	24			
Provisions for contractual obligations	8			
Provisions for site remediation costs	89			
Other non-current provisions	162			

6.2 Current provisions = 690

Provisions relating to the operating cycle (see Note 2)

	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for losses to completion	Provisions for customer loyalty programmes (Bouygues Telecom)	Other current provisions	Total
1 January 2005	**27**	**146**	**74**	**147**	**146**	**540**
Movements in 2005						
Translation adjustments		2	2		2	**6**
Transfers between items	2	(10)	36		43	**71**
Changes in accounting method and scope of consolidation		(1)	(3)		(13)	**(17)**
Charges to provisions	19	71	81	155	90	**416**
Provisions utilised	(15)	(33)	(27)	(128)	(59)	**(262)**
Provisions no longer required	(2)	(22)	(31)		(23)	**(78)**
31 December 2005	**31**	**153**	**132**	**174**	**186**	**676**
Movements in 2006						
Translation adjustments		(3)	(1)			**(4)**
Transfers between items & other	(1)	(1)	(10)		(18)	**(30)**
Changes in accounting method and scope of consolidation	(1)	(6)	3	(5)	(3)	**(12)**
Charges to provisions	24	69	74	166	100	**433**
Provisions utilised	(14)	(28)	(72)	(157)	(55)	**(326)**
Provisions no longer required	(3)	(19)	(14)	(1)	(10)	**(47)**
31 December 2006	**36**	**165** (1)	**112** (3)	**177**	**200** (2)	**690**

(1) including:

			includes: Principal segments involved:	
- provisions for risks on completed projects:	81	}	- Bouygues Construction	127
- provisions for final settlement on projects:	84		- Colas	38

(2) including:

- reinsurance costs:	23	- Challenger Réassurance	
- other current provisions:	177	- Bouygues Construction	49
		- Colas	36
		- TF1	43

(3) Relates to the Construction segment: Bouygues Construction€62m, Bouygues Immobilier €15m and Colas €35m
(Individual project provisions are not disclosed for confidentiality reasons)

NOTE 7	NON-CURRENT TAX ASSETS/LIABILITIES	271 / 75

7.1 Non-current tax assets

	31/12/05	Movement	31/12/06
● Deferred tax assets	**375**	**(125)**	**250**
- Bouygues Telecom [1]	203	**(139)**	64
- Other segments	172	**14**	186
● Non-current tax receivable	**0**	**21**	**21**
Total non-current tax assets	**375**	**(104)**	**271**

[1] - Bouygues Telecom: The balance at 31 December 2006 consists of deferred tax assets on temporary differences, all deferred tax assets relating to tax loss carry-forwards having been absorbed as of that date.

7.2 Non-current tax liabilities

	31/12/05	Movement	31/12/06
Deferred tax liabilities	89	(14)	75
Other non-current tax liabilities	0	0	0
Total non-current tax liabilities	**89**	**(14)**	**75**

7.3 Deferred tax assets and liabilities by business segment

Type of deferred taxation by business segment	Net deferred tax asset/liability at 31/12/05	Changes in scope of consolidation	Translation adjustment	Movements during 2006		Other items	Net deferred tax asset/liability at 31/12/06
				Gain	Expense		
A - Tax losses available for carry-forward							
Bouygues Construction	3	4			(1)		**6**
Bouygues Immobilier							**0**
Colas	7			2			**9**
TF1	12				(3)		**9**
Bouygues Telecom	164			1	(145)	(20)	**0**
Bouygues SA and other activities							**0**
Sub-total	**186**	**4**	**0**	**3**	**(149)**	**(20)**	**24**
B - Temporary differences [1]							
Bouygues Construction	57	(1)		1			**57**
Bouygues Immobilier	21			6			**27**
Colas	(4)	(3)	3	13	(11)	(1)	**(3)**
TF1	(3)	(1)		13			**9**
Bouygues Telecom	38					26	**64**
Bouygues SA and other activities	(9)			44	(3)	(35)	**(3)**
Sub-total	**100**	**(5)**	**3**	**77**	**(14)**	**(10)**	**151**
Total	**286**	**(1)**	**3**	**80**	**(163)**	**(30)**	**175** [2]

[1] Main sources of deferred taxation:

	2006	2005
- Deferred tax assets on employee benefits	110	87
- Deferred tax on temporarily non-deductible provisions	50	54
- Restricted provisions booked solely for tax purposes	(61)	(57)
- Other	52	16
	151	100

[2] Net deferred tax asset (€250m - €75m)

7.4 Period to recovery of deferred tax assets

31 December 2006	Less than 2 years	2 to 5 years	Over 5 years	Total
Period to recovery of deferred tax assets	114	117	19	**250**

7.5 Unrecognised deferred tax assets

Amount of deferred tax assets not recognised due to low probability of recovery:

	31/12/05	**Movements during 2006**	**31/12/06**
Bouygues Construction	51	5	56
Bouygues Immobilier	18	(1)	17
Colas	27	(7)	20
TF1	42	(1)	41
Bouygues Telecom	29	(29)	
Other	28	(10)	18
Total unrecognised deferred tax assets	**195**	**(43)** [1]	**152**

[1] Primarily on the disposal of Bouygues Telecom Caraïbes: - €29m

NOTE 8	NON-CURRENT AND CURRENT DEBT	7,711

Non-current debt	**6,844**
Current debt	**867**

8.1 Interest-bearing debt by maturity

	Current debt 2007	Non-current debt 1 to 2 years 2008	2 to 3 years 2009	3 to 4 years 2010	4 to 5 years 2011	5 to 6 years 2012	6 or more years 2013 & later	Other	Total non-current debt 31/12/06	Total 31/12/05
Bond issues	140		1,007	498	749		4,310		**6,564**	**4,008**
Bank borrowings	98	29	65	23	9	6	45		**177**	**176**
Finance lease obligations	24	15	13	12	8	4	4		**56**	**57**
Other debt	149	16	20	3	5	3			**47**	**20**
Participating loans										
Total interest-bearing debt	**411**	**60**	**1,105**	**536**	**771**	**13**	**4,359**		**6,844**	**4,261**
Bouygues Telecom 6.5% call option	**456**									**460**
Total inc. Bouygues Telecom option	**867**	**60**	**1,105**	**536**	**771**	**13**	**4,359**		**6,844**	**4,721**
Comparative at 31/12/05	**694**	**549**	**35**	**1,036**	**526**	**782**	**1,793**			**4,721**

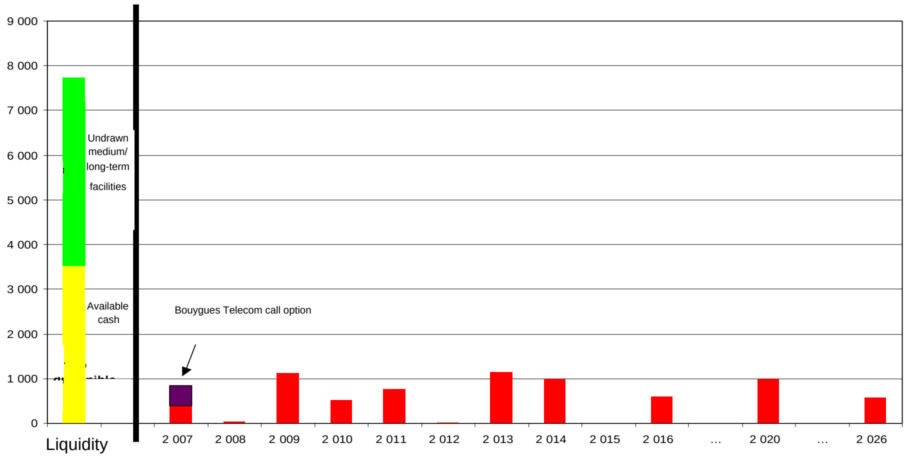
Finance lease obligations by business segment	**Construction**	**Property**	**Roads**	**Media**	**Telecoms**	**Bouygues SA & other activities**	**Total**
Non-current, 31 December 2006			35	2	19		**56**
Current, 31 December 2006			20	1	3		**24**
Non-current, 31 December 2005			32	2	23		**57**
Current, 31 December 2005			26	1	8		**35**

8.2 Confirmed credit facilities and drawdowns

Description	Confirmed facilities - Maturity Less than 1 year	1 to 5 years	Over 5 years	**Total**	Drawdowns - Maturity Less than 1 year	1 to 5 years	Over 5 years	**Total**
Bond issues (primarily Bouygues SA)	140	2,254	4,310	**6,704**	140	2,254	4,310	**6,704**
Bank borrowings	274	4,024	182	**4,480**	98	126	51	**275**
Other borrowings	173	92	11	**276**	173	92	11	**276**
Total before Bouygues Telecom call option	**587**	**6,370**	**4,503**	**11,460**	**411**	**2,472**	**4,372**	**7,255**
Bouygues Telecom 6.5% call option	456			**456**	456			**456**
Total including Bouygues Telecom call option	**1,043**	**6,370**	**4,503**	**11,916**	**867**	**2,472**	**4,372**	**7,711**

8.3 Liquidity at 31 December 2006

As at 31 December 2006, available cash stood at €3,535 million (including €6 million of financial instruments contracted to hedge net debt). The Group also had €4,205 million of undrawn confirmed medium-term credit facilities as at the same date.



Consequently, the Group has no exposure to liquidity risk.
The credit facilities contracted by Bouygues contain no financial covenants or trigger events, and nor do those used by Bouygues subsidiaries.
The 10-year bond issue maturing May 2016, the 7-year bond issue maturing May 2013 and the 20-year sterling bond issue maturing 2026 all contain a change of control clause relating to Bouygues SA.

8.4 Split of current and non-current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedging contracts at the balance sheet date:

	31/12/06	**31/12/05**
- Fixed rate [1]	87%	85%
- Variable rate	13%	15%

[1] Rates fixed for more than one year

8.5 Interest rate risk

The split of financial assets and financial liabilities by interest rate type at 31 December 2006 was as follows:

	Variable rate	**Fixed rate**	**Total**
Financial liabilities	693	**7,018**	**7,711**
Financial assets [*]	3,535		**3,535**
Net position before hedging	(2,842)	**7,018**	**4,176**
Interest rate hedges	345	**(345)**	
Net position after hedging	**(2,497)**	**6,673**	**4,176**
Adjustment for seasonal nature of certain activities	275		
Net position after hedging and adjustment	**(2,222)**		

[*] Includes €6 million for the fair value of financial instruments contracted to hedge net debt.

An immediate 1% rise in short-term interest rates would reduce net interest expense by €22.2 million over a full year.

8.6 Split of current and non-current debt by currency

	Europe						
	Euro	**Pound Sterling**	**Other currencies**	**US dollar**	**CFA franc**	**Other currencies**	**Total**
Non-current, 31/12/06	6,105	650	19	13	31	26	**6,844**
Current, 31/12/06	833	2	16	1	5	10	**867**
Non-current, 31/12/05	4,610	38	23	9	35	6	**4,721**
Current, 31/12/05	677		3	1	11	2	**694**

An analysis of net debt by business segment is provided in Note 16.

NOTE 9	MAIN COMPONENTS OF CHANGE IN NET DEBT	(4,176)

9.1 Change in net debt

	31/12/05	Movements during 2006	31/12/06
Cash and equivalents	3,215	561	3,776
Overdrafts and short-term bank borrowings	(178)	(69)	(247)
Net cash and equivalents	**3,037**	**492** (1)	**3,529**
Long-term debt	(4,721)	(2,123)	(6,844)
Debt (amount due within one year)	(694)	(173)	(867)
Financial instruments, net	26	(20)	6
Gross debt	**(5,389)**	**(2,316)**	**(7,705)**
Net debt	**(2,352)**	**(1,824)**	**(4,176)**

(1) Cash and equivalents as analysed in the 2006 cash flow statement (net cash flows + non-monetary movements)

9.2 Principal transactions in the year ended 31 December 2006

Net debt at 31 December 2005	**(2,352)**
Main impacts of changes in scope of consolidation	**81**
Dividends paid by Bouygues and its subsidiaries	**(463)**
Bouygues Confiance 3 share issue (2006 tranche)	**54**
Main acquisitions and disposals of investments and financial assets	**(181)**
Purchase of treasury shares, net of stock options exercised (Bouygues SA and TF1)	**(220)**
Operating and other items	**1,429**
Net debt at 31 December 2006 before Alstom transactions	**(1,652)**
Alstom transactions during 2006	
- Acquisition of interest in Alstom (French State 21.01%, stock market 4.06%)	**(2,374)**
- Alstom Hydro Holding financial asset (receivable)	**(150)**
Net debt at 31 December 2006	**(4,176)**

Sign convention: cash and equivalents positive, debt negative

NOTE 10	CURRENT LIABILITIES	14,976

Breakdown of current liabilities

	31/12/06	31/12/05
Advances and down-payments received	958	677
Debt (amount due within one year)[(1)]	867	694
Current taxes payable	144	211
Trade payables	6,744	5,805
Current provisions[(2)]	690	676
Other current liabilities, deferred income and similar		
Other operating liabilities (employees, Social Security, government)	2,298	1,998
Deferred income	1,217	961
Other non-financial liabilities	1,801	1,392
Overdrafts and short-term bank borrowings	247	178
Financial instruments (hedging of fair-value financial liabilities)[(3)]	5	9
Other current financial liabilities	5	11
Total	**14,976**	**12,612**

[(1)] See analysis in Note 8
[(2)] See analysis in Note 6.2
[(3)] See analysis in Note 17

NOTE 11	ANALYSIS OF SALES AND OTHER REVENUES FROM OPERATIONS

11.1 Analysis by accounting classification

	2006	2005
Sales of goods	2,496	2,233
Sales of services	10,104	9,086
Construction contracts	13,808	12,664
Sales	**26,408**	**23,983**
Royalties	2	
Other revenues from operations	178	147
Other revenues from operations	**180**	**147**
Total	**26,588**	**24,130**

There were no material exchanges of goods or services in the year ended 31 December 2006.

Information about construction contracts

	Bouygues Construction	Colas	Total
Unbilled works	301	279	580
Warranty retentions	44	23	67
Works billed in advance	(799)	(216)	(1,015)
Advance payments received	(502)	(63)	(565)

11.2 Analysis by business segment

Sales reported by fully-consolidated companies include accounting revenues from works contracts and sales of goods and services.

SEGMENT	2006 sales				2005 sales			
	France	International	Total	%	France	International	Total	%
Construction	4,063	2,617	6,680	25	3,346	2,469	5,815	24
Property	1,390	218	1,608	6	1,389	168	1,557	6
Roads	6,239	4,443	10,682	41	5,436	3,988	9,424	39
Media	2,361	278	2,639	10	2,239	250	2,489	11
Telecoms	4,525		4,525	17	4,435		4,435	19
Bouygues SA & other activities	5	269	274	1	11	252	263	1
Consolidated sales	**18,583**	**7,825**	**26,408**	**100**	**16,856**	**7,127**	**23,983**	**100**
% change vs. 2005	**10%**	**10%**	**10%**					

11.3 Analysis by geographical area

	2006 sales		2005 sales	
	Total	%	Total	%
France	18,583	70	16,856	70
European Union (25 members)	2,811	10	2,636	11
Rest of Europe	1,009	4	766	3
Africa	1,034	4	1,056	4
Middle East	77	0	21	0
United States and Canada	2,067	8	1,781	8
Central and South America	154	1	132	1
Asia-Pacific	673	3	735	3
Total	**26,408**	**100**	**23,983**	**100**

11.4 Split by type of contract, France/International (%)

	2006			2005		
	France	International	Overall	France	International	Overall
Public-sector contracts [1]	31	48	36	29	49	35
Private-sector contracts	69	52	64	71	51	65

[1] Sales billed directly to government departments or local authorities (mainly works and maintenance contracts) in France and abroad.

NOTE 12	OPERATING PROFIT	1,877

	2006	2005
Current operating profit		
Sales	26,408	23,983
Other revenues from operations	180	147
Purchases used in production and external charges	(18,197)	(15,845)
Taxes other than income tax	(585)	(510)
Personnel costs	(5,278)	(4,802)
Net depreciation, amortisation, provisions and impairment		
Depreciation and amortisation	(1,190)	(1,183)
Net charge to provisions and impairment losses	(384)	(458)
Changes in production & property development inventories	471	58
Other operating income and expenses	496	459
Reversals of provisions no longer required [1]	216	222
Net gain on disposals of non-current assets	98	84
Other income and expenses	*182*	*153*
Current operating profit	**1,921**	**1,849**
Non-current operating income and expenses [2]	(44)	(104)
Operating profit	**1,877**	**1,745**

See Note 16 for an analysis by business segment.

[1] Reversals of provisions no longer required are individually immaterial.

[2] Fines for anti-competitive practices in 2006:

- Construction segment	44

Fines for anti-competitive practices in 2005:

- Bouygues Telecom	58
- Construction segment	46

NOTE 13	COST OF NET DEBT	(200)

COMPONENTS OF COST OF NET DEBT

	2006	2005
- net debt	(198)	(175)
- finance leases	(4)	(6)
- financial instruments	2	(5)
Total	**(200)**	**(186)**

NOTE 14	INCOME TAX EXPENSE	(555)

14.1 Analysis of income tax expense

	2006			2005		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(327)	(133)	(460)	(282)	(122)	(404)
Change in deferred tax liabilities	14	(1)	13	(19)	(1)	(20)
Change in deferred tax assets [(1)]	(106)	(2)	(108)	(153)	7	(146)
Total	**(419)**	**(136)**	**(555)**	**(454)**	**(116)**	**(570)**

[(1)] Includes Bouygues Telecom deferred tax assets written back.

See Note 16 for an analysis by business segment.

14.2 Tax proof (reconciliation between standard tax rate and effective tax rate)

Differences between the standard corporate income tax rate applicable in France and the effective tax rate based on the consolidated financial statements are as follows:

	2006	2005
- Net profit	1,582	1,038
- Eliminations:		
Income tax expense	555	570
Net profit of discontinued and held-for-sale operations	(364)	(16)
Share of profits and losses of associates	(118)	(62)
- Net profit before tax	**1,655**	**1,530**
- Standard tax rate in France	34.43%	34.93%
- Recognition and utilisation of tax loss carry-forwards	0.49%	(0.81%)
- Effect of permanent differences	(0.32%)	4.20%
- Flat-rate taxes, dividend taxes and tax credits	0.65%	0.88%
- Taxes at rates not linked to profits: differences in tax rates, long-term capital gains, foreign taxes	(1.75%)	(1.91%)
- Effective tax rate	**33.50%**	**37.29%**

NOTE 15

BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share before dilution (basic earnings per share) is obtained by dividing net profit attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of ordinary shares bought and held as treasury shares.

	2006	2005
Net profit attributable to the Group (€m)	1,246	832
Weighted average number of shares outstanding	335,953,459	332,036,321
Basic earnings per share (in euros)	**3.71**	**2.51**

Diluted earnings per share is calculated by reference to the weighted average number of shares outstanding, adjusted for the conversion of all potentially dilutive shares (i.e. stock subscription options legally and effectively exercisable at the balance sheet date).

	2006	2005
Net profit used to calculate diluted earnings per share	1,246	832
Weighted average number of shares outstanding	335,953,459	332,036,321
Adjustment for potential dilutive effect of stock options	10,353,752	11,351,815
Diluted earnings per share (in euros)	**3.60**	**2.42**

NOTE 16	SEGMENT INFORMATION

Segment information is provided in two forms:

1- By business segment:
. Construction (Bouygues Construction)
. Property (Bouygues Immobilier)
. Roads (Colas)
. Media (TF1)
. Telecoms (Bouygues Telecom)
. Bouygues SA and other activities

2- By geographical area: France, Rest of Europe, Africa, Asia-Pacific, Americas, Middle East
(Sales are allocated by the location where the sales are generated, and property, plant and equipment by location of the asset)

16.1 Analysis by business segment - year ended 31 December 2006

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	TOTAL 2006
Income statement							
Total sales	6,923	1,608	10,716	2,654	4,539	542	**26,982**
Inter-segment sales	(243)		(34)	(15)	(14)	(268)	**(574)**
Third-party sales	**6,680**	**1,608**	**10,682**	**2,639**	**4,525**	**274**	**26,408**
Net depreciation and amortisation expense	(103)	(2)	(369)	(86)	(595)	(35)	**(1,190)**
Net charges to provisions	(117)	(4)	(134)	(30)	(78)	(21)	**(384)**
Current operating profit	**305**	**176**	**524**	**301**	**581**	**34**	**1,921**
Non-current operating income and expenses	(43)		4			(5)	**(44)**
Operating profit	**262**	**176**	**528**	**301**	**581**	**29**	**1,877**
Cost of net debt	51	(1)	(15)	(12)	(9)	(214)	**(200)**
Income tax expense	(119)	(56)	(168)	(99)	(191)	78	**(555)**
Share of profits and losses of associates	8		54	13		43	**118**
Net profit before results of discontinued and held-for-sale operations	**211**	**109**	**402**	**198**	**381**	**(83)**	**1,218**
Net profit of discontinued and held-for-sale operations				254	110		**364**
Net profit	**211**	**109**	**402**	**452**	**491**	**(83)**	**1,582**
Net profit attributable to the Group	**210**	**107**	**382**	**194**	**440**	**(87)**	**1,246**
Balance sheet							
Property, plant and equipment	372	9	1,835	152	2,273	398	**5,039**
Intangible assets	20	3	61	157	771	10	**1,022**
Goodwill	224		827	1,085	2,645		**4,781**
Deferred tax assets and non-current tax receivables	66	30	68	23	64	20	**271**
Investments in associates	66		422	40		2,412	**2,940**
Other non-current assets	87	16	144	657	3	180	**1,087**
Cash and equivalents	344	96	272	275	9	2,780	**3,776**
Unallocated assets							**10,904**
Total assets							**29,820**
Non-current liabilities	230	38	137	506	18	5,915	**6,844**
Non-current provisions	587	85	513	46	100	101	**1,432**
Deferred tax liabilities and non-current tax liabilities	3	2	63	5		2	**75**
Current financial liabilities	4	79	32	145	6	601	**867**
Overdrafts and short-term bank borrowings	(1,949)	(46)	(306)	3	(82)	2,627	**247**
Unallocated liabilities							**20,355**
Total liabilities							**29,820**
Net debt (1)	2,059	26	410	(379)	67	(6,359)	**(4,176)**
Cash flow statement							
Operating cash flow before changes in working capital	437	163	942	380	1,214	19	**3,155**
Net acquisitions of property, plant and equipment and intangible assets	(206)	(4)	(527)	(78)	(613)	(178)	**(1,606)**
Net acquisitions of investments in consolidated companies and other investments	(169)	11	(54)	(42)	121	(2,314)	**(2,447)**
Other indicators							
EBITDA	430	161	976	412	1,229	71	**3,279**
Free cash flow	163	102	232	191	395	(294)	**789**

(1) Contribution at business segment level, including Bouygues Relais and Uniservice current accounts (these inter-segment accounts ar
eliminated in the "Bouygues SA & other activities" column).
Sign convention: cash and equivalents positive, debt negative.

16.2 Analysis by business segment - year ended 31 December 2005

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	TOTAL 2005
Income statement							
Total sales	6,131	1,557	9,540	2,508	4,447	423	**24,606**
Inter-segment sales	(316)		(116)	(19)	(12)	(160)	**(623)**
Third-party sales	**5,815**	**1,557**	**9,424**	**2,489**	**4,435**	**263**	**23,983**
Net depreciation and amortisation expense	(111)	(3)	(338)	(80)	(613)	(38)	**(1,183)**
Net charges to provisions	(186)	(44)	(107)	(44)	(68)	(9)	**(458)**
Current operating profit	**250**	**156**	**421**	**353**	**653**	**16**	**1,849**
Non-current operating income and expenses	(12)		(32)		(58)	(2)	**(104)**
Operating profit	**238**	**156**	**389**	**353**	**595**	**14**	**1,745**
Cost of net debt	32	1	(10)	(12)	(25)	(172)	**(186)**
Income tax expense	(114)	(53)	(121)	(116)	(220)	54	**(570)**
Share of profits and losses of associates	19		49	(5)		(1)	**62**
Net profit before results of discontinued and held-for-sale operations	**176**	**92**	**312**	**221**	**350**	**(129)**	**1,022**
Net profit of discontinued and held-for-sale operations				14	2		**16**
Net profit	**176**	**92**	**312**	**235**	**352**	**(129)**	**1,038**
Net profit attributable to the Group	**176**	**90**	**296**	**101**	**301**	**(132)**	**832**
Balance sheet							
Property, plant and equipment	247	46	1,650	152	2,270	250	**4,615**
Intangible assets	11	1	47	178	806	13	**1,056**
Goodwill	106		805	1,047	2,655	5	**4,618**
Deferred tax assets and non-current tax receivables	61	26	64	16	203	5	**375**
Investments in associates	62		395	40			**497**
Other non-current assets	89	8	98	21	3	64	**283**
Cash and equivalents	251	40	241	177	5	2,501	**3,215**
Unallocated assets							**9,939**
Total assets							**24,598**
Non-current liabilities	8	72	108	513	23	3,997	**4,721**
Non-current provisions	519	79	471	47	54	95	**1,265**
Deferred tax liabilities and non-current tax liabilities	1	5	61	7		15	**89**
Current financial liabilities	4	14	37	25	11	603	**694**
Overdrafts and short-term bank borrowings	56	1	100	1	1	19	**178**
Unallocated liabilities							**17,651**
Total liabilities							**24,598**
Net debt (1)	1,874	150	415	(351)	(441)	(3,999)	**(2,352)**
Cash flow statement							
Operating cash flow before changes in working capital	411	161	781	453	1,261	23	**3,090**
Net acquisitions of property, plant and equipment and intangible assets	(56)	(4)	(411)	(155)	(584)	(19)	**(1,229)**
Net acquisitions of investments in consolidated companies and other investments	(39)		(134)	(30)		(47)	**(250)**
Other indicators							
EBITDA	444	177	828	457	1,324	38	**3,268**
Free cash flow	273	105	239	170	431	(114)	**1,104**

(1) Contribution at business segment level, including Bouygues Relais and Uniservice current accounts (these inter-segment accounts are eliminated in the "Bouygues SA & other activities" column).
Sign convention: cash and equivalents positive, debt negative.

16.3 Analysis by geographical area

Year ended 31 December 2006	France (2)	European Union (25 members)	Rest of Europe	Africa	Asia-Pacific	Americas	Middle East	Total
Income statement								
Third-party sales	18,583	2,811	1,009	1,034	673	2,221	77	**26,408**
Balance sheet								
Property, plant and equipment (1)	3,880	345	118	203	56	434	3	**5,039**
Intangible assets	967	28	8	10	1	8		**1,022**
Unallocated assets								**23,759**
Total assets								**29,820**
Cash flow statement								
Purchase price of property, plant and equipment and intangibles	(1,314)	(110)	(31)	(65)	(29)	(150)	(3)	**(1,702)**

[(1)] Includes assets held under finance leases.
[(2)] Includes French overseas departments.

Year ended 31 December 2006	France (2)	European Union (25 members)	Rest of Europe	Africa	Asia-Pacific	Americas	Middle East	Total
Income statement								
Third-party sales	16,856	2,636	766	1,056	735	1,913	21	**23,983**
Balance sheet								
Property, plant and equipment (1)	3,725	248	53	199	41	349		**4,615**
Intangible assets	1,015	22		13		6		**1,056**
Unallocated assets								**18,927**
Total assets								**24,598**
Cash flow statement								
Purchase price of property, plant and equipment and intangibles	(1,093)	(70)	(19)	(71)	(17)	(101)		**(1,371)**

[(1)] Includes assets held under finance leases.
[(2)] Includes French overseas departments.

16.4 Income statement by function

Year ended 31 December 2006	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Consolidated sales	**6,680**	**1,608**	**10,682**	**2,639**	**4,525**	**274**	**26,408**
Cost of sales	(5,609)	(1,277)	(9,244)	(1,973)	(3,326)	(226)	**(21,655)**
Gross profit	**1,071**	**331**	**1,438**	**666**	**1,199**	**48** [1]	**4,753**
Research and development expenses	(8)	(2)	(61)	(8)	(22)	(1)	**(102)**
Selling expenses	(333)	(100)		(141)	(155)		**(729)**
Administrative expenses	(438)	(53)	(848)	(216)	(441)	(45)	**(2,041)**
Goodwill impairment			(9)	(4)		(6)	**(19)**
Other current operating income & expenses	13		4	4		38	**59**
Current operating profit	**305**	**176**	**524**	**301**	**581**	**34**	**1,921**

[1] Gross margin rate = 18.0%

Year ended 31 December 2006	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Consolidated sales	5,815	1,557	9,424	2,489	4,435	263	**23,983**
Cost of sales	(4,903)	(1,264)	(8,130)	(1,799)	(3,166)	(222)	**(19,484)**
Gross profit	**912**	**293**	**1,294**	**690**	**1,269**	**41** [2]	**4,499**
Research and development expenses	(7)	(1)	(107)		(21)	(1)	**(137)**
Selling expenses	(289)	(97)		(138)	(164)	(3)	**(691)**
Administrative expenses	(366)	(41)	(765)	(199)	(431)	(75)	**(1,877)**
Goodwill impairment			(1)			(5)	**(6)**
Other current operating income & expenses		2				59	**61**
Current operating profit	**250**	**156**	**421**	**353**	**653**	**16**	**1,849**

[2] Gross margin rate = 18.8%

NOTE 17 — FINANCIAL INSTRUMENTS

The tables presented below show the aggregate nominal amounts at 31 December 2006 for each type of financial instrument used, split by residual maturity for interest rate hedges and by currency for currency hedges.

17.1 Interest rate hedges

Analysis by maturity

Maturity	Notional amounts at 31/12/06 2007	2008 to 2011	After 2011	Total	Notional amounts at 31/12/05
Interest rate swaps					
- on financial assets	951	32	-	**983** (1)	**559**
- on financial liabilities	311	788	55	**1,154** (2)	**1,068**
Future rate agreements					
- on financial assets	-	-	-	**-**	**-**
- on financial liabilities	-	-	-	**-**	**-**
Caps/floors					
- on financial assets	-	-	-	**-**	**-**
- on financial liabilities	-	204	-	**204**	**-**

(1) of which swaps paying fixed rate: 583
(2) of which swaps paying fixed rate: 654

Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 31/12/06	Total 31/12/05
Interest rate swaps								
- on financial assets	400	-	-	-	-	583	**983**	**559**
- on financial liabilities	19	-	55	400	480	200	**1,154**	**1,068**
Future rate agreements								
- on financial assets	-	-	-	-	-	-	**-**	-
- on financial liabilities	-	-	-	-	-	-	**-**	-
Caps/floors								
- on financial assets	-	-	-	-	-	-	**-**	-
- on financial liabilities	54	-	-	150	-	-	**204**	-

In the case of renewable interest rate hedges, the amounts shown in the columns relate to the longest maturity.

17.2 Currency hedges

Analysis by currency

Currency	US dollar	Pound sterling	Swiss franc	Hong Kong dollar	Other	Total 31/12/06	Total 31/12/05
	At 31 December 2006 (equivalent value, in millions of euros)						
Forward purchases/sales							
- forward purchases	158	14	-	-	191	**363**	**114**
- forward sales	110	13	4	27	56	**210**	**269**
Currency swaps	62	32	43	-	118	**255**	**321**
Currency options							
- purchased	20	2	2	36	7	**67**	**53**
- written	-	-	-	-	-		4

Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 31/12/06	Total 31/12/05
Forward purchases/sales								
- forward purchases	74	-	147	128	14	-	**363**	**114**
- forward sales	183	-	-	27	-	-	**210**	**269**
Currency swaps	39	-	-	-	-	216	**255**	**321**
Currency options								
- purchased	7	-	-	36	24	-	**67**	**53**
- written	-	-	-	-	-	-		**4**

17.3 Market value of hedging instruments

At 31 December 2006, the market value (net present value) of the hedging instruments portfolio was + €19 million. This amount mainly comprises the net present value of interest rate swaps contracted to hedge the Group's debt (fair value hedges and cash flow hedges), and the net present value of forwards and futures contracted to hedge currency risk arising on commercial transactions.

The split of this market value by type of hedge is as follows:
- fair value hedges of components of net debt: +€6 million
- cash flow hedges: +€13 million

A movement of +1.00% in the yield curve would increase the market value of the hedging instruments portfolio by €18 million; a movement of -1.00% in the yield curve would increase the market value of the hedging instruments portfolio by €20 million.

A uniform 1% depreciation in the euro against all other currencies would increase the market value of the hedging instruments portfolio by €15 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with whom the instruments were contracted.

NOTE 18	**OFF BALANCE SHEET COMMITMENTS**

18.1 Reciprocal commitments

Commitments given/received	Total 31/12/06	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	Maturity 1 to 5 years	Maturity over 5 years	Maturity Total	Total 31/12/05
Commitments given	**1,940**	**35**	**453**	**163**	**422**	**867**		**646**	**907**	**387**	**1,940**	**2,072**
Image transmission	***280***				*280*			*70*	*210*		***280***	*387*
Operating leases [1]	***1,151***	32	24	88	142	865 [2]		225	539	387	**1,151**	**1,040**
Irrevocable purchase obligations	***509***	3	429 [3]	75		2		351	158		**509**	**645**
Commitments received	**1,953**	**35**	**453**	**163**	**422**	**880**		**659**	**907**	**387**	**1,953**	**2,032**
Image transmission	***280***				*280*			*70*	*210*		***280***	*387*
Operating leases [1]	**1,151**	32	24	88	142	865		225	539	387	**1,151**	**1,040**
Irrevocable purchase obligations	**522**	3	429	75		15		364	158		**522**	**605**
BALANCE [4]	**(13)**					**(13)**		**(13)**			**(13)**	**40**

[1] Minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc).

[2] Bouygues Telecom: commitments given in connection with operating activities, primarily commercial leases of property and sites housing technical installations for the network (including site rentals of €633.9m and property rentals of €173.1m).

[3] Bouygues Immobilier: irrevocable commitments, subject to conditions, relating to the purchase of land banks.

[4] Bouygues Telecom: effect of the specific terms of certain equipment supply contracts.

18.2 Sundry commitments

	Total 31/12/06	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	Maturity 1 to 5 years	Maturity over 5 years	Maturity Total	Total 31/12/05
Commitments given	**703**	**154**	**22**	**70**	**54**	**355**	**48**	**344**	**252**	**107**	**703**	**648**
Other contractual obligations and commercial commitments given (guarantees, endorsements, etc) [1]	**703**	154	22	70	54	355	48	344	252	107	**703**	648
Commitments received	**68**				**24**	**12**	**32**	**27**	**39**	**2**	**68**	**100**
Other contractual obligations and commercial commitments received (guarantees, endorsements, etc)	**68**				24	12	32	27	39	2	**68**	100
Balance	**635**	**154**	**22**	**70**	**30**	**343**	**16**	**317**	**213**	**105**	**635**	**548**

[1] In the course of its ordinary activities, the Group provides ten-year guarantees or performance bonds for which no quantified estimate or disclosure is made unless it becomes apparent that the guarantee or bond will require the Group to make payments, in which case a provision would be recognised.

18.3 Other commitments

Commitments given by Bouygues Telecom:

GSM licence	Bouygues Telecom has a GSM licence which requires compliance with a number of obligations; the company is in compliance with all these obligations. This licence is due for renewal in 2009.
UMTS licence	The UMTS licence awarded to Bouygues Telecom requires compliance with various obligations, relating in particular to the pace of the roll-out, geographical coverage and the commercial opening of the network. Bouygues Telecom is currently in the process of rolling out the network. In a ruling issued on 20 May 2005, the French telecommunications regulator (ARCEP) put back to 30 April 2007 at the latest the date by which Bouygues Telecom is required to make the UMTS services covered by the licence commercially available.
Blind spots	In 2002, Bouygues Telecom and the two other French mobile operators committed to providing coverage in a number of blind spots. This commitment was set out in an agreement signed in 2003 and amended in 2004. The three operators are obliged to provide coverage to 3,100 communities, representing 2,250 sites. Bouygues Telecom was in compliance with its coverage obligations as at 31 December 2006.

Commitment given by Bouygues SA:

Commitment to retain the Alstom shares acquired from the French State for at least 3 years.

Commitment received by Bouygues SA:

Put option on Alstom Hydro-Holding shares granted by Alstom to Bouygues SA, see Note 1.5.

TF1 commitments:

Under the agreements between Vivendi, TF1 and M6, the commitments and guarantees provided by TF1 and M6 in respect of the obligations of TPS were covered by a counter-guarantee issued by Vivendi taking effect from 4 January 2007. Consequently, the commitments entered into by TF1 and M6 are disclosed neither in "Commitments given" nor "Commitments received" as at 31 December 2006.

TF1 has also entered into an agreement, subject to certain conditions, to acquire an interest in AB Group for €230m during 2007.

	Total 31/12/06	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	Maturity 1 to 5 years	Maturity over 5 years	Maturity Total	Total 31/12/05
Total commitments given	**2,643**	**189**	**475**	**233**	**476**	**1,222**	**48**	**990**	**1,159**	**494**	**2,643**	**2,720**
Total commitments received	**2,021**	**35**	**453**	**163**	**446**	**892**	**32**	**686**	**946**	**389**	**2,021**	**2,132**

No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards

18.4 Collateral given

	Total 31/12/06	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Maturity under 1 year	Maturity 1 to 5 years	Maturity over 5 years	Maturity Total	Total 31/12/05
Mortgages secured on land and buildings, pledges of plant and equipment	**10**	2		8				1	4	5	**10**	9
Pledges of securities and subordinated loans	**8**	8							6	2	**8**	25
Total	**18**	**10**		**8**				**1**	**10**	**7**	**18**	**34**

18.5 Contingent assets and liabilities

Contingent assets:	
Litigation	In February 2005, Bouygues Telecom instituted proceedings against Tekelec US, the supplier of two computer servers that failed on 17 November 2004, making it impossible for a number of Bouygues Telecom subscribers to make or receive calls. The case is currently before the courts of North Carolina. Bouygues Telecom is alleging negligence by the manufacturer, and is claiming damages - the French Competition Commission ruling of 30 November 2005, which ordered Bouygues Telecom to pay a fine of €58 million for alleged collusion, was upheld by the Paris Appeal Court on 12 December 2006 Bouygues Telecom has appealed against the Appeal Court's decision
Claims	In 2006 and earlier, Bouygues Construction filed claims relating to ongoing and completed projects These claims will not be recognised as assets until accepted by the client.
Contingent liabilities:	
Litigation	The French Competition Commission is investigating a complaint about the SMS rates charged by Bouygues Telecom, SFR and Orange France. No grounds have yet been lodged for this complaint, in which there have been no further developments since April 2004

18.6 Obligations under finance leases and operating leases

18.6.1 Obligations under finance leases

Summary of future minimum lease payments	under 1 year	1 to 5 years	Total
Finance leases at 31 December 2006	26	57	83
Comparative at 31 December 2005	42	61	103

Present value of minimum lease payments	under 1 year	1 to 5 years	Total
Minimum lease payments	26	57	83
Finance charges	4	7	11
Present value of minimum lease payments	**22**	**50**	**72**
Comparative at 31 December 2005	38	51	89

The amount of contingent rent under finance leases at 31 December 2006 is: nil

18.6.2 Obligations under operating leases

Minimum payments for the year	Total lease payments for the year
Minimum payments for the year ended 31 December 2006	150

Summary of future minimum lease payments	under 1 year	1 to 5 years	over 5 years	Total
Operating leases at 31 December 2006	225	539	387	1,151
Comparative at 31 December 2005	191	513	336	1,040

NOTE 19	HEADCOUNT, EMPLOYEE BENEFIT OBLIGATIONS AND EMPLOYEE SHARE OWNERSHIP

19.1 Average headcount

	2006	2005	
Managerial	18,511	16,456	
Supervisory, technical and clerical	18,650	17,715	
Site workers	28,758	27,230	
Sub-total: France	**65,919**	**61,401**	
Expatriates and local contract staff	57,599	57,004	
Total average headcount	**123,518**	**118,405**	(1)

(1) Excludes headcount of TPS and BTC; average headcount of 689 included at 31 December 2005

19.2 Employee benefit obligations and retirement benefit obligations (post-employment benefits)

The tables below disclose information about the Bouygues Group's retirement benefit obligations (see Note 2 for accounting policies).

19.2.1 Defined-contribution plans

	2006	2005
Amounts recognised as expenses	(1,404)	(1,382)

The above defined-contribution expenses comprise contributions to:
- health insurance and mutual insurance funds
- pension funds (compulsory and top-up schemes)
- unemployment insurance funds

For related-party information, see Note 20.

19.2.2 Defined-benefit plans

Net expense recognised in the income statement (as an operating item)

	Lump-sum retirement benefits		Pensions	
	2006	2005	2006	2005
Current service cost	11	13	(2)	
Interest expense on obligation	11	9	5	2
Expected return on plan assets	(1)		(4)	(2)
Net actuarial loss/(gain) recognised	1	(1)	2	
Past service cost	5	6	(1)	(1)
Net expense recognised in the income statement	**27**	**27**	**0**	**(1)**

Amounts recognised in the balance sheet

	Lump-sum retirement benefits		Pensions	
	31/12/06	31/12/05	31/12/06	31/12/05
Present value of obligation (1)	347	335	118	103
Fair value of plan assets	(2) (2)	(3) (2)	(88)	(74)
Net unrecognised actuarial loss/(gain)		(10)	(13)	(12)
Unrecognised past service cost	(67)	(71)	5	5
Net obligation recognised	**278**	**251**	**22**	**22**

(1) Total present value of obligation relating to lump-sum retirement benefits and pensions.
(2) Residual TF1 fund covering a portion of the obligation, reducing the present value of the TF1 obligation.

Movement in balance sheet items

	Lump-sum retirement benefits			Pensions		
	2006	2005	2004	2006	2005	2004
Position at 1 January	251	225	224	22	22	21
Expense recognised	27	27	29		1	
Changes in scope of consolidation	(1)		(29)		(1)	
Translation adjustment						
Transfers between items and other movements	1	(1)	1			1
Position at 31 December	**278**	**251**	**225**	**22**	**22**	**22**

Main actuarial assumptions used to measure lump-sum retirement benefit obligations

	31/12/06	31/12/05
Discount rate (OAT TEC 10)	3.38%-3.83%	3.38%-3.57%
Mortality table	INSEE	INSEE
Retirement age		
- Managerial	60/63 years	60/63 years
- Technical, supervisory, clerical & site workers	60 years	60 years
Salary inflation rate (1)	2%-4.6%	2%-4.3%

(1) Including general inflation

Analysis by business segment for the year ended 31 December 2006

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Net lump-sum retirement benefit expense	7	1	12	2	3	2	27
Non-current provisions (balance sheet)							
- Lump-sum retirement benefits	72	7	128	28	23	20	278
- Pensions	1		21				22

Analysis by geographical area for the year ended 31 December 2006

	France (2)	European Union	Africa	Asia-Pacific	Americas	Total
Net lump-sum retirement benefit expense (1)	26		1			27
Non-current provisions (balance sheet)						
- Lump-sum retirement benefits	260	1	15	1	1	278
- Pensions		20			2	22

(1) Pension expense for the year ended 31 December 2006 is immaterial.

(2) Includes French overseas departments.

19.3 Employee share ownership

19.3.1 Stock options

Securities giving potential access to the share capital

Share price at 29 December 2006: €48.63

PLAN	Options outstanding at 31 December 2006	Date of grant	Earliest normal exercise date	Earliest employee share ownership plan exercise date	Exercise price (€)
2000.07	1,269,340	04/07/2000	04/07/2005	-	**58.74**
2001.03	1,195,965	27/03/2001	27/03/2005	-	**33.47**
2001.07	1,088,447	03/07/2001	03/07/2005	-	**32.81**
2001.09	300,000	18/09/2001	18/09/2005	-	**28.67**
2002.06	2,163,757	25/06/2002 *	25/06/2006	25/06/2003	**23.41**
2002.12	588,447	17/12/2002	17/12/2006	17/12/2003	**23.00**
2003.06	3,345,566	17/06/2003	17/06/2007	17/06/2004	**19.37**
2004.03	3,545,206	15/03/2004	15/03/2008	15/03/2005	**25.15**
2005.06	2,941,434	21/06/2005	21/06/2009	21/06/2006	**31.34**
2006.09	3,656,100	05/09/2006	05/09/2010	05/09/2007	**40.00**

* Employee share ownership plan rules apply from the June 2002 plan onwards.

1) Options legally exercisable at 31 December 2006, either by normal exercise or by partial exercise ahead of the normal exercise date under the terms of the employee savings plan (applies to plans granted from June 2002 onwards).

2) Options effectively exercisable at 31 December 2006, i.e. options that are in the money (exercise price below the closing share price at 29 December 2006: €48.63).

NOTE 20	DISCLOSURES ON RELATED PARTIES AND REMUNERATION OF DIRECTORS/SENIOR EXECUTIVES

20.1 Related-party disclosures

	Expenses		Income		Receivables		Liabilities	
	2006	2005	2006	2005	31/12/06	31/12/05	31/12/06	31/12/05
Parties with an ownership interest (SCDM)	6	6				1		
Joint ventures	73	99	214	177	97	74	93	76
Associates	2	13	314	103	69	38	192	18
Other related parties	11	17	25	5	26	23	38	33
Total	**92**	**135**	**553**	**285**	**192**	**136**	**323**	**127**
Maturity								
less than 1 year					177	106	136	125
1 to 5 years					9	11	187	2
more than 5 years					6	19		
includes: impairment of doubtful receivables (primarily non-consolidated companies)					68	49		

20.2 Remuneration and benefits paid to directors and senior executives

These disclosures cover members of the Group's Management Committee who were in post on 31 December 2006.

Direct remuneration: €19,825,740, comprising basic remuneration of €8,263,974, exceptional variable remuneration of €10,996,491 paid in 2007 on the basis of 2006 performance, and €565,275 of directors' fees.
Directors' fees paid to non-executive directors and non-voting supervisors amounted to €387,703.

Short-term benefits: None

Post-employment benefits: Members of the Management Committee belong to a top-up retirement benefit plan based on 0.92% of their reference salary for each year's membership of the plan. This plan is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €3,000,000 in 2006.

Long-term benefits: None

Termination benefits: These comprise lump-sum retirement benefits of €714,134.

Share-based payment: 950,000 stock options were granted on 5 September 2006 at an exercise price of €40. The earliest exercise date is 5 September 2010, and the expense recognised in the year ended 31 December 2006 was €357,540.

NOTE 21 — ADDITIONAL CASH FLOW STATEMENT INFORMATION

21.1 Cash flows of acquired and divested subsidiaries

Breakdown by business segment of net cash flows resulting from acquisitions and divestments of subsidiaries:

Acquired/divested subsidiaries	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Year ended 31/12/06	
Cash and equivalents	13	9	(3)	107	3	(1)	**128**	
Inventories	(65)	(3)	5	(2)	3		**(62)**	
Trade receivables	(111)	(31)	(54)	(9)	16	(2)	**(191)**	
Non-current assets	(39)	19	(38)	(80)	121	(2,362)	**(2,379)**	
Goodwill	(116)		(26)	(40)	11	1	**(170)**	
Trade payables	133	27	72	(11)	(30)	7	**198**	
Non-current debt	19	(12)	10				**17**	
Non-current provisions	9	2	(2)		(3)		**6**	
Net acquisition cost	**(157)**	**11**	**(36)**	**(35)**	**121**	**(2,357)**	**(2,453)**	
Cash acquired or divested	(13)	(9)	3	(107)	(3)	1	**(128)**	
Net debt on long-term investments			(11)				**(11)**	
Net cash flow resulting from acquisitions and divestments of subsidiaries	**(170)**	**2**	**(44)**	**(142)**	**118**	**(2,356)**	**(2,592)**	(1)

(1) Includes: Acquisition of shares in Alstom (25.07% interest as at 31 December 2006) (2,374)

NOTE 22	AUDITORS' FEES

The table below shows fees paid to the auditors (and member firms of their networks) responsible for the audit of the consolidated financial statements of Bouygues and consolidated companies, as expensed through the income statement in 2006.

in thousands of euros

Engagement	Mazars & Guérard network			Ernst & Young network			Other firms (1)			Total expense	
	2006	%	2005	2006	%	2005	2006	%	2005	2006	2005
A - Audit											
Audit of consolidated and individual company financial statements (a)	4,336	98	3,413	2,775	92	3,000	7,225	84	6,600	14,336	13,013
- Bouygues SA	*189*		*144*	*189*		*184*				*378*	*328*
- Consolidated companies	*4,147*		*3,269*	*2,586*		*2,816*	*7,225*		*6,600*	*13,958*	*12,685*
Related engagements (b)	109	2	165	255	8	214	748	9	320	1,112	699
- Bouygues SA	*45*		*63*	*36*		*12*				*81*	*75*
- Consolidated companies	*64*		*102*	*219*		*202*	*748*		*320*	*1,031*	*624*
Sub-total	**4,445**	**100**	**3,578**	**3,030**	**100**	**3,214**	**7,973**	**93**	**6,920**	**15,448**	**13,712**
B - Other services (c)											
Company law, tax, employment law				31	1	53	499	6	856	530	909
Information technology											
Internal audit											
Other	(24)	0	41	(42)	(1)	52	96	1	78	30	171
Sub-total	**(24)**	**0**	**41**	**(11)**	**(0)**	**105**	**595**	**7**	**934**	**560**	**1,080**
Total fee expense	**4,421**	**100**	**3,619**	**3,019**	**100**	**3,319**	**8,568**	**100**	**7,854**	**16,008**	**14,792**

(1) In the interests of comprehensiveness, this table includes fees paid to other firms.

(a) Includes services provided by independent experts and member firms to the auditors in connection with their audit engagement.

(b) Includes procedures and directly related services provided to the issuer or its subsidiaries:

- by the auditors, in compliance with article 10 of the Code of Ethics;
- by a member firm of the auditor's network, in compliance with articles 23 and 24 of the Code of Ethics.

(c) Non-audit services provided, in compliance with article 24 of the Code of Ethics, by member firms to subsidiaries of the issuer on whose financial statements an audit opinion is issued.

NOTE 23	CHANGES IN SCOPE OF CONSOLIDATION AND DISCONTINUED/HELD-FOR-SALE OPERATIONS

*** Transfer of TPS to Canal+ France (see Note 1)**

On 30 November 2006, in accordance with agreements between the parties, TF1 subscribed €129.4 million to a share issue carried out by TPS Gestion.

The net impact reported in the consolidated income statement of TF1 for the year ended 31 December 2006 was a gain of €253.6 million. The parameters used in determining the net gain on the transaction were based on the terms of the draft shares-for-assets exchange agreement transferring TPS Gestion (which owns 100% of TPS) to Canal+ France. This agreement was signed on 19 December 2006 and approved by an Extraordinary General Meeting of Canal+ France shareholders on 4 January 2007.
With effect from 4 January 2007, the share ownership structure of Canal+ France has been: Vivendi 65%, Lagardère 20%, TF1 9.9% and M6 5.1%.

Impacts on:

1. Balance sheet: Assets and liabilities of discontinued and held-for-sale operations on the 2005 balance sheet → TPS :

	31/12/05 TPS
Non-current assets	
Property, plant and equipment and intangible assets	53
Goodwill	420
Other non-current assets	4
Current assets	
Cash and equivalents	(57)
Other current assets	144
Total: Held-for-sale assets	**564**
Non-current liabilities	
Non-current debt	10
Other non-current liabilities	1
Current liabilities	
Current debt	38
Other current liabilities	301
Total: Liabilities on held-for-sale assets	**350**
Net assets divested	**214**

2. Cash flow statement: In the cash flow statement for the year ended 31 December 2006, the contribution of TPS cash flows to the change in the Group's net cash position is included in the line "Impact from changes in scope of consolidation".

3.Income statement: Income and expenses generated by discontinued and held-for-sale operations are as follows:

	Year ended 31/12/06			Year ended 31/12/05		
	TPS (8 months)	BTC (4 months)	Total	TPS (12 months)	BTC (12 months)	Total
SALES	**235**	**32**	**267**	**365**	**90**	**455**
OPERATING PROFIT	**45**	**(2)**	**43**	**17**	**3**	**20**
COST OF NET DEBT	**(1)**	**0**	**(1)**	**(3)**	**(1)**	**(4)**
Other financial income and expenses	**(1)**	**0**	**(1)**	**1**		**1**
Income tax expense	**(1)**	**0**	**(1)**	**(1)**		**(1)**
NET PROFIT BEFORE GAINS ON DIVESTMENT	**42**	**(2)**	**40**	**14**	**2**	**16**
GAINS ON DIVESTMENT, NET OF TAXES	**212**	**112**	**324**			**0**
NET PROFIT OF DISCONTINUED AND HELD-FOR-SALE OPERATIONS	**254**	**110**	**364**	**14**	**2**	**16**

NOTE 24 **PRINCIPAL EXCHANGE RATES**

Convention: 1 local currency unit = x euros

Country	Currency unit	Closing rate		Annual average rate	
		31/12/06	31/12/05	2006	2005
EUROPE					
Denmark	Danish krone	0.134120	0.134039	0.134066	0.134183
United Kingdom	Pound sterling	1.489203	1.459215	1.466482	1.464040
Hungary	Hungarian forint	0.003972	0.003955	0.003786	0.004023
Poland	Polish zloty	0.261028	0.259067	0.256439	0.248636
Czech Republic	Czech koruna	0.036383	0.034483	0.035379	0.032826
Romania	Romanian leu	0.295552	0.271724	0.284694	0.275932
Switzerland	Swiss franc	0.622316	0.643045	0.634213	0.646064
NORTH AMERICA					
United States	US dollar	0.759301	0.847673	0.791771	0.807765
Canada	Canadian dollar	0.654407	0.728597	0.700939	0.666800
REST OF THE WORLD					
Morocco	Moroccan dirham	0.089759	0.091672	0.090474	0.090819
Thailand	Thai baht	0.021381	0.020645	0.021037	0.020027
Hong Kong	Hong Kong dollar	0.097648	0.109321	0.101914	0.103872
African Financial Community	CFA franc	0.001524	0.001524	0.001524	0.001524
South Africa	South African rand	0.108549	0.133973	0.115831	0.126888

NOTE 25	DETAILED LIST OF CONSOLIDATED COMPANIES AT 31 DECEMBER 2006

(**PRINCIPAL GROUP COMPANIES)**

COMPANY	CITY/COUNTRY	% INTEREST 2006	% INTEREST 2005	% DIRECT AND INDIRECT CONTROL *(1)* 2006	% DIRECT AND INDIRECT CONTROL *(1)* 2005
A – TELECOMS - MEDIA					
I - TELECOMS					
BOUYGUES TELECOM GROUP					
FULL CONSOLIDATION					
BOUYGUES TELECOM S.A. & its subsidiaries	Boulogne-Billancourt, France	89.55	89.55		
II - MEDIA					
TF1 GROUP					
FULL CONSOLIDATION					
TELEVISION FRANCAISE 1 S.A.	Boulogne-Billancourt, France	42.92	42.93		
CIBY DROITS AUDIOVISUELS	as above	42.92	42.93	100.00	100.00
LA CHAINE INFO	as above	42.92	42.93	100.00	100.00
TELE SHOPPING	as above	42.92	42.93	100.00	100.00
TF1 INTERNATIONAL	as above	42.92	42.93	100.00	100.00
TF1 PUBLICITE	as above	42.92	42.93	100.00	100.00
TF1 VIDEO	as above	42.92	42.93	100.00	100.00
UNE MUSIQUE	as above	42.92	42.93	100.00	100.00
E-TF1	as above	42.92	42.93	100.00	100.00
EUROSPORT S.A. & its subsidiaries	as above	42.92	42.93	100.00	100.00
PROPORTIONATE CONSOLIDATION					
TELEVISION PAR SATELLITE (TPS)	Issy-les-Moulineaux, France	-	28.33	-	66.00
ASSOCIATES (EQUITY METHOD)					
METRO FRANCE PUBLICATIONS	Paris, France	14.72	14.72	34.30	34.30

[(1)] Where percentage control differs from percentage interest

COMPANY	CITY/COUNTRY	% INTEREST 2006	% INTEREST 2005	% DIRECT AND INDIRECT CONTROL (1) 2006	% DIRECT AND INDIRECT CONTROL (1) 2005
B - CONSTRUCTION					
I - BOUYGUES CONSTRUCTION					
BOUYGUES CONSTRUCTION GROUP					
FULL CONSOLIDATION					
BOUYGUES CONSTRUCTION S.A.	St-Quentin-en-Yvelines, France	99.97	99.97		
1.0 – BOUYGUES BATIMENT ILE DE FRANCE					
BOUYGUES BATIMENT ILE DE FRANCE S.A.	St-Quentin-en-Yvelines, France	99.97	99.97		
BATIMENT FRANCE SUBSIDIARIES					
BATI RENOV S.A.	Orly, France	99.88	99.88		
BREZILLON S.A.	Noyon, France	99.33	99.33		
SODEARIF S.A.	St-Quentin-en-Yvelines, France	99.96	99.96		
1.1 – BOUYGUES BATIMENT INTERNATIONAL					
BOUYGUES BATIMENT INTERNATIONAL S.A	St-Quentin-en-Yvelines, France	99.97	99.97		
BATIMENT INTERNATIONAL SUBSIDIARIES					
OTHER COUNTRIES					
BOUYGUES HUNGARIA	Budapest, Hungary	Deconsolidated	99.97		
BOUYGUES POLSKA	Warsaw, Poland	Deconsolidated	99.97		
BOUYGUES THAI LTD	Bangkok, Thailand	48.98	48.98		
BYMARO	Casablanca, Morocco	99.95	99.95		
DTP SINGAPOUR PTE LTD	Singapore	99.97	99.97		
VCES HOLDING SRO & its subsidiaries	Pardubice, Czech Republic	50.98	-		
1.2 - ENTREPRISES FRANCE EUROPE SUBSIDIARIES					
DV CONSTRUCTION S.A.	Merignac, France	99.97	99.97		
GTB BOUYER DUCHEMIN S.A.	Nantes, France	99.97	99.97		
GFC CONSTRUCTION S.A.	Caluire et Cuire, France	99.97	99.97		
NORPAC S.A.	Villeneuve d'Ascq, France	99.97	99.97		
PERTUY CONSTRUCTION S.A.	Maxeville, France	99.97	99.97		
QUILLE S.A.	Rouen, France	99.97	99.97		

(1) Where percentage control differs from percentage interest

COMPANY	CITY/COUNTRY	% INTEREST 2006	2005	% DIRECT AND INDIRECT CONTROL *(1)* 2006	2005
OTHER COUNTRIES					
ACIEROID S.A.	Barcelona, Spain	99.97	99.97		
BOUYGUES UK LTD	London, United Kingdom	99.97	99.97		
LOSINGER CONSTRUCTION A.G.	Bern, Switzerland	99.97	99.97		
MARAZZI HOLDING AG & its subsidiaries	Bern, Switzerland	99.97	-		
1.3- BOUYGUES TP					
BOUYGUES TP S.A.	St-Quentin-en-Yvelines, France	99.97	99.97		
OTHER COUNTRIES					
PRADER LOSINGER S.A.	Sion, Switzerland	99.64	99.64		
PRADER AG TUNNELBAU	Zurich, Switzerland	99.90	99.90		
1.4- OTHER BOUYGUES CONSTRUCTION SUBSIDIARIES					
DTP TERRASSEMENT S.A.	St-Quentin-en-Yvelines, France	99.97	99.97		
OTHER COUNTRIES					
DRAGAGES ET TP (HONG-KONG) LTD	Hong Kong, China	99.97	99.97		
V.S.L. INTERNATIONAL LTD	Bern, Switzerland	99.88	99.88		
1.5 - GROUPE ENTREPRISE TRANSPORT & DISTRIBUTION D'ELECTRICITE (E.T.D.E.)					
E.T.D.E. S.A.	St-Quentin-en-Yvelines, France	99.97	99.97		
AXIONE & its subsidiaries	Malakoff, France	99.97	99.97		
E.T.D.E RESEAUX ET COMMUNICATION S.A.	Villebon-sur-Yvette, France	99.97	99.97		
EXPRIMM S.A.	St-Quentin-en-Yvelines, France	99.97	99.97		
GALLET DELAGE SA	St-Quentin-en-Yvelines, France	99.97	99.97		
MAINGUY S.A.S	Vertou, France	99.97	99.97		
SERMA S.A.S.	Champforgueil, France	99.97	99.97		
STEFAL & its subsidiaries	Montrouge, France	99.97	99.97		
TRANSEL S.A.S	St-Quentin-en-Yvelines, France	99.97	99.97		
OTHER COUNTRIES					
DAVID WEBSTER LIGHTING & its subsidiaries	Hertfordshire, United Kingdom	99.97	99.97		
ECOVERT FM	London, United Kingdom	99.97	99.97		
ICEL MAIDSTONE LTD	Sittingbourne, United Kingdom	99.97	99.97		
Sté GABONNAISE D'ELECTRIFICATION ET DE CANALISATION (SOGEC)	Libreville, Gabon	84.39	84.39		
SZIGMA COOP	Gyor, Hungary	99.97	-		
THERMAL TRANSFER LTD	East Kilbride, Scotland	99.97	-		

[(1)] Where percentage control differs from percentage interest

COMPANY	CITY/COUNTRY	% INTEREST 2006	% INTEREST 2005	% DIRECT AND INDIRECT CONTROL (1) 2006	% DIRECT AND INDIRECT CONTROL (1) 2005
PROPORTIONATE CONSOLIDATION					
BOUYGUES TP					
BOMBELA CIVILS JV LTD	Johannesburg, South Africa	44.99	-		
ASSOCIATES (EQUITY METHOD)					
BOUYGUES CONSTRUCTION					
CONSORTIUM STADE DE FRANCE S.A.	Saint-Denis, France	33.32	33.32		
BOUYGUES BATIMENT INTERNATIONAL					
HERMES AIRPORTS LTD	Nicosia, Cyprus	21.99	-		
BOUYGUES TP					
ADELAC SAS	Archamps, France	39.19	39.19		
AUTOROUTE DE LIAISON SEINE - SARTHE S.A.	Versailles, France	33.16	33.16		
OTHER COUNTRIES					
BOMBELA CONCESSION COMPANY LTD	Johannesburg, South Africa	24.99	-		
AKA	Budapest, Hungary	25.11	25.12		
BINA FINCOM	Zagreb, Croatia	50.98	50.98		
II - ROADS					
COLAS GROUP					
FULL CONSOLIDATION					
COLAS S.A. & its regional subsidiaries (COLAS, SCREG and SACER)	Boulogne-Billancourt, France	96.49	96.42		
GRANDS TRAVAUX OCEAN INDIEN (GTOI) S.A.	Le Port (La Réunion), France	96.48	96.41	99.99	99.99
SPAC & its subsidiaries	Clichy, France	96.48	96.41	100.00	100.00
SECO - RAIL	Chatou, France	96.48	96.41	100.00	100.00
SOMARO	Chatou, France	96.48	96.41	100.00	100.00
COLAS GUADELOUPE	Baie-Mahault, Guadeloupe	96.48	96.41	100.00	100.00
COLAS MARTINIQUE	Le Lamentin, Martinique	96.48	96.41	100.00	100.00
SMAC & its subsidiaries	Boulogne-Billancourt, France	96.48	96.41	100.00	100.00

(1) Where percentage control differs from percentage interest

COMPANY	CITY/COUNTRY	% INTEREST 2006	% INTEREST 2005	% DIRECT AND INDIRECT CONTROL (1) 2006	% DIRECT AND INDIRECT CONTROL (1) 2005
OTHER COUNTRIES					
COLAS HUNGARIA & its subsidiaries	Budapest, Hungary	96.49	96.41	100.00	100.00
COLAS DANMARK A/S	Virum, Denmark	96.49	96.42	100.00	100.00
COLAS S.A. & its subsidiaries	Lausanne, Switzerland	95.74	95.66	99.22	99.22
COLAS INC & its subsidiaries	Morristown, New Jersey, USA	96.49	96.42	100.00	100.00
COLAS du MAROC & its subsidiaries	Casablanca, Morocco	96.48	96.41	100.00	100.00
COLAS LTD & its subsidiaries	Rowfant, Crawley, United Kingdom	96.49	96.42	100.00	100.00
STRADA SP. ZO. O.	Sroda-Wielkopol, Poland	96.49	96.42	100.00	100.00
ROUTIERE COLAS du GABON	Libreville, Gabon	86.74	86.67	89.90	89.90
COLAS BELGIUM & its subsidiaries	Brussels, Belgium	96.49	96.41	100.00	100.00
CERMAK & HRACHOVEC	Prague, Czech Republic	96.49	-	100.00	-
PROPORTIONATE CONSOLIDATION					
CARRIERES ROY	St-Varent, France	48.23	48.19	49.98	49.98
ASSOCIATES (EQUITY METHOD)					
COFIROUTE	Sèvres, France	16.08	16.07	16.67	16.67
III - PROPERTY					
BOUYGUES IMMOBILIER GROUP					
FULL CONSOLIDATION					
BOUYGUES IMMOBILIER	Boulogne-Billancourt, France	100.00	100.00		
S.N.C. BOUYGUES IMMOBILIER ENTREPRISES ILE DE FRANCE	Boulogne-Billancourt, France	100.00	100.00		
S.N.C. BOUYGUES IMMOBILIER PARIS	Boulogne-Billancourt, France	100.00	100.00		
S.N.C. BOUYGUES IMMOBILIER EST	Strasbourg, France	100.00	100.00		
S.L.C. & its subsidiaries	Lyon, France	100.00	100.00		
OTHER COUNTRIES					
PARQUE EMPRESARIAL CRISTALIA S.L.	Madrid, Spain	100.00	100.00		
S.A. BOUYGUES INMOBILIARIA	Madrid, Spain	100.00	100.00		

(1) Where percentage control differs from percentage interest

COMPANY	CITY/COUNTRY	% INTEREST 2006	% INTEREST 2005	% DIRECT AND INDIRECT CONTROL *(1)* 2006	% DIRECT AND INDIRECT CONTROL *(1)* 2005
C – OTHER SUBSIDIARIES					
FULL CONSOLIDATION					
FINAGESTION & its subsidiaries (Africa)	St-Quentin-en-Yvelines, France	100.00	100.00		
BOUYGUES RELAIS S.N.C.	Paris, France	100.00	100.00		
CHALLENGER S.N.C.	Paris, France	100.00	100.00		
Sté FRANCAISE DE PARTICIPATION & GESTION (SFPG) S.A & its subsidiaries	Paris, France	99.76	99.76		
GIE 32 HOCHE	Paris, France	90.00	-		
OTHER COUNTRIES					
CHALLENGER REASSURANCE	Luxembourg	99.99	99.99		
UNISERVICE	Geneva, Switzerland	99.99	99.99		
ASSOCIATES (EQUITY METHOD)					
ALSTOM	Levallois Perret, France	25.07	-		

[(1)] Where percentage control differs from percentage interest