NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

(in millions of euros)

1 March 2006

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(*Figures in millions of euros)*

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- The consolidated financial statements of the Bouygues group for the year ended 31 December 2005 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.

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

NOTE 1 SIGNIFICANT EVENTS OF THE YEAR

1. 1. 1 JANUARY 2005: TRANSITION TO IFRS

- Under European Council Regulation 1606/2002, adopted 19 July 2002, companies listed on a regulated market in a member state must prepare their consolidated financial statements for the first financial year ending on or after 1 January 2005 in accordance with the accounting standards issued by the International Accounting Standards Board (IASB), known as International Financial Reporting Standards (IFRS), as adopted by the European Union.

- A detailed analysis of the impact of IFRS transition on the balance sheet as at 1 January 2004, including the general principles applied in the first-time adoption of IFRS, was published in the "Legal and Financial Information" chapter of the 2004 Annual Report (page 89).

- A detailed analysis of the impact of IFRS transition (balance sheet, statement of changes in shareholders' equity, income statement and cash flow statement) as at 31 December 2004 has been published on the Bouygues website (Finance/Shareholders ➔ IFRS standards).

- Decisions on which standards to apply in the 2005 financial statements reflect the Group's assumptions about which standards will be applicable as at 31 December 2005.

- In some specific areas, clarifications or interpretations are pending from the IASB or the International Financial Reporting Interpretations Committee (IFRIC);

    - Customer loyalty programmes (Bouygues Telecom)
    - Service concession agreements

  As regards service concession agreements, the Bouygues Group has equity interests in companies that hold Public/Private Partnership (PPP) contracts. The majority of these companies are accounted for by the equity method. The impact of accounting for these contracts in accordance with IFRS is not material.

  The new Portsmouth contract signed by Colas, a fully-consolidated company, is accounted for using the "financial asset" model, based on the draft IFRIC interpretation.

- No changes have been made to the previously-published IFRS consolidated financial statements as at 1 January 2004 (opening balance sheet) and 31 December 2004.

1. 2. Scope of consolidation as at 31 December 2005

- **Main changes in the scope of consolidation during 2005:**

  983 companies consolidated: the increase of 57 since 31 December 2004 relates mainly to acquisitions made by Colas. An additional 6.5% interest in Bouygues Telecom has also been consolidated, in accordance with the promise to sell granted by BNP Paribas (see note 1.5 below).

1. 3. Exceptional payout of 1.7 billion euros (7 January 2005)

The Shareholders' General Meeting of 7 October 2004 approved an exceptional payout of 5 euros per share (1.7 billion euros in total). The coupon was paid on 7 January 2005, and recognised in "Other non-financial liabilities" in the balance sheet as at 31 December 2004. The liability was removed from the balance sheet in 2005 on payment of the dividend.

1. 4. Sale of Saur to PAI partners

The effects of the sale of Saur were included in the financial statements as at 31 December 2004. The amount of 1,031 million euros receivable from PAI partners, included in "Other receivables" as at that date, was received in February 2005.

Following the sale, the Bouygues Group held 15% of Saur's holding company, Novasaur (formerly Financière Gaillon).

In 2005, the interest of Bouygues in Novasaur was reduced from 15% to 9.9%. Bouygues no longer exercises significant influence over Novasaur, since the number of directors appointed by Bouygues is below the threshold set by the shareholder agreements.

1. 5. Bouygues' interest in Bouygues Telecom

Bouygues has 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 euros and 495 million euros 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 euros.

These agreements were recognised as follows in the financial statements as at 31 December 2005:

- Increase in long-term debt (present value at 31 December 2005)	=	460
- Reduction in minority interests held by BNP Paribas	=	(130)
- Increase in goodwill in the balance sheet	=	320
- Unwinding of the discounting of the debt: 2005 income statement effect (over 6 months)	=	(10)

1. 6. EMPLOYEE SAVINGS PLAN: RECOGNITION OF SHARE PRICE DISCOUNT

The Board of Directors of Bouygues, meeting on 21 June 2005, decided to establish a new leveraged investment fund for Group employees, who are entitled to a 20% discount on the share price based on the quoted market price on the 20 trading days preceding this decision.

The resulting employee benefit of 30 million euros was recognised as an expense in "Personnel costs" in the consolidated financial statements for the six months ended 30 June 2005.

1. 7. 750 MILLION EURO BOND ISSUE

In July 2005, Bouygues carried out a bond issue of 750 million euros maturing July 2020. The issue was priced at 99.804% and pays interest at 4.25%.

This bond issue has extended the average maturity of the Group's debt.

1.8. BOUYGUES TELECOM: FINE FOR ANTI-COMPETITIVE PRACTICES

On 1 December 2005, the French competition commission (*Conseil de la Concurrence*) ordered Bouygues Telecom to pay a fine of 58 million euros for alleged collusion. Bouygues has lodged an appeal. The total fine levied on France's three mobile operators was 534 million euros.

This fine has been recognised as an expense in "Non-current operating income and expenses", with a negative impact on net profit attributable to the Bouygues Group of €52 million. For a breakdown of "Non-current operating income and expenses", which showed a total of 104 million euros in 2005, refer to Note 13.

1. 9. SIGNIFICANT EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION SINCE 31 DECEMBER 2005

- On 31 January 2006, Bouygues carried out a bond issue of 250 million euros, supplementary to the initial issue of 750 million euros (see Note 1.7), maturing 2020. The issue proceeds were received on 20 February 2006, and the issue was priced at 97.203% with an interest rate of 4.25%.

- **TPS**: On 6 January 2006, TF1 and M6, who jointly control the TPS satellite offering with interests of 66% and 34% respectively, signed an industrial agreement with Vivendi Universal, the parent company of the Canal+ pay TV group, intended to merge the French pay TV activities of Canal+ and TPS.

  The proposed agreement is subject to approval from the French competition authorities and to a ruling by the French audiovisual regulator, the CSA.

  For the years ended 31 December 2005 and 2004, income and expenses generated by TPS have been excluded from the operating activities shown in the income statement, in accordance with IFRS 5. Net income for the two periods relating to TPS is shown on the line "Net profit of discontinued or held-for-sale operations". Assets and liabilities relating to TPS at 31 December 2005 are also shown separately in the balance sheet under "Held-for-sale assets" and "Liabilities on held-for-sale assets".

NOTE 2 IFRS ACCOUNTING POLICIES

2. 1. IFRS STANDARDS AND OPTIONAL TREATMENTS APPLIED

As required by European Council Regulation 1606/2002, adopted 19 July 2002, the Bouygues Group has prepared its consolidated financial statements in accordance with the accounting standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

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 (IFRIC).

The Bouygues Group has applied all standards and interpretations effective within the European Union as at 31 December 2005.

IAS 32 and IAS 39 on financial instruments have been applied with effect from 1 January 2004, ahead of the mandatory application date.

The accounting principles applied by the Bouygues Group are described below. In some cases, IFRS allow companies to choose between the benchmark treatment and an allowed alternative treatment. The main optional treatments applied by the Group are described below.

The Group has elected not to apply the following standards, amendments and interpretations ahead of the mandatory application date: IFRS 7 (Financial Instrument Disclosures), application date 1 January 2007; the amendment to IAS 19 (Employee Benefits), application date 1 January 2006; and certain changes to IAS 39 that are mandatorily applicable from 1 January 2006.

2. 1. 1. Basis of preparation

The financial statements are prepared using the historical cost convention, with the exception of certain items (in particular financial assets and financial liabilities) which are measured at fair value.

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.

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:

- give a true and fair view of the financial position, financial performance and cash flows of the Group;
- reflect the economic reality of the underlying transactions;
- are impartial, prudent, and complete in all material respects.

2. 1. 2 Optional accounting treatments on first-time adoption of IFRS at 1 January 2004 (IFRS 1)

The transition from French generally accepted accounting principles (French GAAP) to IFRS was effected in accordance with IFRS 1, "First-Time Adoption of International Financial Reporting Standards", which requires IFRS to be applied retrospectively from 1 January 2004.

The effects of the restatements required to comply with IFRS were recognised in consolidated shareholders' equity as at 1 January 2004.

Except as indicated below, the Bouygues Group has not used any other optional treatments or exemptions to the retrospective application of IFRS from the transition date allowed under IFRS 1. This applies in particular to:

- Business combinations
- Fair value or revaluation used as deemed cost

Property, plant and equipment and intangible assets (IAS 16 and IAS 38)

The Bouygues Group elected to use the depreciated historical cost model for the subsequent measurement of property, plant and equipment after initial recognition, and has applied this treatment retrospectively to all such assets.

The value of property, plant and equipment recognised in the IFRS balance sheet at 1 January 2004 took account of estimated terminal residual values, and of depreciation periods specific to each component of the asset (plant, equipment, buildings, etc). The difference between the carrying amount as determined under French GAAP and the new carrying amount determined under IFRS was taken to consolidated shareholders' equity.

Some items were reclassified in order to comply with IFRS definitions and disclosure requirements.

Business combinations

Business combinations carried out prior to 1 January 2004 (date of first-time adoption of IFRS) were not restated retrospectively in accordance with IFRS 3. Goodwill and fair value adjustments to assets and liabilities existing at 1 January 2004 were included in the IFRS opening balance sheet at their original amount, net of accumulated depreciation, amortisation and impairment losses to 31 December 2003.

Goodwill, previously amortised on a straight-line basis, is no longer amortised under IFRS.

Market shares previously recognised as separate intangible assets as a result of fair value adjustments in connection with business combinations were reclassified as goodwill as at 1 January 2004. Under French GAAP, market shares were subject to impairment tests using methods consistent with IFRS, involving the use of cash generating units (CGUs). First-time adoption of IFRS had no impact on the value of these assets as at 31 December 2004 relative to the French GAAP valuation.

Translation reserve

The existing French GAAP translation reserve was deemed to be zero as at 1 January 2004. The reserve as at that date was transferred to consolidated reserves as allowed under IFRS 1, with no impact on total consolidated shareholders' equity.

Actuarial gains and losses

As at 1 January 2004, the actuarial gains and losses arising on the Group’s obligations in respect of lump-sum retirement benefits were recognised as a liability in non-current provisions and charged to consolidated shareholders' equity (cumulative gains and losses under the corridor method deemed to be zero). Actuarial gains and losses arising subsequent to 1 January 2004 continue to be recognised using the corridor method.

Share-based payment (IFRS 2)

The Group applied IFRS 2 from 1 January 2004 for all plans awarded after 7 November 2002 and vesting on or after 1 January 2005.

Off-plan property sales

Adoption of IFRS has changed the presentation of off-plan property sales. Under French GAAP, the entire amount of the sale was recognised in trade receivables on signature by the customer of the notarised deed of sale, with a matching liability recognised in deferred income. The sale was then recognised in the income statement based on the percentage of completion of the property development project.

Under IFRS, no deferred income is recognised. Instead, trade receivables and sales are recognised based on the percentage of completion of the property development project.

Financial instruments (IAS 32 and IAS 39)

The Group has elected to recognise the effects of IAS 39 on financial instruments as at 1 January 2004, ahead of the mandatory application date. These effects relate mainly to hedging instruments (interest rate risk and currency risk). The amount involved as of 1 January 2004 was not material.

2. 2. CONSOLIDATION METHODS AND TREATMENT OF SUBSIDIARIES, ASSOCIATES AND OTHER INVESTMENTS

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

Exclusive control over TF1:

- Bouygues holds 42.89% of the capital and 42.94% of the voting rights of TF1, and according to a ruling by the *Conseil de la Bourse des Valeurs* of 11 February 1994 is regarded as acting in concert with Société Générale, a fellow-shareholder of TF1, under the terms of a shareholders' agreement*(1)*.

- Exclusive control by Bouygues over TF1 is demonstrated by the fact that:

- Bouygues has consistently and regularly held a substantial 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 (article L233-16 II of the Commercial Code).

Other factors indicating the existence of exclusive control include:

- the predominance of Bouygues among the group of shareholders acting in concert;
- 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.

The relationship between Bouygues and TF1 also meets the criteria stipulated in articles L233-3 I & II of the Commercial Code relating to de facto control by one company over another.

(1) In January 2006, Société Générale sold its interest in TF1, meaning that Bouygues and Société Générale were no longer acting in concert (AMF sale reference 206C0188, dated 30 January 2006). This change does not affect the exclusive control exercised by Bouygues over TF1.

- Companies under the joint control of more than one shareholder are consolidated by the proportionate consolidation method, based on the percentage of control held.

- Companies over which Bouygues exercises significant influence are consolidated by the equity method.

  Cofiroute:

  - Although less than 20% owned (16.7%), Cofiroute is consolidated using the equity method, as Bouygues exercises significant influence through its seats on the Board of Directors.

- In accordance with IAS 39 on financial instruments, investments in non-consolidated companies are recognised at fair value and are subject to impairment tests.

Changes in scope of consolidation:

	2005	2004
Fully consolidated	760	726
Proportionately consolidated	197	169
Equity method	26	31
	983	926

The main changes during 2005 are described in "Significant Events".

2. 3. BUSINESS COMBINATIONS

With effect from 1 January 2004, 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.

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.

Goodwill recognised prior to 1 January 2004, which Bouygues elected not to restate under the option allowed by IFRS 1, continues to be measured using the partial fair value method (IFRS 3). This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Minority interests are measured at the carrying amount of such items as shown in the balance sheet of the acquired entity.

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.

2. 4. Foreign currency translation

2. 4. 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. 4. 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. 5. 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. 6. NON-CURRENT ASSETS

2. 6. 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 30 years	25 to 50 years	-	
- Industrial buildings	depends on type	-	20 years	
- Plant, equipment and tooling	3 to 10 years	3 to 7 years	3 to 10 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, in terms of the estimated terminal residual values and depreciation calculations.

Gains and losses on disposal represent the difference between the sale proceeds and the carrying amount, and are recognised in the income statement under "Non-current operating income and expense".

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

(2) Depending on the type of asset

Depreciation periods are reviewed annually, and are adjusted if expectations differ from previous estimates. The resulting changes in accounting estimate are accounted for prospectively.

Leases:

Items of property, plant and equipment held under leases 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. Prior to the first-time adoption of IFRS, leased assets were only recognised in the balance sheet if the lease qualified as a *crédit-bail* transaction under French GAAP.

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.

2. 6. 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	(1)
IT system software and developments	straight line	4 years
Office software	straight line	4 years

(1) *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.*

- **UMTS licence:**

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. 6. 3. Other intangible assets

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

Intangible assets with no legal protection have been reclassified as goodwill under IFRS.

TF1 broadcasting rights:

This item includes shares in films and programmes co-produced by TF1 Films Production, TF1-Video, Glem 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 accounted for 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
End of shooting	in line with revenues		
Censors' certificate	3 years straight line		
Signature of contract		3 years straight line, 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 uses whichever method enables the film to be amortised as quickly as possible. Consequently, the method used may differ from film to film.

In accordance with IAS 36, 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. 6. 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 in 3.2.3.1) 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.

2. 6. 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. 7. CURRENT ASSETS

2. 7. 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. 7. 2. Programmes and broadcasting rights (TF1)

Programmes and broadcasting rights include in-house productions made by TF1 but not yet broadcast; external productions, comprising broadcasting rights acquired by TF1; and co-productions. They are measured at total production cost (including a portion of indirect production costs), or at acquisition cost in the case of co-productions.

Consumption of programmes depends on the type of programme and the number of possible transmissions. Most programmes are 100% amortised on first transmission, or when it becomes evident that the programme will not be transmitted.

Sports transmission rights:

Acquisitions of sports transmission rights for which TF1 has placed an irrevocable order prior to 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).

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.

2. 7. 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. 7. 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. 8. 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. 8. 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. 8. 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 tunnels 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. 8. 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. 8. 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. 9. CONSOLIDATED SHAREHOLDERS' EQUITY

Treasury shares are deducted from consolidated shareholders' equity, in accordance with IFRS (including the acquisition cost of call options used to cover the 2005 stock option plan).

If Group subsidiaries hold their own shares, an additional percentage interest is recognised at Group level.

Translation reserve

This reserve was deemed to be zero at 1 January 2004, and the balance transferred to “Retained earnings”. The translation reserve shown in the balance sheet represents translation differences arising since that date.

2. 10. NON-CURRENT LIABILITIES

2. 10. 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.

2. 10. 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 long-service awards.

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

  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 represent 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; in line with the treatment elected by the Group on transition to IFRS, this method has been applied prospectively from 1 January 2004.

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

  The actuarial assumptions used to measure the present value of the pension obligation and the pension 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 mutually consistent, and 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 20).

2. 11. CURRENT LIABILITIES

2. 11. 1 Advances and down-payments on orders

This item comprises advances and down-payments received from customers on start of works contracts.

2. 11. 2. Current provisions

- Provisions relating to the normal business cycle of each segment. These mainly comprise:
  - ✓ Provisions for project and contract risks, joint ventures, etc
  - ✓ Provisions for restructuring
  - ✓ Provision for customer loyalty programmes (Bouygues Telecom), etc

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

2. 11. 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. 11. 4. Deferred income and similar

See the section "IFRS standards and optional treatments applied" for the specific treatment applied to off-plan property sales.

2. 12. 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. 12. 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

Fixed-price packages 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 fixed-price packages, roaming fees and interconnection fees are recognised as the service is used.

Service discounts offered to new customers on subscription to fixed-price packages 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 consumer.

Distributor/retailer commission

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

2. 12. 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. 12. 3. Profits/losses from joint operations

These 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, and are included in operating profit.

2. 12. 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. 13. 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. 14. Off balance sheet commitments

A summary of contractual obligations and commercial commitments is provided in note 19.

2. 15. Financial indicators

Definitions of key financial indicators:

2. 15. 1. EBITDA

Current operating profit excluding net depreciation and amortisation expense and changes in provisions.

2. 15. 2. Free cash flow

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

2. 15. 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. 16. OTHER INFORMATION

Comparability of the IFRS financial statements:

- The accounting policies applied under IFRS as at 31 December 2004 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.

- In accordance with IFRS 5, the TF1 subsidiary TPS, which is in process of divestment, is shown on the separate lines used to report held-for-sale assets and operations in the consolidated balance sheet as at 31 December 2005 and the income statement for the year then ended (see Note 24).

- The impact of changes in the scope of consolidation during 2005 does not affect the comparability of the financial statements as presented.

NOTE 3	IFRS TRANSITION AT 1 JANUARY AND 31 DECEMBER 2004: RECONCILIATION OF FRENCH GAAP/IFRS CONSOLIDATED FINANCIAL STATEMENTS

3.1. 1 JANUARY 2004: FRENCH GAAP/IFRS COMPARATIVE BALANCE SHEET (as published in the 2004 Annual Report, pages 90 & 91)

For optional accounting treatments elected under IFRS, see Note 2, "IFRS standards and optional treatments applied", and specifically Note 2.1.1, "Optional accounting treatments on first-time adoption of IFRS at 1 January 2004 (IFRS 1)".

in millions of euros

Balance sheet (IFRS classifications)	1 January 2004		
	French GAAP	**IFRS**	**Difference**
Assets			
Property, plant and equipment	4 532	5 020	488
Intangible assets	6 409	1 088	(5 321)
Goodwill	264	5 272	5 008
Other non-current assets	778	1 558	780
Current financial assets	2 616	2 598	(18)
Other current assets	10 518 (1)	8 683	(1 835)
Total	**25 117**	**24 219**	**(898)**
Liabilities & shareholders' equity			
Shareholders' equity attributable to the Group	5 058 (1)	5 014	(44)
Minority interests	1 046 (1)	890	(156)
Total shareholders' equity	**6 104**	**5 904**	**(200)**
Non-current provisions and other non-current liabilities	1 896	1 516	(380)
Non-current debt	5 160	4 233	(927)
Other current liabilities	11 715 (1)	11 100	(615)
Current financial liabilities	242	1 466	1 224
Total	**25 117**	**24 219**	**(898)**
Net debt	**2 786**	**3 101**	**315**
as % of shareholders' equity	**46%**	**53%**	

(1) French GAAP as at 1 January 2004, after restatement for the change of method relating to the customer loyalty programme provision (Bouygues Telecom) recognised at end 2004 under French GAAP and retained under IFRS.

1 January 2004: comments on the principal differences between French GAAP and IFRS

Assets		**Millions of euros**
Property, plant and equipment		**488**
Capitalisation of plant and equipment held under finance leases	124	
Net reclassifications from other balance sheet items (primarily telecoms software)	297	
Net restatement of depreciation periods (buildings, telecoms equipment, etc)	78	
Other items	(11)	
Intangible assets		**(5 321)**
Reclassification of fair value adjustments as goodwill (market shares, etc)	(5 027)	
Other reclassifications to property, plant and equipment or other balance sheet items (primarily telecoms software)	(239)	
Amortisation of intangible assets and other items	(55)	
Goodwill		**5 008**
Reclassification of intangible assets (fair value adjustments previously recognised as market shares of acquirees)	5 027	
Other reclassifications	(19)	
Other non-current assets		**780**
Reclassification of deferred tax assets to "Other current assets"	706	
Net additional deferred tax effect from IFRS adjustments and other items	74	
Current financial assets		**(18)**
Net restatement of securitisation programmes (Bouygues Telecom) and remeasurement of hedging instruments		

Other current assets		**(1 835)**
Reclassification of deferred tax assets to non-current assets	(706)	
Restatement of receivables relating to off-plan property sales (matching reduction in "Other current liabilities")	(936)	
Reclassification of broadcast rights not yet ready for transmission (TF1) (matching reduction in "Other current liabilities")	(72)	
Restatements to deferred charges	(32)	
Other items (securitisation, reclassifications, etc)	(89)	

Liabilities & shareholders' equity

Impact of transition on shareholders' equity at 1 January 2004

See Note 3.4, column 1 for an analysis of the transition from French GAAP to IFRS

Non-current provisions		**(380)**
Reclassification of provisions to current liabilities (normal business cycle) to comply with IFRS	(436)	
Net additions to provisions to comply with IFRS (employee benefits, deferred tax liabilities, etc)	56	
Non-current debt		**(927)**
Reclassification of current portion of debt	(984)	
Reclassification from "Other equity" (primarily Bouygues Telecom participating loans)	167	
Other items, net (securitisation, finance leases)	(110)	
Other current liabilities		**(615)**
Reclassification of current provisions	436	
Restatements related to property activities (matching reduction in "Other current assets")	(936)	
Other items (TF1 rights, matching entry in current assets)	(115)	
Current financial liabilities		**1 224**
Reclassification of the current portion of debt	984	
Securitisation and hedging instruments, net	186	
Other items (finance leases, etc)	54	

3.2. DECEMBER 2004: FINANCIAL STATEMENTS PUBLISHED IN THE 2004 ANNUAL REPORT UNDER FRENCH GAAP

in millions of euros

Consolidated balance sheet at 31 December	2004 Net	2003 Net
Assets		
Intangible fixed assets	5 634	6 409
Goodwill	192	264
Tangible fixed assets	4 205	4 532
Long-term investments (a)		
Non-consolidated subsidiaries and affiliates	126	145
Equity-method subsidiaries and affiliates	474	472
Other	122	161
FIXED ASSETS	**10 753**	**11 983**
Inventories	1 208	1 181
Programmes and broadcasting rights	535	693
Advances and payments on account	369	105
Trade receivables (b)	5 659	5 972
Other receivables, prepaid expenses & similar items (b) (c)	3 085	2 519
Short-term investment securities	2 810	2 144
Cash and equivalents	446	472
CURRENT ASSETS	**14 112**	**13 086**
TOTAL ASSETS	**24 865**	**25 069**
(a) of which due in less than one year	5	3
(b) of which due in more than one year	407	750
(c) 12/2004: of which receivable from PAI partners on sale of Saur shares	1 031	
Liabilities and shareholders' equity		
Authorised capital	333	333
Premiums, reserves & consolidated earnings (d)	3 745	4 867
Translation reserve	(95)	(69)
Treasury stock		
SHAREHOLDERS' EQUITY (attributable to the Group) (h)	**3 983**	**5 131**
Minority interests	964	894
TOTAL SHAREHOLDERS' EQUITY	**4 947**	**6 025**
Other equity	140	167
SHAREHOLDERS' EQUITY AND OTHER EQUITY	**5 087**	**6 192**
PROVISIONS FOR LIABILITIES AND CHARGES	**1 866**	**1 896**
FINANCIAL LIABILITIES (e)	**4 686**	**5 160**
PROGRESS PAYMENTS RECEIVED	**480**	**576**
Trade payables	5 207	5 345
Other non-financial liabilities, accrued income and similar items (g)	7 289	5 658
NON-FINANCIAL LIABILITIES (f)	**12 496**	**11 003**
Short-term bank borrowings	250	242
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**24 865**	**25 069**
(d) of which net earnings for the year (attributable to the Group)	858	450
(e) of which due in less than one year	241	1 178
(f) of which due in more than one year	223	303
(g) (h) 12/2004: of which exceptional payout to be made on 07/01/05	1 664	

in millions of euros

Consolidated income statement (French GAAP)	2004	2003
SALES (1)	**23 402**	**21 822**
Other operating income	1 114	1 104
Purchases and changes in inventories	(5 206)	(4 888)
Taxes other than income tax	(512)	(473)
Personnel costs	(4 827)	(4 615)
External charges and other operating expenses	(11 153)	(10 431)
Net depreciation, amortisation and provisions	(1 322)	(1 339)
Share in earnings of unincorporated joint ventures	51	58
OPERATING INCOME	**1 547**	**1 238**
Net financial items	(165)	(219)
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	**1 382**	**1 019**
Net exceptional items	209	(14)
Income tax	(519)	(380)
NET EARNINGS OF CONSOLIDATED COMPANIES	**1 072**	**625**
Share in earnings of companies accounted for by the equity method	42	43
NET EARNINGS BEFORE MINORITY INTERESTS AND AMORTISATION OF GOODWILL	**1 114**	**668**
Amortisation of goodwill	(55)	(42)
NET EARNINGS BEFORE MINORITY INTERESTS	**1 059**	**626**
Minority interests	(201)	(159)
Share in earnings acquired from minority interests		(17)
NET EARNINGS (attributable to the Group)	**858**	**450**
Earnings per share (in euros)	2,57	1,34
Diluted earnings per share (in euros)	2,53	1,28
(1) of which sales generated outside France	6 370	6 110

in millions of euros

Consolidated cash flow statement (French GAAP)

	2004	2003
A - OPERATING ACTIVITIES		
Cash flow from operations	**2 267**	**2 073**
Net earnings of consolidated companies *(1)*	1 045	611
Depreciation, amortisation and provisions on fixed assets	1 234	1 255
Net change in provisions and deferred taxes	367	264
Expenses to be amortised over several periods (gross)	(6)	(4)
Net gain (loss) on disposals of assets and other items	(373)	(53)
Change in working capital requirement	**423**	**239**
Current assets, prepaid expenses and similar items	(137)	(236)
Net progress payments received, non-financial liabilities and other items	560	475
NET CASH FROM OPERATING ACTIVITIES	**2 690**	**2 312**
B - INVESTING ACTIVITIES		
Increase in fixed assets:	**(1 601)**	**(2 250)**
Acquisitions of intangible and tangible fixed assets	(1 263)	(1 133)
Acquisitions of participating interests	(338)	(1 117)
Decrease in fixed assets:	**1 371**	**677**
Disposals of intangible and tangible fixed assets	177	203
Disposals of participating interests	1 194	474
Net investment:	**(230)**	**(1 573)**
Net change in other long-term investments	(18)	(4)
Receivables on Saur disposal	(1 031)	
Net change in liabilities relating to fixed assets	115	(91)
Impact from changes in scope of consolidation	(78)	15
NET CASH USED FOR INVESTING ACTIVITIES	**(1 242)**	**(1 653)**
C - FINANCING ACTIVITIES		
Decrease in shareholders' equity and other equity	(1 748)	(248)
Exceptional payout to be made in 2005	1 664	
Dividends paid during the year	(258)	(213)
Net change in financial liabilities	(464)	558
NET CASH FROM (USED FOR) FINANCING ACTIVITIES	**(806)**	**97**
D - NET IMPACT OF EXCHANGE RATE MOVEMENTS	**(7)**	**(19)**
CHANGE IN CASH AND EQUIVALENTS (A + B + C + D)	**635**	**737**
Cash and equivalents at 1 January *(2)*	2 374	1 624
Net flows during the year	635	737
Other non-monetary movements *(3)*	(3)	13
CASH AND EQUIVALENTS AT 31 DECEMBER *(2)*	**3 006**	**2 374**

(1) net earnings of consolidated companies after amortisation of goodwill, including dividend received from companies accounted for by the equity method

(2) cash plus marketable securities less short-term bank borrowings

(3) transfers between line items

3.3. 31 DECEMBER 2004: COMPARATIVE FRENCH GAAP AND IFRS BALANCE SHEETS
(as shown in the transition document published on the bouygues.com website in June 2005)

millions euros

Balance sheet	31 December 2004 IFRS	31 December 2004 French GAAP
Assets		
Tangible fixed assets	4 629	4 205
Intangible fixed assets	1 020	5 634
Goodwill	4 540	192
Non-current financial assets	1 292	722
Current assets	9 144	10 856
Cash and equivalents	3 260	3 256
Financial instruments (1)	48	
Other current financial assets	15	
Total	**23 948**	**24 865**
Liabilities & shareholders' equity		
Shareholders' equity attributable to the Group	3 998	3 983
Minority interests	980	964
Other equity		140
Total shareholders' equity	**4 978**	**5 087**
Long-term debt	4 648	4 686 (2)
Non-current provisions	1 176	1 866 (3)
Other non-current liabilities	158	
Debt (maturing within one year)	242	
Current liabilities	12 449	12 976
Short-term bank borrowings	252	250
Financial instruments (1)	41	
Other current financial liabilities	4	
Total	**23 948**	**24 865**
Net debt	**1 875**	**1 680**
Gearing	**38%**	**33%**

(1) On fair-value hedges of financial liabilities
(2) French GAAP: all financial liabilities
(3) French GAAP: all provisions for liabilities and charges

31 December 2004: comments on the main changes between the two sets of standards

Assets — million euros

Tangible fixed assets — **424**

The increase under IFRS is due mainly to the reclassification of intangible fixed assets (telecom software, etc) (+250), the capitalisation of leased equipment (+83), and restatements on building and equipment depreciation periods and components (+110).

Intangible fixed assets — **(4 614)**

The reduction is due mainly due reclassifications of fair value adjustments (market share) as goodwill.

Goodwill — **4 348**

Reclassifications from fair value adjustments of intangibles now recorded in goodwill (market shares, etc)

Other non-current assets — **570**

This heading includes deferred tax assets (DTA) included in "Other current assets" under French GAAP for the net amount of 570 at 31/12.

Other current assets — **(1 712)**

Reclassification of DTA as "Other non-current assets" in the net amount of (570). Restatement of property receivables for off-plan sales (VEFA) in the amount of (1,095) (Matching reduction in "Other current liabilities").

Financial instruments

Assets	**48**
Liabilities	**41**

This item relates to debt hedging instruments estimated at fair value.
The change recorded is allocated either to income for the period or to consolidated shareholders' equity, depending on the nature of the financial assets and liabilities.

Liabilities & shareholders' equity		million euros	
Shareholders' equity		**(109)**	
Including +15 for Group share; see above table providing detailed analysis of the transition as of 31/12/04.			
Shareholders' equity under French GAAP at 31/12/04:			**5 087**
Group share		**3 983**	
Provisions for employee benefits (IAS 19)		**(52)**	
Tangible (IAS 16) and intangible (IAS 38) fixed assets (analysis by component/depreciation and amortisation periods/depreciable costs, etc) and asset impairment (IAS 36)		**15**	**15**
Straight-line goodwill amortisation (attributable to the Group)		**23**	
Net deferred taxes on IFRS restatements (IAS 12)		**19**	
Additional restatements for gain on disposal of Saur (deconsolidation)		**21**	
Other (1)		**(11)**	
Sub-total - Group share		**3 998**	
Minority interests' share/other equity		**1 104**	
Reclassification as non-current financial liabilities of minority interests on Bouygues Telecom participating loans (and other shareholders' equity)		**(140)**	**(124)**
Other restatements on minority interests		**16**	
Sub-total - Minority interests		**980**	
Shareholders' equity under IFRS at 31/12/04			**4 978**

(1) Including changes in fair value of financial instruments and miscellaneous restatements.

Non-current provisions		**(690)**	
The reduction is due mainly to the reclassification into current provisions of provisions in connection with the normal operating cycle in the amount of 540 million euros.			
Non-current debt		**(38)**	
The small change is due mainly to the reclassification of the amount due within one year as current liabilities.			
Other non-current liabilities		**158**	
This heading now includes deferred tax liabilities.			
Current liabilities		**(527)**	
Small net change			
Of which:			
Reclassification of current provisions	**540**		
Restatements for Group property business (See "Other current assets")	**(1 095)**		

3.4. 31 DECEMBER 2004: TRANSITION FROM FRENCH GAAP TO IFRS ON SHAREHOLDERS' EQUITY

million euros

	01/01/04	Capital increase	Treasury shares	Conversion reserve	Other movements	Income	31/12/04	
Shareholders' equity - Group share under French GAAP (1)	**5 058**	**356**	**(414)**	**(26)**	**(1 849)** (2)	**858**	**3 983**	
Treasury shares under Bouygues SA liquidity agreement			(1)				**(1)**	
Net tangible and intangible fixed assets depreciation/ amortisation period/basis and deferred charges (IAS 2 / 16 / 38)	(1)					16	**15**	
Provisions for employee benefits (IAS19)	**(52)**						**(52)** (7)	
Net deferred tax on IFRS restatements (IAS 12)	20					(1)	**19**	
Share-based payments					7	(7)		
Goodwill						23 (5)	**23**	
IFRS supplement on Saur disposal						21 (6)	**21**	
Other restatements and reclassifications	(11)			11	(9) (4)	(1)	**(10)**	
Shareholders' equity under IFRS	**5 014**	**356**	**(415)**	**(15)**	**(1 851)**	**909**	**3 998**	
Minority interests (and other equity) under French GAAP	**1 046**	**5**		**2**	**(150)** (3)	**201**	**1 104**	**964** **140**
Reclassification as non-current financial liabilities of minority interests on participating loans and other equity	(167)				27		**(140)**	
Other	11					5	**16**	
Minority interests under IFRS	**890**	**5**		**2**	**(123)**	**206**	**980**	
Total shareholders' equity under French GAAP	**6 104**	**361**	**(414)**	**(24)**	**(1 999)**	**1 059**	**5 087**	**(109)**
Total shareholders' equity under IFRS	**5 904**	**361**	**(415)**	**(13)**	**(1 974)**	**1 115**	**4 978**	

(1) French GAAP at 1 January 2004 after restatement for change in method for customer loyalty provision (Bouygues Telecom), created at end 2004 under French GAAP (maintained under IFRS)
(2) Of which: dividend paid by Bouygues SA: (164), exceptional payout to be made on 7 January 2005: (1,664)
(3) Of which: dividends distributed by minority shareholders: (94)
(4) Of which: change in fair value of financial instruments and other
(5) Cancellation of straight-line goodwill amortisation: 100%: 28; o/w Group share: 23
(6) Supplement due to effect of deconsolidating Saur under IFRS: 100% = 25, o/w Group share: 21
(7) Resettting of actuarial gains and losses (corridor) to zero and various adjustments to conform to IAS 19 (LT employee benefits)

3.5. 31 DECEMBER 2004: TRANSITION OF INCOME STATEMENT (FRENCH GAAP TO IFRS)

million euros

Income statement	12/2004 French GAAP	IFRS / restatements/ Income		Disposal of Saur (1)	Other IFRS reclassifications	12/2004 IFRS
- Sales	23 402			(2 176)	16	**21 242**
- Other revenues	1 114			(35)	(938)	**141**
- Taxes other than income tax	(512)			43	(7)	**(476)**
- Personnel costs	(4 827)	(9)	Share-based payments: (9) (2)	452	(26)	**(4 410)**
- Purchases and changes in inventories/ external charges/other operating expenses	(16 359)				16 359	
- Purchases used in production		3		670	(9 813)	**(9 140)**
- External charges		(3)	Finance leases: (2)	1 004	(5 644)	**(4 643)**
- Change in inventories used in production and property development					(13)	**(13)**
- Other operating income and expenses		5 (3)		(328)	597	**274**
- Depreciation, amortisation and provisions	(1 322)	14 (4)		138	(246)	**(1 416)**
- Share in earnings of unincorporated joint ventures	51				(51)	
Operating profit	**1 547**					
IFRS restatements and reclassifications		**10**		**(232)**	**234**	
Current operating profit	**1 547**	**10**		**(232)**	**234**	**1 559**
- Financial income and expenses	(165)			17	148	
- Cost of net debt		(3)	Mainly including liabilities related to finance leases	2	(161)	**(162)**
- Other financial income and expenses				(3)	(29)	**(32)**
- Exceptional income and expenses	209				(209)	
- Income tax	(519)	(1)		18	2	**(500)**
- Share of income in affiliated companies	42	(3)		(2)		**37**
- Goodwill amortisation	(55)	28	Cancellation of straight-line goodwill amortisation	12	15 (5)	
- Net profit of discontinued and held-for-sale operations (Saur)		25	IFRS impact with Saur deconsolidated	188		**213**
Net earnings	**1 059**	**56**				**1 115**
Group share	858	51				**909**
Minority interests' share	201	5				**206**

(1) Elimination of the impact of the operations of Saur (sold in December 2004) and Infomobile (sold in August 2004) and reclassification of net income from disposal under the IFRS heading "Net profit of discontinued and held-for-sale operations".

(2) Stock option plans issued after 7 November 2002

(3) Of which:
- Finance leases: 40 (IAS 17)
- Inclusion of change in depreciation and amortisation in residual book value: (27) (IAS 16)

(4) Of which :
- Cancellation of deferred charges: 9 (IAS 38)
- Inclusion of finance leases: (34) (IAS 17)
- Restatement for asset amortisation period and basis: 37 (IAS 16)

(5) To be reclassified as operating income

<u>The +51 change under IFRS can be summarised as follows</u>:

Net profit - Group share under French GAAP, year to 31 December 2004	**858**
No straight-line amortisation of goodwill under IFRS (excluding Saur)	23
Stock options: charge created for share-based payments under stock option plans at Bouygues SA and TF1 (IFRS 2)	(7)
Restatement of depreciation charges on buildings, equipment (components/periods, etc.) and depreciable expenses	16
Additional IFRS restatement of gain on the disposal of Saur at end 2004, after resetting negative translation reserves to zero as of 1 January 2004 (IFRS 1)	21
Other IFRS restatements (of which net deferred tax = (1))	(2)
Net profit attributable to the Group under IFRS, year to 31 December 2004	**909**

3.6. 2004 CONSOLIDATED CASH FLOW STATEMENT

million euros

	Full year 2004	
	IFRS (1)	**French GAAP (2)**
<u>Net cash generated from operating activities</u>		
Cash flow after cost of net debt and income taxes	2 052	2 267
Cost of net debt and tax expense	662	
Cash flow before cost of net debt and tax expense	2 714	
Other cash flows relating to working capital requirement	35	423
<u>Net cash generated from operating activities</u>	**2 749**	**2 690**
<u>Net cash used in investing activities</u>		
Net acquisitions of tangible and intangible fixed assets	(1 047)	(230)
Net acquisitions of consolidated investments and other	822	
Receivables on Saur disposal	(1 031)	(1 031)
Other cash flow from investing activities	119	19
<u>Cash flow used in investing activities</u>	**(1 137)**	**(1 242)**
<u>Net cash used in financing activities</u>		
Shareholders' equity	(1 720)	(1 748)
Dividends paid	(258)	(258)
Exceptional payout	1 664	1 664
Cash used for financial liabilities	(270)	
Cost of net debt	(162)	(464)
Other cash from financing activities	(93)	
<u>Net cash used in financing activities</u>	**(839)**	**(806)**
<u>Effect of changes in exchange rates</u>	(8)	(7)
<u>Change in cash position</u>	**765**	**635**
Cash position at 1 January	**2 250**	**2 374**
Changes during 2004	**758**	**632**
Cash at 31 December	**3 008**	**3 006**

(1) Presentation in accordance with the CNC recommendation dated 27 October 2004
(2) Comparative presentation of cash flow statement under French GAAP, in accordance with possible concordance under IFRS

The 2004 cash flows shown in the IFRS cash flow statement exclude the cash flow of Saur, which was sold at the end of 2004.

<u>Net cash generated by operating activities</u>	**59**
Most of the net increase between the two sets of standards comes from the additional net profit under IFRS (+51) that affects cash flow	
<u>Net cash used in investing activities</u>	**105**
The change is mainly due to the deconsolidation of Saur cash flow under IFRS 2 (+122)	
<u>Net cash used in financing activities</u>	**(33)**
The change is due to the deconsolidation of Saur and to IFRS restatements	

NOTE 4	NON-CURRENT ASSETS	11 444

An analysis of non-current assets by business segment is provided in Note 17.

4.1 SUMMARY OF NET INVESTMENTS FOR THE PERIOD (OPERATING AND FINANCING)

	2005	2004
Acquisitions of property, plant and equipment	1 198	1 106
Acquisitions of intangible assets	173	115
Investments in operating assets	**1 371**	**1 221**
Non-current financial assets (investments in consolidated and non-consolidated companies, other long-term investments)	**333**	338
Investments in financial assets	**1 704**	**1 559**
Disposals of non-current assets	**(225)**	(1 334)
Net investment	**1 479**	**225**

4.2. MOVEMENTS DURING THE PERIOD

4 615

4.2.1. 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 2004	**1 495**	**6 708**	**1 837**	**130**	**10 170**
Translation adjustment	(5)	(32)	(10)	(1)	**(48)**
Transfers and other movements	44	(21)	61	(90)	**(6)**
Changes in scope of consolidation	(165)	(77)	(237)	1	**(478)**
Acquisitions and other increases	41	685	237	143	**1 106**
Disposals and other reductions	(60)	(325)	(115)	(7)	**(507)**
31 December 2004	**1 350**	**6 938**	**1 773**	**176**	**10 237**
of which finance leases	47	55	230		**332**
Movements during 2005					
Translation adjustment	30	95	29		**154**
Transfers and other movements	12	83	(202)	(116)	**(223)**
Changes in scope of consolidation	(30)	(49)	21	(6)	**(64)**
Acquisitions and other increases (1)	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**

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 2004	**(447)**	**(3 530)**	**(1 173)**		**(5 150)**
Translation adjustment	1	20	6		**27**
Transfers and other movements	4	39	(36)		**7**
Changes in scope of consolidation	57	31	140		**228**
Disposals and other reductions	14	239	99		**352**
Net depreciation expense	(55)	(763)	(253)		**(1 071)**
Impairment losses recognised		(1)			**(1)**
Impairment losses reversed					
31 December 2004	**(426)**	**(3 965)**	**(1 217)**		**(5 608)**
of which finance leases	(20)	(28)	(131)		**(179)**
Movements during 2005					
Translation adjustment	(7)	(60)	(18)		**(85)**
Transfers and other movements	(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)**

Carrying amount	Land and buildings	Industrial plant and equipment (2)	Other property, plant and equipment	PP&E under construction and advance payments	Total
31 December 2004	**924**	**2 973**	**556**	**176**	**4 629**
of which finance leases	27	27	99		**153**
31 December 2005	**949**	**2 975**	**539**	**152**	**4 615**
of which finance leases	20	29	48		**97**

(1) including Bouygues Telecom:
Network investments of 506 million (10% higher than in 2004)

(2) including Bouygues Telecom:
gross value of fully-depreciated property, plant and equipment still in use: 661 million (network equipment and installations)

Analyses of the carrying amount of intangible assets and property, plant & equipment, and of investment in operating assets, by business segment and geographical area are provided in Note 17, "Segment Information".

4.2.2. Intangible assets

1 056

Gross value	Development expenses	Concessions, patents and similar rights (1)	Other intangible assets	Total
1 January 2004	**5**	**1 046**	**1 029**	**2 080**
Translation adjustment	0	1	0	**1**
Transfers and other movements	0	0	(93)	**(93)**
Changes in scope of consolidation	0	4	(67)	**(63)**
Acquisitions and other increases	1	53	61	**115**
Disposals and other reductions	0	(6)	(31)	**(37)**
31 December 2004	**6**	**1 098**	**899**	**2 003**
Movements during 2005				
Translation adjustment	0	0	3	**3**
Transfers and other movements	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**

Amortisation and impairment	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
1 January 2004	**(2)**	**(200)**	**(790)**	**(992)**
Translation adjustment	0	(1)	0	**(1)**
Transfers and other movements	0	1	14	**15**
Changes in scope of consolidation	0	2	88	**90**
Disposals and other reductions	0	4	21	**25**
Net amortisation expense	(2)	(56)	(62)	**(120)**
Impairment losses recognised	0	0	0	**0**
Impairment losses reversed	0	0	0	**0**
31 December 2004	**(4)**	**(250)**	**(729)**	**(983)**
Movements in 2005				
Translation adjustment	0	0	(1)	**(1)**
Transfers and other movements	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)**

Carrying amount	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
31 December 2004	**2**	**848**	**170**	**1 020**
31 December 2005	**0**	**807**	**249**	**1 056**

(1) Includes Bouygues Telecom UMTS licence: 619

UMTS licence

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

. a fixed component of 619 million euros, 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.

The UMTS licence is amortised over its useful life. Bouygues Telecom began to amortise the licence on 26 May 2005, when the UMTS network opened.

4.2.3. Goodwill

4 618

Movement in carrying amount of goodwill

	Gross value	Impairment	Carrying amount
1 January 2004	**5 272**		**5 272**
Changes in scope of consolidation	(735)	2	(733)
Impairment losses		(17)	(17)
Other movements	19	(1)	18
31 December 2004	**4 556**	**(16)**	**4 540**
Movements in 2005			
Changes in scope of consolidation (1)	500		500
Impairment losses		(7)	(7)
Other movements (2)	(415)		(415)
31 December 2005	**4 641**	**(23)**	**4 618**

(1) Includes 320 million euros relating to the option to buy 6.5% of Bouygues Telecom
(2) Includes: (420) million euros relating to TPS, in process of divestment, reclassified as "Held-for-sale assets"

Split of goodwill by cash generating unit (CGU)

As mentioned in Note 2, CGUs are equivalent to business segments within the Bouygues Group

Segment	31 December 2005		31 December 2004	
	Total	% of parent	Total	% of parent
Bouygues Construction	106	99,97%	76	99,97%
Colas	805	96,42%	726	96,27%
TF1	1047	42,93%	1 393	41,50%
Bouygues Telecom	2655	89,55%	2 335	83,05%
Other activities	5		10	
Total Bouygues	**4 618**		**4 540**	

Consolidated purchase price of listed shares (TF1 and Colas)

	Consolidated purchase price per share (1)	Average quoted share price at 31 December 2005 (2)
TF1	10,37	22,92
Colas	65,34	143,92

(1) Carrying amount per share in the consolidated financial statements
(2) Average of quoted share prices between 1 December 2005 and 31 December 2005

Impairment tests were carried out as described in Note 1, and did not indicate any material impairment of intangible assets or goodwill attached to the Group's CGUs (business segments).

4.2.4. Non-current financial assets

780

	Gross value					
	Associates (1)	Other non-current assets		Total gross value	Impairment	Carrying amount
		Investments in non-consolidated companies	Other non-current assets			
1 January 2004	**479**	**267**	**185**	**931**	**(166)**	**765**
Translation adjustment	(2)	0	(2)	(4)	0	**(4)**
Transfers and other movements	0	0	0	0	5	**5**
Changes in scope of consolidation	(16)	(69)	(18)	(103)	4	**(99)**
Acquisitions and other increases	27	53	45	125	0	**125**
Disposals and other reductions	0	(28)	(62)	(90)	0	**(90)**
Net impairment reversals/(losses)					21	**21**
31 December 2004	**488**	**223**	**148**	**859**	**(136)**	**723**
Movements in 2005						
Translation adjustment	4	0	3	7	0	**7**
Transfers and other movements	(17)	21	(7)	(3)	1	**(2)**
Changes in scope of consolidation	(12)	(10)	1	(21)	(11)	**(32)**
Acquisitions and other increases	36	6	94	136	0	**136**
Disposals and other reductions	0	(29)	(33)	(62)	0	**(62)**
Net impairment reversals/(losses)					10	**10**
31 December 2005	**499**	**211**	**206**	**916**	**(136)**	**780**

(1) Includes goodwill relating to associates: 138

4.2.4.1. Investments in associates

497

	Share of net assets held	Net goodwill relating to associates (1)	Carrying amount
1 January 2004	**330**	**149**	**479**
Translation adjustment	(2)	0	**(2)**
Transfers and other movements	0	0	**0**
Changes in scope of consolidation	(3)	(13)	**(16)**
Acquisitions and other increases	25	0	**25**
Disposals and other reductions	0	0	**0**
Net impairment reversals/(losses)			**0**
31 December 2004	**350**	**136**	**486**
Movements in 2005			
Translation adjustment	4	0	**4**
Transfers and other movements	(17)	0	**(17)**
Changes in scope of consolidation	(12)	0	**(12)**
Acquisitions and other increases	2	0	**2**
Disposals and other reductions	34	0	**34**
Net impairment reversals/(losses)			**0**
31 December 2005	**361**	**136**	**497**

(1) includes impairment of (2)

The Bouygues Group owns a number of interests in associates, which are listed in Note 26 (Detailed List of Consolidated Companies at 31 December 2005).

Movements in the carrying amount of investments in associates during 2005

	31/12/2004	Net movement in 2005 (1)	31/12/2005	Of which: share of net profit
Construction				
Stade de France	12	1	13	3
Other public works concession companies	35	4	39	2
Other associates		10	10	14
Roads				
Cofiroute	349	20	369	46
Tipco Asphalt	9	8	17	1
Other associates	11	(2)	9	2
Media	45	(5)	40	(6)
Bouygues SA and other associates				
Novasaur (2)	21	(21)		
Other associates	4	(4)		
Total	**486**	**11**	**497**	**62**

(1) Including share of net profit for the year, acquisitions, changes in scope of consolidation, translation adjustments, dividend payments and capital increases.
(2) Novasaur: deconsolidated in 2005 after divestment of a 5.12% interest

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

Amounts shown are for 100% of the associate	31 December 2005		
	Cofiroute	Alis	Stade de France
Non-current assets	4 421	895	369
Current assets	594	65	77
Total assets	**5 015**	**960**	**446**
Shareholders' equity	1 428	(4)	39
Non-current liabilities	3 107	946	337
Current liabilities	480	18	70
Total liabilities and equity	**5 015**	**960**	**446**
Sales	900	4	72
Operating profit	465	NS	18
Net profit	**276**	**(6)**	**9**

Amounts shown are for 100% of the associate	31 December 2004		
	Cofiroute	Alis (1)	Stade de France
Non-current assets	3 393	715	371
Current assets	793	94	64
Total assets	**4 186**	**809**	**435**
Shareholders' equity	1 256	(1)	36
Non-current liabilities	775	773	354
Current liabilities	2 155	37	45
Total liabilities and equity	**4 186**	**809**	**435**
Sales	895	-	74
Operating profit	458	-	18
Net profit	**260**	-	**9**

(1) Operation of the A28 motorway started in 2005.

4.2.5. Other non-current financial assets

283

4.2.5.1. Carrying amount of principal investments in non-consolidated companies at 31 December 2005

Investment	31/12/2005								31/12/04
	Gross value	**Impairment**	**Carrying amount**	**% interest**	**Total assets (2)**	**Total current & non-current liabilities**	**Total sales**	**Net profit**	**Carrying amount**
French companies									
CATC (2)	2		**2**	99,8%	2	-	-	-	**10**
Foncière du point du jour (2)	10	(7)	**3**	100,0%	3	-	-	-	**3**
Périphérique de Lyon (2)	9	(8)	**1**	38,7%	4	-	-	-	**1**
Sylver (2)	4		**4**	49,0%	9	5	14	3	**4**
Novasaur	36		**36** (1)	9,9%	3	3	1	-	**30**
Asphalt & binder companies (Colas) (3)	19	(2)	**17**		-	-	-	-	**21**
Other investments in French companies	31	(13)	**18**		-	-	-	-	**14**
Sub-total	**111**	**(30)**	**81**		**21**	**8**	**15**	**3**	**83**
Foreign companies									
Socoprim (Côte d'Ivoire) (2)	14		**14**	66,3%	22	1		-	14
Ma Chang (South Korea) (2)	7		**7**	44,0%	42	28		(1)	6
CCIB (Romania) (2)	6	(6)	**0**	22,0%	-	-	-	-	
VSL corporation (USA) (2)	22	(22)	**0**	100,0%		1		(1)	
Asphalt & binder companies (Colas) (3)	2	(1)	**1**		-	-	-	-	1
Other investments in foreign companies	49	(38)	**11**		-	-	-	-	12
Sub-total	**100**	**(67)**	**33**		**64**	**30**	**0**	**(2)**	**33**
Total	**211**	**(97)**	**114**		**85**	**38**	**15**	**1**	**116**

(1) Carrying amount after divestment of a 5.12% interest in 2005 and deconsolidation of the remaining 9.88% interest

(2) Although Bouygues has an interest of more than 20% in these companies, they are not consolidated because their potential contribution to the consolidated financial statements is not material

(3) The information provided for Colas asphalt & binder companies and other investments in French and foreign companies covers a number of companies, about which individual information is not disclosed

4.2.5.2. Other non-current financial assets

169

The main items included in this heading are:

● Advances to non-consolidated companies		45
● Non-current loans and receivables		45
● Other long-term investments:		79
comprising:		
- Deposits and caution money	67	
- Other long-term investment securities	12	

Main components of "Other long-term investment securities"

Miscellaneous mutual funds	6
Other investments individually less than 2 million euros	6

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

283

	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Held-to-maturity financial assets	Total
31 December 2004	63	51	4	119	**237**
Movements during 2005	35	48	1	(38)	**46**
31 December 2005	98	99	5	81	**283**
Due within less than 1 year	6	5	1	2	**14**
Due within 1-5 years	6	39	3	2	**50**
Due after more than 5 years	86	55	1	77	**219**

Investments in joint ventures

The Bouygues Group holds a number of interests in joint ventures, which are listed in Note 26 (Detailed List of Consolidated Companies at 31 December 2005).

Aggregate amounts for assets/liabilities and sales are provided in the table below:

Bouygues share	31/12/2005	31/12/2004
Total assets/liabilities	**763**	**626**
Sales	**918**	**755**

4.3. NON-CURRENT TAX ASSETS

375

See Note 8 for details.

NOTE 5 CURRENT ASSETS 12 590

5.1. INVENTORIES 1 804

Inventories	31/12/2005 Gross value	31/12/2005 Impairment	31/12/2005 Carrying amount	31/12/2004 Gross value	31/12/2004 Impairment	31/12/2004 Carrying amount
Inventories: raw materials, supplies, finished goods and property development inventories	1 368	(75)	**1 293**	1 274	(118)	**1 156**
Programmes and broadcasting rights (TF1) (1)	655	(144)	**511**	659	(124)	**535**
Total	**2 023**	**(219)**	**1 804**	**1 933**	**(242)**	**1 691**

Impairment of inventories	Charges 31/12/2005	Charges 31/12/2004	Reversals 31/12/2005	Reversals 31/12/2004
Inventories: raw materials, supplies, finished goods and property development inventories	(34)	(47)	40(a)	44
Programmes and broadcasting rights (TF1) (1)	(76)	(34)	55	30
Total	**(110)**	**(81)**	**95**	**74**

(a) Includes reversals of impairment losses on property development inventories (Bouygues Immobilier): 22

(1) **TF1:**
The maturities of broadcasting and transmission rights contracts entered into by TF1 to secure future programming schedules are as follows:

	Maturity: within less than 1 year	Maturity: within 1-5 years	Maturity: after more than 5 years	Total 2005	Total 2004
. Programmes and broadcasting rights (1) (2)	491	850	292	1 633	1 025
. Sports transmission rights (3)	212	457	271	940	494
Total	**703**	**1 307**	**563**	**2 573**	**1 519**

(1) From 2005 onwards, this includes output deal contracts entered into by TF1 SA.
Some of these contracts are denominated in foreign currencies (30 million euros in CHF, 89 million euros in GBP and 418 million euros in USD.

(2) **Programmes and broadcasting rights:**
These relate primarily to TF1 SA (1,277 million euros) and TPS (236 million euros)

(3) **Sports transmission rights:**
These relate to TF1 SA (609 million euros), Eurosport (314 million euros) and TPS (17 million euros).

5.2. ADVANCES AND DOWN-PAYMENTS ON ORDERS

357

	31/12/2005			31/12/2004		
	Gross value	**Impairment**	**Carrying amount**	**Gross value**	**Impairment**	**Carrying amount**
Advances and down-payments on orders	360	(3)	**357**	369	0	**369**

5.3 TRADE RECEIVABLES, TAX ASSETS, OTHER RECEIVABLES AND PREPAID EXPENSES

7 173

	31/12/2005			31/12/2004		
	Gross value	**Impairment**	**Carrying amount**	**Gross value**	**Impairment**	**Carrying amount**
Trade receivables (including unbilled receivables)	5 759	(341)	**5 418**	4 896	(321)	**4 575**
Current tax assets (tax receivable)	73	(2)	**71**	45		**45**
Other receivables and prepaid expenses :						
Other operating receivables (employees, social security, government & other)	1 148	(20)	**1 128**	997	(25)	**972**
Sundry receivables	495	(89)	**406**	1 474 (1)	(123)	**1 351**
Prepaid expenses	150		**150**	141		**141**
Total	**7 625**	**(452)**	**7 173**	**7 553**	**(469)**	**7 084**

(1) Includes receivable from PAI Partners on sale of Saur: 1,031

5.4. FINANCIAL INSTRUMENTS (ASSETS)

41

See Note 18, Financial Instruments.

5.5. CASH AND EQUIVALENTS

3 215

Cash and equivalents	31/12/2005 Gross value	31/12/2005 Impairment	31/12/2005 Carrying amount	31/12/2004 Gross value	31/12/2004 Impairment	31/12/2004 Carrying amount
Cash	618		**618**	442		**442**
Short-term investment securities	2 609	(12)	**2 597** (1)	2 829	(11)	**2 818**
Total	**3 227**	**(12)**	**3 215**	**3 271**	**(11)**	**3 260**

As at 31 December 2005, the realisable value of short-term investment securities was greater than their carrying amount.
Investments are placed with high-quality French and foreign banks.
Cash and equivalents can be easily converted 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:

	31/12/2005	31/12/2004
Cash	618	442
Short-term investment securities	2 597	2 818
Sub-total	3 215	3 260
Overdrafts and short-term bank borrowings	(178)	(252)
Sub-total	(178)	(252)
Total	**3 037**	**3 008**

Split by currency at 31 December 2005	Euro	Pound sterling	Swiss franc	Other European currencies	US dollar	Other	Total
Cash	351	22	29	70	27	119	**618**
Short-term investment securities	2 579		2			16	**2 597**
Financial instruments							
Overdrafts and short-term bank borrowings	(35)			(51)	(1)	(91)	**(178)**
Total 2005	**2 895**	**22**	**31**	**19**	**26**	**44**	**3 037**
Total 2004	**2 880**	**22**	**31**	**29**	**26**	**20**	**3 008**

NOTE 6	CONSOLIDATED SHAREHOLDERS' EQUITY

6.1. SHARE CAPITAL OF BOUYGUES SA (IN EUROS)

€ 336 762 896

As at 31 December 2005, the share capital of Bouygues SA consisted of 336,289,029 shares and 473,867 investment certificates.
Movements in the year ended 31 December 2005 were as follows:

	1 January 2005	Movements during 2005 Reductions	Increases	31 December 2005
Shares	332 254 414	(8 361 649)	12 396 264	336 289 029
Investment certificates	504 210	(30 343)		473 867
Number of shares/certificates	**332 758 624**	**(8 391 992)**	**12 396 264**	**336 762 896**
Par value (in euros)	€ 1			€ 1
Share capital (in euros)	**332 758 624**	**(8 391 992)**	**12 396 264**	**336 762 896**

6.2. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR YEAR ENDED 31 DECEMBER 2005 (GROUP & MINORITY INTERESTS)

31 December 2005	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves & profit for year	Treasury shares	Profits recognised directly in equity	Total: 31/12/05
Attributable to the Group	337	1 897	810	276	1 244	(5)	71	**4 630**
Minority interests					926		5	**931**
Total shareholders' equity	**337**	**1 897**	**810**	**276**	**2 170**	**(5)**	**76**	**5 561**

6.2.1. Attributable to the Group

	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves & profit for year	Treasury shares	Profits recognised directly in equity	Total: Group
Position at 1 January 2004	**333**	**1 977**	**712**	**43**	**1 940**		**9**	**5 014**
Movements								
Capital and reserves transactions, net		(58)						**(58)**
Share-based payment							7	**7**
Dividends					(1 828)			**(1 828)**
Net profit for the year attributable to the Group					909			**909**
Financial instruments							6	**6**
Translation adjustments							(15)	**(15)**
Other movements					(36)	(1)		**(37)**
Position at 31 December 2004	**333**	**1 919**	**712**	**43**	**985**	**(1)**	**7**	**3 998**
Change of accounting method								
Adjusted position at 31 December 2004	**333**	**1 919**	**712**	**43**	**985**	**(1)**	**7**	**3 998**
Movements								
Capital and reserves transactions, net	4	(22)	98	233	(331)			**(18)**
Share-based payment					7		32	**39**
Dividends					(249)			**(249)**
Net profit for the year attributable to the Group					832			**832**
Financial instruments							(9)	**(9)**
Translation adjustments							59	**59**
Other movements						(4)	(18)	**(22)**
Position at 31 December 2005	**337**	**1 897**	**810**	**276**	**1 244**	**(5)**	**71**	**4 630**

6.2.2. Minority interests

	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves & profit for year	Profits recognised directly in equity	Total: minority interests
Position at 1 January 2004					**890**		**890**
Movements					5		**5**
Capital and reserves transactions, net					(94)		**(94)**
Dividends					206		**206**
Net profit for the period attributable to minority interests							
Financial instruments						2	**2**
Translation adjustments							
Other movements					(29)		**(29)**
Position at 31 December 2004					**978**	**2**	**980**
Change of accounting method							
Adjusted position at 31 December 2004					**978**	**2**	**980**
Movements							
Capital and reserves transactions, net							
Dividends					(91)		**(91)**
Net profit for the period attributable to minority interests					206		**206**
Financial instruments							
Translation adjustments						3	**3**
Change in scope of consolidation					(170)		**(170)**
Other movements					3		**3**
Position at 31 December 2005					**926**	**5**	**931**

6.2.3. Analysis of movements in profits taken directly to equity during 2005 (portion attributable to the Group)

	Note	Year ended 31/12/2005
Translation reserve	1	**59**
Financial instruments (changes in fair value)	2	**(9)**
Share-based payment	3	**32**
Other movements	4	**(18)**
Total		**64**

1 - Translation reserve

The translation reserve was deemed to be zero as at 1 January 2004 under IFRS, and hence includes only movements since that date.
Principal translation differences at 31 December 2005 on foreign companies reporting in:

	31/12/2004	Movement in 2005	31/12/2005
US dollar	(16)	34	18
Canadian dollar	(1)	15	14
Other	2	10	12
Total	**(15)**	**59**	**44**

2 - Fair value remeasurement reserve

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

	31/12/2004	Movement in 2005	31/12/2005
Movement during the year	15	(9)	**6**

3 - Share-based payment (IFRS2)

	31/12/2004	2005	31/12/2005	
TF1 and Bouygues SA stock options				
. Transfer to reserves	7	(7)		2004 expense
. 2005 expense:				
- TF1		2	2	Portion attributable to Bouygues
- Bouygues SA		7	7	Based on plans granted since November 2002
Consolidated expense		**9**	**9**	**(recognized in "Personnel costs")**
Employee savings plan (Bouygues Confiance 3)		30	30	Cost of benefit awarded to employees on 21 June 2005 (discount to share price)
Total	**7**	**32**	**39**	

4 - Other movements

	31/12/2005
Call options on Bouygues SA shares	(37)
Other movements	19
Total	**(18)**

NOTE 7	NON-CURRENT AND CURRENT PROVISIONS

7.1. NON-CURRENT PROVISIONS = 1,265

	Long-term employee benefits (1)	Litigation and claims (2)	Guarantees given (3)	Other non-current provisions (4)	Total
1 January 2004	**320**	**264**	**188**	**620**	**1 392**
Movements during 2004					
Translation adjustment					
Transfers between items	10	(5)	3	17	**25**
Changes in accounting method and scope of consolidation	(34)	(18)	(2)	(278)	**(332)**
Charges to provisions	45	91	83	171	**390**
Provisions utilised	(7)	(43)	(47)	(89)	**(186)**
Provisions no longer required	(3)	(46)	(10)	(54)	**(113)**
31 December 2004	**331**	**243**	**215**	**387**	**1 176**
Movements during 2005					
Translation adjustment	1		1	2	**4**
Transfers between items	1	(19)	(2)	(19)	**(39)**
Changes in 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** (5)

(1) **Long-term employee benefits**		**368**
Lump-sum retirement benefits	251	
Long-service awards	96	
Other long-term employee benefits	21	
(2) **Litigation and claims**		**309**
Provisions for customer disputes	128	
Subcontractor claims	36	
Employee-related litigation and claims	21	
Other litigation and claims	124	
(3) **Guarantees given**		**232**
Provisions for warranties	164	
Additional building, civil engineering/civil works guarantees	68	
(4) **Other non-current provisions**		**356**
Risks related to tax and other official inspections	109	
Provisions for miscellaneous foreign risks	16	
Provisions for subsidiaries and associates	14	
Provisions for contractual obligations	9	
Provisions for site remediation costs	64	
Other non-current provisions	144	

(5) Includes 46: fines for anti-competitive practices, Construction segment

7.2. CURRENT PROVISIONS = 676

Provisions related to the operating cycle (see Note 2)

	Provisions for customer warranties	Provisions for foreign exchange losses	Provisions for project risks & project completion	Provisions for losses to completion	Provisions for customer loyalty programmes	Other current provisions	Total
1 January 2004	**23**	**5**	**148**	**73**	**136**	**156**	**541**
Movements during 2004							
Translation adjustment				(1)			**(1)**
Transfers between items			(11)	1		(15)	**(25)**
Changes in accounting method and scope of consolidation	1		(6)				**(5)**
Charges to provisions	15		74	49	11	81	**230**
Provisions utilised	(12)	(1)	(45)	(41)		(71)	**(170)**
Provisions no longer required			(14)	(7)		(9)	**(30)**
31 December 2004	**27**	**4**	**146**	**74**	**147**	**142**	**540**
Movements during 2005							
Translation adjustment			2	2		2	**6**
Transfers between items	2		(10)	36		43	**71**
Changes in 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)	(2)	(22)	(31)		(21)	**(78)**
31 December 2005	**31**	**2**	**153** (1)	**132** (3)	**174**	**184** (2)	**676**

(1) including :
- provisions for risks on completed projects: 77
- provisions for final settlement on projects: 76

(2) including:
- provisions for accident risk insurance costs: 48
- other current provisions: 126

(3) Relates to the Construction segment: Bouygues Construction 67, Bouygues Immobilier 33, Colas 32
(Individual project provisions are not disclosed for confidentiality reasons).

8.1. NON-CURRENT TAX ASSETS

	31/12/2004	Change	31/12/2005
Deferred tax assets	**566**	**(191)**	**375**
- Bouygues Telecom (1)	426	**(223)**	203
- Other segments	140	**32**	172
Other non-current tax assets	**3**	**(3)**	**0**
Total non-current tax assets	**569**	**(194)**	**375**

(1) - Bouygues Telecom : Deferred tax assets on tax losses available for carry-forward (mainly depreciation deferred for tax purposes), the recoverability of which is based upon profit forecasts for 2006 contained in the latest business plans presented to the Board of Directors.

8.2. NON-CURRENT TAX LIABILITIES

	31/12/2004	Change	31/12/2005
Deferred tax liabilities	158	(69)	89
Other non-current tax liabilities			
Total non-current tax liabilities	**158**	**(69)**	**89**

8.3. DEFERRED TAX ASSETS AND LIABILITIES BY BUSINESS SEGMENT

Type of deferred taxation by business segment	Net deferred tax asset/liability at 31/12/04	Changes in scope of consolidation	Translation adjustment	Movements during 2005		Other items	Net deferred tax asset/liability at 31/12/05
				Gain	Expense		
A - Tax losses available for carry-forward							
Bouygues Construction	3						**3**
Bouygues Immobilier							**0**
Colas	3			4			**7**
Media				12			**12**
Telecoms	332				(168)		**164**
Bouygues SA and other activities							**0**
Sub-total	**338**	**0**	**0**	**16**	**(168)**	**0**	**186**
B - Temporary differences (1)							
Bouygues Construction	33			13	(1)	12	**57**
Bouygues Immobilier	16			5			**21**
Colas	(23)	(3)	(4)	16	(7)	17	**(4)**
Media	(10)			11	(1)	(3)	**(3)**
Telecoms	94			4	(57)	(3)	**38**
Bouygues SA and other activities	(40)			3	(1)	29	**(9)**
Sub-total	**70**	**(3)**	**(4)**	**52**	**(67)**	**52**	**100**
Total	**408** [2]	**(3)**	**(4)**	**68**	**(235)**	**52**	[2] **286**

(1) Main sources of deferred taxation:

	2005	2004
- Deferred tax assets on employee benefits	87	64
- Deferred tax on temporarily non-deductible provisions	54	19
- Restricted provisions booked solely for tax purposes	(57)	(18)
- Other	16	5
	100	70

(2) Net deferred tax asset

8.4. PERIOD TO RECOVERY OF DEFERRED TAX ASSETS

31 December 2005	Less than 2 years	3 to 5 years	Over 5 years	Total
Period to recovery of deferred tax assets	257	52	66	**375**

8.5. UNRECOGNISED DEFERRED TAX ASSETS

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

	31 December 2005	**31 December 2004**
Bouygues Construction	51	50
Colas	27	35
TF1	42	63
Other	75	66
Total unrecognised deferred tax assets	**195**	**214**

NOTE 9 — NON-CURRENT AND CURRENT DEBT — 5 415

Non-current debt	**4 721**
Current debt	**694**

9.1. INTEREST-BEARING DEBT BY MATURITY

	Current debt 2006	Non-current debt: 1 to 2 years 2007	2 to 3 years 2008	3 to 4 years 2009	4 to 5 years 2010	5 to 6 years 2011	Over 6 years 2012 & later	Other	Total non-current debt 31/12/05	Total 31/12/04
Bond issues	594			1 012	509	759	1 728		**4 008**	**3 761**
Bank borrowings	43	67	12	13	11	17	56		**176**	**676**
Finance lease obligations	35	18	15	8	5	4	7		**57**	**80**
Other debt	22	4	8	3	1	2	2		**20**	**20**
Participating loans										**111**
Total interest-bearing debt	**694**	**89**	**35**	**1 036**	**526**	**782**	**1 793**		**4 261**	**4 648**
Promise to buy 6.5% of Bouygues Telecom		**460**							**460**	
Total incl. Bouygues Telecom promise	**694**	**549**	**35**	**1 036**	**526**	**782**	**1 793**		**4 721**	
Comparative at 31/12/04	**242**	**1 050**	**37**	**32**	**1 040**	**536**	**1 813**	**140**		**4 648**

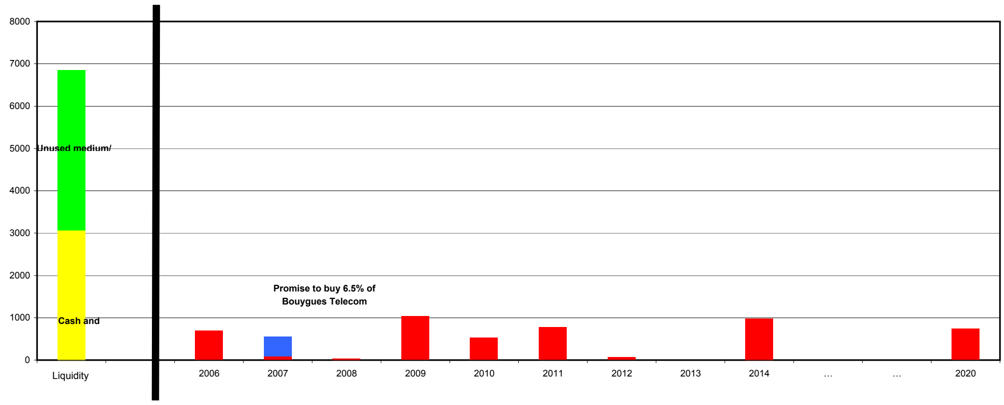
Finance lease obligations by business segment	**Construction**	**Property**	**Roads**	**Media**	**Telecoms**	**Bouygues SA & other activities**	**Total**
Non-current at 31 December 2005			32	2	23		**57**
Current at 31 December 2005			26	1	8		**35**
Non-current at 31 December 2004			36	15	29		**80**
Current at 31 December 2004			35	9	6		**50**

9.2. CONFIRMED CREDIT FACILITIES AND DRAWDOWNS

Description	**Confirmed facilities - Maturity**: Less than 1 year	1-5 years	Over 5 years	**Total**	**Drawdowns on credit facilities - Maturity**: Less than 1 year	1-5 years	Over 5 years
Bond issues (primarily Bouygues SA)	594	1 521	2 487	**4 602**	594	1 521	2 487
Bank borrowings	178	3 424	402	**4 004**	43	103	73
Other borrowings	57	62	15	**134**	57	62	15
Total before Bouygues Telecom promise	**829**	**5 007**	**2 904**	**8 740**	**694**	**1 686**	**2 575**
Promise to buy 6.5% of Bouygues Telecom		460		**460**		460	
Total including Bouygues Telecom promise	**829**	**5 467**	**2 904**	**9 200**	**694**	**2 146**	**2 575**

9.3. LIQUIDITY AT 31 DECEMBER 2005

As at 31 December 2005, available cash stood at 3,063 million euros (including 26 million euros of financial instruments contracted to hedge net debt). In addition, the Group had 3,785 million euros of unused 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.

9.4. 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:

	31/12/05	31/12/04
- Fixed rate (1)	85%	69%
- Variable rate	15%	31%

(1) Rates fixed for more than one year

9.5. INTEREST RATE RISK

The split of financial assets and liabilities by interest rate type at 31 December 2005 was as follows:

	Variable	Fixed	Total
Financial liabilities	447	**4 968**	**5 415**
Financial assets (*)	3 063		**3 063**
Net position before hedging	(2 616)	**4 968**	**2 352**
Interest rate hedges	345	**(345)**	
Net position after hedging	**(2 271)**	**4 623**	**2 352**
Adjustment for the seasonal nature of certain activities	350		
Net position after hedging and adjustment	**(1 921)**		

(*) including 26 million euros 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 by 19.2 million euros over a full year.

9.6. SPLIT OF CURRENT AND NON-CURRENT DEBT BY CURRENCY

	Europe						
	Euro	Pound Sterling	Other currencies	US dollar	CFA franc	Other currencies	Total
Non-current at 31/12/05	4 610	38	23	9	35	6	**4 721**
Current at 31/12/05	677		3	1	11	2	**694**
Non-current at 31/12/04	4 486	13	11	20	103	15	**4 648**
Current at 31/12/04	220				18	4	**242**

An analysis of debt by business segment is provided in Note 17.

10.1. CHANGE IN NET DEBT

	31/12/2004	2005 movements	31/12/2005
Cash and equivalents	(3 260)	45	(3 215)
Overdrafts and short-term bank borrowings	252	(74)	178
		(1)	
Net cash and equivalents	**(3 008)**	**(29)**	**(3 037)**
Long-term debt	4 648	73	4 721
Debt (amount due within one year)	242	452	694
Financial instruments, net	(7)	(19)	(26)
Gross debt	**4 883**	**506**	**5 389**
Net debt	**1 875**	**477**	**2 352**

(1) Cash and equivalents as analysed in the 2005 cash flow statement (net cash flows + non-monetary movements)

10.2. PRINCIPAL TRANSACTIONS IN THE YEAR ENDED 31 DECEMBER 2005

Net debt at 31 December 2004	**1 875**
Main impacts of changes in scope of consolidation	**(192)**
Exceptional payout by Bouygues	**1 664**
Proceeds received from divestment of Saur	**(1 031)**
Ordinary dividends paid by Bouygues and TF1 to minority shareholders	**339**
Bouygues Confiance 3 capital increase	**(196)**
Main acquisitions and disposals of investments and financial assets	**239**
Purchase of treasury shares	**362**
Bouygues Telecom fine and exceptional levy on payout made by Bouygues SA	**120**
Operating and other items	**(1 288)**
Net debt at 31 December 2005 (before promise to buy Bouygues Telecom shares)	**1 892**
Recognition of the promise to buy 6.5% of Bouygues Telecom	**460**
Net debt at 31 December 2005	**2 352**

Sign convention: cash and equivalents negative, debt positive

NOTE 11	CURRENT LIABILITIES	12 612

Breakdown of current liabilities

		31/12/2005	31/12/2004
Advances and down-payments received		677	679
Debt (amount due within one year)	(1)	694	242
Current taxes payable		211	177
Trade payables		5 805	5 207
Current provisions	(2)	676	540
Other current liabilities, deferred income and similar			
Other operating liabilities (employees, Social Security, government)		1 998	1 740
Deferred income		961	1 058
of which investment grants		0	0
Unrealised foreign exchange gains		0	0
Other non-financial liabilities		1 392	3 048
Overdrafts and short-term bank borrowings		178	252
Financial instruments (hedging of fair-value financial liabilities)	(3)	9	41
Other current financial liabilities		11	4
Total		**12 612**	**12 988**

(1) See analysis in Note 9
(2) See analysis in Note 7.2
(3) See analysis in Note 18

NOTE 12	ANALYSIS OF SALES AND OTHER REVENUES FROM OPERATIONS

12.1. ANALYSIS BY ACCOUNTING CLASSIFICATION

	2005	2004
Sales of goods	2 215	2 007
Sales of services	9 415	9 976
Construction contracts	12 443	8 911
Sales	**24 073**	**20 894**
Royalties		
Other revenues from operations	147	141
Other revenues from operations	**147**	**141**
Total	**24 220**	**21 035**

There were no material exchanges of goods or services in the year ended December 31, 2005.

Information about construction contracts

	Bouygues Construction	Colas	Total
Unbilled works	259	224	483
Warranty retentions	41	16	57
Works billed in advance	(624)	(171)	(795)
Advance payments received	(375)	(113)	(488)

12.2. ANALYSIS BY BUSINESS SEGMENT

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

	2005 sales				2004 sales			
SEGMENT	France	International	Total	%	France	International	Total	%
Construction	3 346	2 469	5 815	24%	2 957	2 270	5 227	25%
Property	1 389	168	1 557	6%	1 205	90	1 295	6%
Roads	5 436	3 988	9 424	39%	4 877	3 070	7 947	38%
Media	2 239	250	2 489	11%	2 214	269	2 483	13%
Telecoms	4 525		4 525	19%	3 649		3 649	17%
Bouygues SA & other subsidiaries	11	252	263	1%	3	290	293	1%
Consolidated sales	**16 946**	**7 127**	**24 073**	**100%**	**14 905**	**5 989**	**20 894**	**100%**
% change 2005 vs. 2004	**14%**	**19%**	**15%**					

12.3. ANALYSIS BY GEOGRAPHICAL AREA

	2005 sales		2004 sales	
	Total	%	Total	%
France	16 946	70	14 905	71
European Union	2 636	11	2 034	10
Rest of Europe	766	3	655	3
Africa	1 056	4	979	5
Middle East	21		18	0
United States and Canada	1 781	8	1 499	7
Central & South America	132	1	107	1
Asia-Pacific	735	3	697	3
Total	**24 073**	**100**	**20 894**	**100**

12.4. SPLIT BY TYPE OF CONTRACT, FRANCE/INTERNATIONAL (%)

	2005			2004		
	France	International	Overall	France	International	Overall
Public-sector contracts (3)	29	49	35	30	48	35
Private-sector contracts	71	51	65	70	52	65

(3) Sales billed directly to government departments or local authorities (mainly works and maintenance contracts) in France and abroad

NOTE 13	OPERATING PROFIT	1 748

	2005		2004	
Current operating profit				
Sales		24 073		20 894
Other revenues from operations		147		141
Purchases used in production and external charges		(15 906)		(13 499)
Taxes other than income tax		(512)		(470)
Personnel costs		(4 808)		(4 380)
Net depreciation, amortisation, provisions and impairment				
Depreciation and amortisation		(1 196)		(1 103)
Net charge to provisions and impairment losses		(457)		(283)
Changes in production & property development inventories		58		(13)
Other operating income and expenses		453		270
Reversals of provisions no longer required (1)	223 (1)		125	
Net gain on disposal of non-current assets	84		91	
Other income and expenses	*146*		*54*	
Current operating profit		**1 852**		**1 557**
Non-current operating income and expenses (2)		(104)		0
Operating profit		**1 748**		**1 557**

See Note 17 for a breakdown by business segment.

(1) Reversals of provisions no longer required are individually immaterial.

(2) Fines for anti-competitive practices in 2005:

-Fine for alleged collusion in the mobile telephony market (ruling by the French Competition Commission)	58
-Construction segment	46

NOTE 14	COST OF NET DEBT AND OTHER FINANCIAL INCOME AND EXPENSES	(187)

Cost of net debt	2005	2004
Cost of gross debt	(224)	(234)
Interest income on cash and equivalents	37	75
Total	**(187)**	**(159)**

The cost of net debt breaks down as follows:

- Net interest charges on debt	(216)	(212)
- Interest charges on finance leases	(6)	(6)
- Net interest charges related to cash and equivalents	2	15
- Positive and negative effects of financial instruments on net debt	(5)	(4)
- Income from available-for-sale securities and cash equivalents	38	48
	(187)	(159)

Under IFRS, foreign exchange gains and losses are treated as operating items.

Other financial income and expenses	2005	2004
Dividends from non-consolidated companies	5	4
Net charges: provisions and impairment of financial items	8	(3)
Net discounting expense	(12) (1)	(3)
Change in fair value of other financial assets and financial liabilities	4	(2)
Current account waivers, gains/losses on disposals of investments in non-consolidated companies and other financial assets, net interest other than on debt, commitment and arrangement fees, advance rent and other	(34)	(26)
Total	**(29)**	**(30)**

See Note 17 for an analysis of the cost of net debt by business segment.

(1) includes: (10) in respect of the liability recognised for the promise to buy Bouygues Telecom shares from BNP Paribas

NOTE 15	INCOME TAX EXPENSE	(570)

15.1. ANALYSIS OF NET INCOME TAX EXPENSE

	2005			2004		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(282)	(122)	(404)	(252)	(64)	(316)
Deferred tax liabilities	(19)	(1)	(20)	9	(1)	8
Deferred tax assets (1)	(153)	7	(146)	(194)	1	(193)
Total	**(454)**	**(116)**	**(570)**	**(437)**	**(64)**	**(501)**

(1) Includes Bouygues Telecom deferred tax assets written back

See Note 17 for an analysis by business segment.

15.2. TAX PROOF (RECONCILIATION BETWEEN STANDARD TAX RATE AND EFFECTIVE TAX RATE)

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

	2005	2004
- Standard tax rate in France	34,93%	35,43%
- Recognition and utilisation of tax loss carry-forwards	(0,77%)	1,35%
- Effect of permanent differences	2,29%	(0,60%)
- Taxes not calculated at the standard corporate income tax rate: flat-rate taxes, dividend taxes, group tax election, differences in tax rates (long-term capital gains in France, foreign tax rates):	(0,99%)	(2,51%)
- Effective tax rate	**35,46%**	**33,67%**

NOTE 16 — 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.

	2005	2004
Net profit attributable to the Group	832	909
Weighted average number of shares outstanding	332 036 321	333 600 848
Basic earnings per share (in euros)	**2,51**	**2,72**
Basic earnings per share for 2004 excluding gain on divestment of Saur (in euros)		**2,10**

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).

	2005	2004
Net profit used to calculate diluted earnings per share	832	909
Weighted average number of shares outstanding	332 036 321	333 600 848
Adjustment for potential dilutive effect of stock options	11 351 815	5 538 592
Diluted earnings per share (in euros)	**2,42**	**2,68**

NOTE 17	SEGMENT INFORMATION

Segment information is presented 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, Europe (excluding France), Africa, Asia-Pacific, Americas, Middle East

17.1. 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	4 537	423	**24 696**
Inter-segment sales	(316)		(116)	(19)	(12)	(160)	**(623)**
Third-party sales	**5 815**	**1 557**	**9 424**	**2 489**	**4 525**	**263**	**24 073**
Net depreciation and amortisation expense	(111)	(3)	(338)	(80)	(626)	(38)	**(1 196)**
Net charges to provisions	(186)	(44)	(107)	(44)	(67)	(9)	**(457)**
Current operating profit	**250**	**156**	**421**	**353**	**656**	**16**	**1 852**
Non-current operating income and expenses	(12)		(32)		(58)	(2)	**(104)**
Operating profit	**238**	**156**	**389**	**353**	**598**	**14**	**1 748**
Cost of net debt	32	1	(10)	(12)	(26)	(172)	**(187)**
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**	**352**	**(129)**	**1 024**
Net profit of discontinued and held-for-sale operations				14			**14**
Net profit	**176**	**92**	**312**	**235**	**352**	**(129)**	**1 038**
Net profit attributable to the Group	**176**	**90**	**296**	**101**	**301**	**(132)**	**832** [4]
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 [1]	106		805	1 047	2 655	5	**4 618**
Deferred tax assets & long-term 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**
Other unallocated assets							**9 939**
Total assets							**24 598**
Non-current financial liabilities	8	72	108	513	23	3 997	**4 721**
Non-current provisions	519	79	471	47	54	95	**1 265**
Deferred tax liabilities & long-term 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 [2]	(1 874)	(150)	(415)	351 [3]	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	547	203	867	476	1 349	63	**3 505**
Free cash flow	273	105	239	170	431	(114)	**1 104**

(1) See breakdown in Note 4 (allocated on the basis of the investee company)
(2) Contribution at business segment level, including Bouygues Relais and Uniservice current accounts
(these inter-segment accounts are eliminated in the "Bouygues SA and other activities" column).
Sign convention: cash and equivalents negative, debt positive
(3) Excluding TPS (106 million euros)
(4) Increase of 19% relative to 2004 (excluding gain on divestment of Saur)

17.2. ANALYSIS BY BUSINESS SEGMENT: YEAR ENDED 31 DECEMBER 2004

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	TOTAL 2004
Income statement							
Total sales	5 511	1 295	8 024	2 502	3 665	399	**21 396**
Inter-segment sales	(284)		(77)	(19)	(16)	(106)	**(502)**
Third-party sales	**5 227**	**1 295**	**7 947**	**2 483**	**3 649**	**293**	**20 894**
Net depreciation and amortisation expense	(115)	(6)	(299)	(79)	(562)	(42)	**(1 103)**
Net charges to provisions	(104)	(18)	(46)	(31)	(17)	(67)	**(283)**
Operating profit	**168**	**119**	**310**	**381**	**597**	**(18)**	**1 557**
Cost of net debt	26		(7)	(13)	(62)	(103)	**(159)**
Income tax expense	(59)	(40)	(94)	(137)	(196)	25	**(501)**
Share of profits and losses of associates	3		42	(5)		(3)	**37**
Net profit before results of discontinued and held-for-sale operations	**140**	**68**	**253**	**225**	**332**	**(114)**	**904**
Net profit of discontinued and held-for-sale operations							
Net profit	**140**	**68**	**253**	**223**	**332**	**99**	**1 115**
Net profit attributable to the Group	**140**	**64**	**242**	**93**	**275**	**95**	**909**
Net profit attributable to the Group, excluding Saur	**140**	**64**	**242**	**93**	**275**	**(114)**	**700**
Balance sheet							
Property, plant and equipment	287	45	1 413	208	2 293	383	**4 629**
Intangible assets	1	1	41	124	837	16	**1 020**
Goodwill [1]	76		726	1 393	2 335	10	**4 540**
Deferred tax assets & long-term tax receivables	36	24	29	21	426	33	**569**
Investments in associates	48		368	45		25	**486**
Other non-current assets	70	6	106	11	2	42	**237**
Cash and equivalents	228	57	224	159	16	2 576	**3 260**
Other unallocated assets							**9 207**
Total assets							**23 948**
Non-current financial liabilities	11	44	89	524	619	3 361	**4 648**
Non-current provisions	437	66	426	80	29	138	**1 176**
Deferred tax liabilities & long-term tax liabilities	1	7	49	31		70	**158**
Current financial liabilities	24	15	50	33	9	111	**242**
Overdrafts and short-term bank borrowings	58	3	74	17		100	**252**
Unallocated liabilities							**17 472**
Total liabilities							**23 948**
Net debt [2]	(1 523)	(249)	(423)	409	1 197	2 464	**1 875**
Cash flow statement							
Operating cash flow before changes in working capital	291	125	623	483	1 159	33	**2 714**
Net acquisitions of property, plant and equipment and intangible assets		(4)	(348)	(79)	(502)	(41)	**(1 047)**
Net acquisitions of investments in consolidated companies and other investments		(11)	(66)	(54)		954	**822**
Other indicators							
EBITDA	413	143	655	491	1 176	65	**2 943**
Free cash flow	187	81	175	254	398	(88)	**1 007**

(1) See breakdown in Note 4 (allocated on the basis of the investee company)
(2) Contribution at business segment level, including Bouygues Relais and Uniservice current accounts (these inter-segment accounts are eliminated in the "Bouygues SA and other activities" column).
Sign convention: cash and equivalents negative, debt positive

17.3. ANALYSIS BY GEOGRAPHICAL AREA

Year ended 31 December 2005	France (2)	European Union	Rest of Europe	Africa	Asia-Pacific	Americas	Middle East	Total
Income statement								
Third-party sales	16 946	2 636	766	1 056	735	1 913	21	**24 073**
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 intangible assets	(1 093)	(70)	(19)	(71)	(17)	(101)		**(1 371)**

(1) Including assets held under finance leases

Year ended 31 December 2004	France (2)	European Union	Rest of Europe	Africa	Asia-Pacific	Americas	Middle East	Total
Income statement								
Third-party sales	14 905	2 034	655	979	697	1 606	18	**20 894**
Balance sheet								
Property, plant and equipment (1)	3 657	193	107	377	30	265		**4 629**
Intangible assets	941	15	13	13		38		**1 020**
Unallocated assets								**18 299**
Total assets								**23 948**
Cash flow statement								
Purchase price of property, plant and equipment and intangible assets	(943)	(59)	(17)	(97)	(14)	(91)		**(1 221)**

(1) Including assets held under finance leases

17.4. INCOME STATEMENT BY FUNCTION

Year ended 31 December 2005	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Consolidated sales	**5815**	**1557**	**9424**	**2 489**	**4 525**	**263**	**24 073**
Cost of sales	(4 903)	(1 264)	(8 130)	(1 799)	(3 253)	(222)	**(19 571)**
Gross profit	**912**	**293**	**1294**	**690**	**1 272**	**41**	**4 502**
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**	**656**	**16**	**1 852**

Year ended 31 December 2004	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Consolidated sales	5227	1295	7947	2 483	3 649	293	**20 894**
Cost of sales	(4 518)	(1 048)	(6 845)	(1 766)	(2 450)	(180)	**(16 807)**
Gross profit	**709**	**247**	**1 102**	**717**	**1 199**	**113**	**4 087**
Research and development expenses	(4)	(1)	(101)	(3)	(26)	(1)	**(136)**
Selling expenses	(249)	(86)		(133)	(149)	(4)	**(621)**
Administrative expenses	(324)	(41)	(690)	(189)	(427)	(127)	**(1 798)**
Goodwill impairment				(11)			**(11)**
Other current operating income & expenses	36						**36**
Current operating profit	**168**	**119**	**311**	**381**	**597**	**(19)**	**1 557**

NOTE 18	FINANCIAL INSTRUMENTS

The tables presented below show, for information purposes, the aggregate notional amounts at 31 December 2005 for each type of financial instrument used, split by residual maturity for interest rate hedges and by currency for currency hedges.

18.1. FULLY-CONSOLIDATED COMPANIES

18.1.1. Interest rate hedges

Analysis by maturity

Maturity	Notional amounts at 31/12/05 2006	2007 to 2010	After 2010	Total	Notional amounts at 31/12/04
Interest rate swaps					
- on financial assets	525	34		**559** (1)	**639**
- on financial liabilities	414	617	37	**1 068** (2)	**1 441**
Future rate agreements					
- on financial assets	-	-	-	**-**	**-**
- on financial liabilities	-	-	-	**-**	**-**
Caps/floors					
- on financial assets	-	-	-	**-**	**-**
- on financial liabilities	-	-	-	**-**	**410**

(1) of which swaps paying fixed rate: 334
(2) of which swaps paying fixed rate: 568

Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 31/12/2005	Total 31/12/2004
Interest rate swaps								
- on financial assets	225					334	**559**	**639**
- on financial liabilities	14	20	34	400	400	200	**1 068**	**1 441**
Future rate agreements								
- on financial assets	-	-	-	-	-	-	**-**	-
- on financial liabilities	-	-	-	-	-	-	**-**	-
Caps/floors								
- on financial assets	-	-	-	-	-	-	**-**	-
- on financial liabilities	-	-	-	-	-	-	**-**	**410**

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

18.1.2. Currency hedges

Analysis by currency

Currency	US dollar	Pound sterling	Swiss franc	Hong Kong dollar	Other	Total	Total at 31/12/04
	At 31 December 2005 (equivalent value in millions of euros)						
Forward purchases/sales							
- forward purchases	75	14	3	-	22	**114**	**148**
- forward sales	170	28	7	22	42	**269**	**224**
Currency swaps	79	54	111	61	16	**321**	**220**
Currency options							
- purchased	34	9	2	-	8	**53**	**22**
- written	-	-	-	-	4	**4**	-

Analysis by business segment

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total 31/12/05	Total 31/12/04
Forward purchases/sales								
- forward purchases	33	-	23	53	-	5	**114**	**148**
- forward sales	236	-	4	11	-	18	**269**	**224**
Currency swaps	19	-	12	-	-	290	**321**	**220**
Currency options								
- purchased	12	-	2	18	21	-	**53**	**22**
- written	-	-	4	-	-	-	**4**	

18.2. MARKET VALUE OF HEDGING INSTRUMENTS

At 31 December 2005, the market value (net present value) of the hedging instruments portfolio was +9 million euros. (1)
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.

(1) Includes -9 million euros for Colas arising from the impact of the interest rate swap contracted by the UK subsidiary of Colas for the contract with Portsmouth City Council; it is entirely offset by the market value of the derivative embedded in the fixed contractual fee paid by the customer, also of 9 million euros.

The split of this market value by type of hedge is as follows:
- fair value hedging relationship: + 14 million euros
- cash flow hedging relationship: - 5 million euros

A movement of +1.00% in the yield curve would increase the market value of the hedging instruments portfolio by 5 million euros; a movement of -1.00% in the yield curve would increase the market value of the hedging instruments portfolio by 12 million euros.

A uniform 1% depreciation in the euro against all other currencies would increase the market value of the hedging instruments portfolio by 4 million euros.

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

NOTE 19	OFF BALANCE SHEET COMMITMENTS

19.1. RECIPROCAL COMMITMENTS

Commitments given/received	Total 31/12/05	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 31/12/04
Commitments given	**2 072**	**18**	**579**	**93**	**428**	**936**	**18**	**657**	**1 076**	**339**	**2 072**	**1 867**
Image transmission	***387***				*387*			*82*	*302*	*3*	***387***	***447***
Operating leases (1)	**1 040**	18	31	71	41	879 (2)		191	513	336	**1 040**	**1 051**
Irrevocable purchase obligations	**645**		**548** (3)	**22**		**57**	**18**	**384**	**261**		**645**	**369**
Commitments received	**2 032**	**18**	**579**	**93**	**428**	**896**	**18**	**627**	**1 066**	**339**	**2 032**	**1 854**
Image transmission	***387***				*387*			*82*	*302*	*3*	***387***	***447***
Operating leases (1)	**1 040**	18	31	71	41	879		191	513	336	**1 040**	**1 051**
Irrevocable purchase obligations	**605**		**548**	**22**		**17**	**18**	**354**	**251**		**605**	**356**
Balance (4)	**40**					**40**		**30**	**10**		**40**	**13**

(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 (of which network site rentals: 661 and property rentals: 149)

(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

19.2. SUNDRY COMMITMENTS

	Total 31/12/05	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 31/12/04
Commitments given	**648**	**129**	**17**	**70**	**128**	**254**	**50**	**259**	**273**	**116**	**648**	**642**
Other contractual obligations and commercial commitments given (guarantees, endorsements, etc) (1)	**648**	129	17	70	128	254	50	259	273	116	**648**	642
Commitments received	**100**	**2**			**87**	**5**	**6**	**48**	**44**	**8**	**100**	**70**
Other contractual obligations and commercial commitments received (guarantees, endorsements, etc)	**100**	2			87	5	6	48	44	8	**100**	70
Balance	**548**	**127**	**17**	**70**	**41**	**249**	**44**	**211**	**229**	**108**	**548**	**572**

(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.

19.3. OTHER COMMITMENTS

Commitments given	
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. 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 complied with its obligations in respect of 2005. The programme will continue in 2006 and 2007.

	Total 31/12/05	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 31/12/04
Total commitments given	**2 720**	**147**	**596**	**163**	**556**	**1 190**	**68**	**916**	**1 349**	**455**	**2 720**	**2 509**
Total commitments received	**2 132**	**20**	**579**	**93**	**515**	**901**	**24**	**675**	**1 110**	**347**	**2 132**	**1 924**

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

19.4. COLLATERAL GIVEN

	Total 31/12/05	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 31/12/04
Mortgages secured on land and buildings, pledges of plant and equipment	**9**			9				1	3	5	**9**	5
Pledges of securities, subordinated loans (1)	**25**	7	18					18	7		**25**	18
Total	**34**	**7**	**18**	**9**				**19**	**10**	**5**	**34**	**23**

19.5. 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 of USD 80 million.

Contingent liabilities:

Litigation: A complaint against Bouygues Telecom, SFR and Orange France relating to SMS tariffs is currently being investigated by the French Competition Commission.

19.6. OBLIGATIONS UNDER FINANCE LEASES AND OPERATING LEASES

19.6.1. Obligations under finance leases

Summary of future minimum lease payments	under 1 year	1 to 5 years	Total
Finance leases at 31 December 2005	42	61	103
Comparative at 31 December 2004	41	100	141

Present value of minimum lease payments	under 1 year	1 to 5 years	Total
Minimum lease payments	42	61	103
Finance charges	4	10	14
Present value of minimum lease payments	**38**	**51**	**89**
Comparative at 31 December 2004	46	70	116

The amount of contingent rent under finance leases at 31 December 2005 is: nil

19.6.2. Obligations under operating leases

Minimum payments for the year	Total lease payments for the year
Minimum payments for the year	176

Summary of future minimum lease payments	under 1 year	1 to 5 years	over 5 years	Total
Operating leases at 31 December 2005	191	513	336	1040
Comparative at 31 December 2004	183	529	339	1051

NOTE 20 — HEADCOUNT, EMPLOYEE BENEFIT OBLIGATIONS AND EMPLOYEE SHARE OWNERSHIP

20.1. AVERAGE HEADCOUNT

	2005	2004
Managerial	17 035	15 888
Supervisory, technical and clerical	17 825	17 432
Site workers	27 230	25 986
Sub-total: France	**62 090**	**59 306**
Expatriates and local contract staff	57 004	56 946
Total average headcount including TPS	**119 094**	**116 252** (1)
TPS	**(610)**	
Total average headcount excluding TPS	**118 484**	

(1) After deducting Saur average headcount (21,305), included at 31 December 2004

20.2. EMPLOYEE BENEFIT OBLIGATIONS, RETIREMENT BENEFIT OBLIGATIONS (POST-EMPLOYMENT BENEFITS)

The tables below disclose information about the Bouygues Group's retirement benefit obligations.

20.2.1. Defined-contribution plans

	2005	2004
Amounts recognised as expenses	(1 383)	(1 292)

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 21.

20.2.2. Defined-benefit plans

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

	Lump-sum retirement benefits		Pensions	
	2005	2004	2005	2004
Current service cost	13	16		
Interest expense on obligation	9	7	2	2
Expected return on plan assets			(2)	(1)
Net actuarial loss/(gain) recognised	(1)			
Past service cost	6	6	(1)	
Net expense recognised in income statement	**27**	**29**	**(1)**	**1**

Amounts recognised in the balance sheet

	Lump-sum retirement benefits		Pensions	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Present value of obligation (1)	335	273	103	81
Fair value of plan assets	(3) (2)	(3) (2)	(74)	(60)
Net unrecognised actuarial loss/(gain)	(10)	(7)	(12)	1
Unrecognised past service cost	(71) (3)	(38)	5	
Net obligation recognised	**251**	**225**	**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
(3) Most of this expense is due to the effect of the new lump-sum retirement benefit calculation rules contained in the new Collective Agreement for managers in the construction industry, which came into force on 1 January 2005.

Movement in balance sheet items

	Lump-sum retirement benefits		Pensions	
	2005	2004	2005	2004
Position at 1 January	225	224	22	21
Expense recognised	27	29	1	
Change in scope of consolidation	0	(29)	(1)	
Translation adjustment	0	0		
Transfers between items and other movements	(1)	1	(1)	1
Position at 31 December	**251**	**225**	**21**	**22**

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

	31/12/2005	31/12/2004
Discount rate (OAT TEC 10)	3.38%-3.57%	3.6%-3.57%
Mortality table	INSEE	INSEE
Retirement age		
- Managerial	60/63 years	60/63 years
- Technical, clerical & supervisory, site workers	60 years	60 years
Salary inflation rate (1)	2%-4.3%	2%-4.3%

(1) Including general inflation

Analysis by business segment at 31 December 2005

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	Total
Net lump-sum retirement benefit expense	8	1	10	2	3	3	27
Non-current provisions (balance sheet):							
- Lump-sum retirement benefits	63	6	118	26	20	18	251
- Pensions	1		21				22

Analysis by geographical area at 31 December 2005

	France (3)	European Union	Africa	Asia-Pacific	Americas	Total
Net lump-sum retirement benefit expense (1)	23		1	3		27
Non-current provisions (balance sheet):						
- Lump-sum retirement benefits	232		13	5	1	251
- Pensions (2)		19			3	22

(1) Pension expense for 2005 is approximately 1 million euros
(2) Discount rate and expected return on plan assets: see Note 2

20.3. EMPLOYEE SHARE OWNERSHIP

20.3.1. Stock options

Securities giving access to the share capital

Share price on 30 December 2005: 41.30 euros

PLAN	Options outstanding on 31 December 2005	Date of grant	Earliest normal exercise date	Earliest employe savings plan exercise date	Exercise price (in euros)
1999.04	628 320	20/04/1999	20/04/2004	-	**18,35**
1999.07	943 607	06/07/1999	06/07/2004	-	**21,01**
1999.11	156 700	04/11/1999	04/11/2004	-	**25,18**
2000.07	1 277 227	04/07/2000	04/07/2005	-	**58,74**
2001.03	1 990 531	27/03/2001	27/03/2005	-	**33,47**
2001.07	1 676 894	03/07/2001	03/07/2005	-	**32,81**
2001.09	400 000	18/09/2001	18/09/2005	-	**28,67**
2002.06	3 365 417	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	3 388 884	17/06/2003	17/06/2007	17/06/2004	**19,37**
2004.03	3 583 693	15/03/2004	15/03/2008	15/03/2005	**25,15**
2005.06	2 954 000	21/06/2005	21/06/2009	21/06/2006	**31,34**

The total number of options outstanding (11,351,815) comprises:

1) Options legally exercisable at 31 December 2005, 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 2005, i.e. options that are in the money (exercise price below the closing share price at the balance sheet date of 41.30 euros).

NOTE 21 DISCLOSURES ON RELATED PARTIES AND REMUNERATION OF DIRECTORS/SENIOR EXECUTIVES

21.1. RELATED-PARTY DISCLOSURES

	Expenses		Income		Receivables		Liabilities	
	2005	2004	2005	2004	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Parties with an ownership interest (SCDM)	6				1			
Joint ventures	99	89	177	135	74	58	76	53
Associates	13	9	103	59	38	6	18	12
Other related parties	17	22	5	20	23	38	33	36
Total	**135**	**120**	**285**	**214**	**136**	**102**	**127**	**101**
Maturity								
Less than 1 year					106	90	125	101
1 to 5 years					11	12	2	
More than 5 years					19			
includes: impairment of doubtful receivables (primarily non-consolidated companies)					49	48		

21.2. REMUNERATION AND BENEFITS PAID TO DIRECTORS AND SENIOR EXECUTIVES

These disclosures cover members of the Group's Executive Committee who were in post on 31 December 2005.

Direct remuneration: 19,461,428 euros, including basic remuneration of 8,086,300, 10,846,500 euros of exceptional variable remuneration paid in 2006 on the basis of 2005 performance, and 528,628 euros of directors' fees.
Directors' fees paid to non-executive directors and non-voting supervisors amounted to 440,283 euros.

Short-term benefits: None

Post-employment benefits: Members of the Executive 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 independent insurance company. Contributions paid into the fund managed by the insurance company amounted to 6,400,000 euros in 2005.

Long-term benefits: None

Termination benefits: These comprise lump-sum retirement benefits of 669,216 euros.

Share-based payment: 700,00 stock options were granted on 21 June 2005 at an exercise price of 31.34 euros. The earliest exercise date is 21 June 2009, and the expense recognised in the year ended 31 December 2005 is 2.22 million euros.

NOTE 22	ADDITIONAL CASH FLOW STATEMENT INFORMATION

22.1. 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 and other activities	Total 31/12/05
Cash and equivalents	20	11	(21)	(14)		(24)	**(28)**
Inventories	(2)	(5)	(25)	3		5	**(24)**
Trade receivables	(32)	(23)	(98)	(8)		56	**(105)**
Non-current assets	(14)		(20)	52		74	**92**
Goodwill	(30)		(77)	(73)			**(180)**
Trade payables	(4)	19	112	13		(71)	**69**
Long-term debt		(1)	28			(80)	**(53)**
Non-current provisions	1		9	(1)		(30)	**(21)**
Net acquisition cost	**(61)**	**1**	**(92)**	**(28)**	**0**	**(70)**	**(250)**
Cash acquired or divested	(20)	(11)	21	14		24	**28**
Net debt related to long-term investments			(33)			976	**943**
Net cash flow resulting from acquisitions and divestments of subsidiaries	**(81)**	**(10)**	**(104)**	**(14)**	**0**	**930**	**721**

22.2. INVESTING AND FINANCING TRANSACTIONS WITH NO CASH CONSIDERATION

Bouygues SA's interest in Bouygues Telecom:
Bouygues SA / BNP Paribas: reciprocal promise to buy/sell a 6.5% interest in Bouygues Telecom (see Note 1.5, Significant Events)

This transaction generated no cash consideration during 2005 and hence is not included in the cash flow statement.

NOTE 23	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 fully-consolidated companies, as expensed through the income statement in 2005.

in thousands of euros

Engagement	Mazars & Guérard network			Ernst & Young network			Other firms (1)			Total	
										Expense	
	2005	%	2004	2005	%	2004	2005	%	2004	2005	2004
<u>A - Audit</u>											
Audit of consolidated and individual company financial statements	3 454	95	4 327	3 000	90	2 900	6 600	84	7 403	13 054	14 630
Related engagements	165	5	37	214	7	0	320	4	75	699	112
Sub-total	**3 619**	**100**	**4 364**	**3 214**	**97**	**2 900**	**6 920**	**88**	**7 478**	**13 753**	**14 742**
<u>B - Other services</u>											
Company law, tax, employment law		0	64	53	2	148	856	11	185	909	397
Information technology		0	0		0	0		0	11	0	11
Internal audit		0	76		0	0		0	0	0	76
Other		0	113	52	1	93	78	1	96	130	302
Sub-total		**0**	**253**	**105**	**3**	**241**	**934**	**12**	**292**	**1 039**	**786**
Total fee expense	**3 619**	**100**	**4 617**	**3 319**	**100**	**3 141**	**7 854**	**100**	**7 770**	**14 792**	**15 528 (2)**

(1) In the interests of comprehensiveness, this table includes fees paid to other firms.
(2) Includes 1,576 relating to Saur, divested at end 2004.

NOTE 24	CHANGES IN SCOPE OF CONSOLIDATION AND HELD-FOR-SALE OPERATIONS

*** Divestment of Saur**

At end 2004, Bouygues signed an agreement with the PAI partners investment fund to sell its entire interest in Saur to Novasaur (formerly Gaillon), a holding company, for 1,031 million euros. The sale was completed after approval from the competition authorities in February 2005. Bouygues made a capital gain of 213 million euros, net of tax.
The results of Saur for the year ended 31 December 2004 were included in "Net profit of discontinued and held-for-sale operations" in the income statement.

*** TPS: in process of divestment**

Because the divestment of TPS is in process, income and expenses relating to TPS for the years ended 31 December 2004 and 2005 are shown separately on the line "Net profit of discontinued and held-for-sale operations".

Impact of TPS on the balance sheet at 31 December 2005 and the income and cash flow statements for 2004 and 2005:

Cash flow statement	2005	2004
Opening cash and equivalents	3	3
Operating activities	34	48
Investing activities	(24)	(7)
Financing activities	(70)	(41)
Effect of changes in exchange rates & other		
Cash and equivalents at 31 December	**(57)**	**3**

Assets and liabilities of discontinued and held-for-sale operations are as follows:

	2005
<u>Non-current assets</u>	
Property, plant and equipment	46
Intangible assets	7
Goodwill	420
Other non-current assets	
Deferred tax assets and long-term tax receivables	4
<u>Current assets</u>	
Inventories	30
Trade receivables	44
Tax asset (receivable)	(2)
Other current assets	72
Cash and equivalents	(57)
Financial instruments (hedging of fair-value financial liabilities)	
Other current financial assets	
Total assets of discontinued and held-for sale operations (A)	**564**
<u>Non-current liabilities</u>	
Long-term debt	10
Non-current provisions	
Deferred tax liabilities and long-term tax liabilities	1
<u>Current liabilities</u>	
Debt (amount due within one year)	38
Current taxes payable	
Trade payables	125
Other current liabilities	176
Overdrafts and short-term bank borrowings	
Financial instruments (hedging of fair-value financial liabilities)	
Other current financial liabilities	
Total liabilities of discontinued and held-for sale operations (B)	**350**
Net assets divested (A - B)	**214**

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

	2005	2004
<u>SALES</u>	**365**	**348**
OPERATING PROFIT	**17**	**2**
COST OF NET DEBT	**(3)**	**(3)**
Other financial income and expenses	1	(2)
Income tax expense	(1)	1
NET PROFIT OF DISCONTINUED OR HELD-FOR-SALE OPERATIONS	**14**	**(2)**

NOTE 25 PRINCIPAL EXCHANGE RATES

Convention: 1 local currency unit = x euros

Country	Currency unit	Closing rate		Annual average rate	
		31/12/2005	31/12/2004	2005	2004
EUROPE					
Denmark	Danish krone	0,134039	0,134430	0,134183	0,134419
United Kingdom	Pound sterling	1,459215	1,418339	1,464040	1,472058
Hungary	Hungarian forint	0,003955	0,004066	0,004023	0,003990
Poland	Polish zloty	0,259067	0,244828	0,248636	0,221370
Czech Republic	Czech koruna	0,034483	0,033563	0,032826	0,031354
Romania	Romanian leu	0,271724	0,253872	0,275932	0,247291
Switzerland	Swiss franc	0,643045	0,648130	0,646064	0,647819
NORTH AMERICA					
United States	US dollar	0,847673	0,734160	0,807765	0,802472
Canada	Canadian dollar	0,728597	0,609162	0,666800	0,618675
REST OF THE WORLD					
Morocco	Moroccan dirham	0,091672	0,089226	0,090819	0,090685
Thailand	Thai baht	0,020645	0,018816	0,020027	0,019924
Hong Kong	Hong Kong dollar	0,109321	0,094446	0,103872	0,103026
African Financial Community	CFA franc	0,001524	0,001524	0,001524	0,001524
South Africa	South African rand	0,133973	0,130044	0,126888	0,125909

NOTE 26	LIST OF CONSOLIDATED COMPANIES AT 31 DECEMBER 2005

(PRINCIPAL GROUP COMPANIES)

COMPANY	CITY/COUNTRY	% INTEREST 2005	% INTEREST 2004	% DIRECT AND INDIRECT CONTROL *(1)* 2005	% DIRECT AND INDIRECT CONTROL *(1)* 2004
A - TELECOMS / MEDIA					
1 – TELECOMS					
BOUYGUES TELECOM GROUP					
Full consolidation					
BOUYGUES TELECOM S.A. and its subsidiaries	Boulogne-Billancourt, France	89.55	83.05		
2 – MEDIA					
TF1 GROUP					
Full consolidation					
TELEVISION FRANCAISE 1 S.A.	Boulogne-Billancourt, France	42.93	41.50		
CIBY DROITS AUDIOVISUELS S.A.	as above	42.93	41.50	100.00	100.00
LA CHAINE INFO (L.C.I.) S.C.S.	as above	42.93	41.50	100.00	100.00
TELE SHOPPING S.A.	as above	42.93	41.50	100.00	100.00
TF1 INTERNATIONAL S.A.	as above	42.93	41.50	100.00	100.00
TF1 PUBLICITE S.A.	as above	42.93	41.50	100.00	100.00
TF1 VIDEO S.A.	as above	42.93	41.50	100.00	100.00
UNE MUSIQUE S.A.	as above	42.93	41.50	100.00	100.00
E-TF1	as above	42.93	41.50	100.00	100.00
EUROSPORT and its subsidiaries	as above	42.93	41.50	100.00	100.00
Proportionate consolidation					
TELEVISION PAR SATELLITE (TPS) S.N.C	Issy-les-Moulineaux, France	28.33	27.39	66.00	66.00
Associates (Equity Method)					
PUBLICATIONS METRO FRANCE	Paris, France	14.72	14.23	34.30	34.30

(1) Where percentage control differs from percentage interest

COMPANY	CITY/COUNTRY	% INTEREST 2005	% INTEREST 2004	% DIRECT AND INDIRECT CONTROL *(1)* 2005	% DIRECT AND INDIRECT CONTROL *(1)* 2004
B - CONSTRUCTION					
1 - 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	99.97	99.97		
BOUYGUES POLSKA	Warsaw, Poland	99.97	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		
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		
OTHER COUNTRIES					
ACIEROID S.A. and its subsidiaries (formerly ACIEROID Spain)	Barcelona, Spain	99.97	99.97		
BOUYGUES UK LTD and its subsidiaries	London, United Kingdom	99.97	99.97		
LOSINGER CONSTRUCTION A.G.	Bern, Switzerland	99.97	99.97		

(1) Where percentage control differs from percentage interest

1.3- BOUYGUES TP			
BOUYGUES TP S.A.	**St-Quentin-en-Yvelines, France**	**99.97**	**99.97**
OTHER COUNTRIES			
BASIL READ Ltd and its subsidiaries	**Johannesburg, South Africa**	**Divested**	**70.61**
PRADER LOSINGER S.A.	**Sion, Switzerland**	**99.64**	**99.64**
PRADER ZURICH	**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 and its subsidiaries	**Bern, Switzerland**	**99.88**	**99.88**
1.5 – ETDE GROUP			
E.T.D.E. S.A. and its regional subsidiaries	**St-Quentin-en-Yvelines, France**	**99.97**	**99.97**
AXIONE and its subsidiaries	**Malakoff, France**	**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	**Kremlin-Bicetre, France**	**99.97**	**99.97**
MAINGUY S.A.S	**Vertou, France**	**99.97**	**99.97**
SERMA S.A.S. and its subsidiaries	**Champgorgueil, France**	**99.97**	**99.97**
STEFAL and its subsidiaries	**Montrouge, France**	**99.97**	**-**
TRANSEL S.A.S	**St-Quentin-en-Yvelines, France**	**99.97**	**99.97**
OTHER COUNTRIES			
DAVID WEBSTER LIGHTING and its subsidiaries	**Hertfordshire, United Kingdom**	**99.97**	**-**
ECOVERT FM	**London, United Kingdom**	**99.97**	**99.97**
ICEL MAIDSTONE LTD	**Sittingbourne, United Kingdom**	**99.97**	**-**
Sté GABONNAISE D'ELECTRIFICATION ET DE CANALISATION (SOGEC)	**Libreville, Gabon**	**84.39**	**84.39**
Associates (Equity Method)			
BOUYGUES BATIMENT			
CONSORTIUM STADE DE FRANCE S.A.	**La Plaine-St-Denis, France**	**33.32**	**33.32**
BOUYGUES TP			
ADELAC SAS	**Archamps, France**	**39.19**	**-**
AUTOROUTE DE LIAISON SEINE - SARTHE S.A.	**Versailles, France**	**33.16**	**44.83**
OTHER COUNTRIES			
AKA HOLDING	**Budapest, Hungary**	**25.12**	**25.12**
BINA FINCOM	**Zagreb, Croatia**	**50.98**	**50.98**

(1) Where percentage control differs from percentage interest

COMPANY	CITY/COUNTRY	% INTEREST 2005	% INTEREST 2004	% DIRECT AND INDIRECT CONTROL (1) 2005	% DIRECT AND INDIRECT CONTROL (1) 2004
2 – ROADS					
COLAS GROUP					
Full consolidation					
COLAS S.A. and its regional subsidiaries (COLAS, SCREG and SACER)	**Boulogne-Billancourt, France**	**96.42**	**96.27**		
GRANDS TRAVAUX OCEAN INDIEN (GTOI) S.A.	**Le Port (La Réunion), France**	**96.41**	**96.26**	**99.99**	**99.99**
SPAC S.A. and its subsidiaries	**Clichy, France**	**96.41**	**96.27**	**100.00**	**99.99**
SECO - RAIL	**Chatou, France**	**96.41**	**96.27**	**100.00**	**99.90**
SOMARO S.A	**Chatou, France**	**96.41**	**96.27**	**100.00**	**99.99**
COLAS GUADELOUPE	**Baie Mahault, Guadeloupe**	**96.41**	**96.26**	**100.00**	**99.99**
COLAS MARTINIQUE S.A.	**Le Lamentin, Martinique**	**96.41**	**96.26**	**100.00**	**99.99**
SMAC ACIEROID S.A. and its subsidiaries	**Boulogne-Billancourt**	**96.41**	**96.27**	**100.00**	**99.99**
OTHER COUNTRIES					
COLAS HUNGARIA and its subsidiaries	**Budapest, Hungary**	**96.41**	**96.27**	**100.00**	**100.00**
COLAS DANMARK	**Virum, Denmark**	**96.42**	**96.27**	**100.00**	**100.00**
COLAS S.A. and its subsidiaries	**Lausanne, Switzerland**	**95.66**	**95.51**	**99.22**	**99.21**
COLAS INC and its subsidiaries	**Morristown, New Jersey, USA**	**96.42**	**96.27**	**100.00**	**100.00**
COLAS MAROC and its subsidiaries	**Casablanca, Morocco**	**96.35**	**96.20**	**100.00**	**99.93**
COLAS UK LTD and its subsidiaries	**Rowfant, Crawley, United Kingdom**	**96.42**	**96.27**	**100.00**	**100.00**
STRADA	**Sroda-Wielkopol, Poland**	**96.42**	**56.10**	**100.00**	**58.27**
Sté ROUTIERE COLAS GABON	**Libreville, Gabon**	**86.67**	**86.54**	**89.90**	**89.89**
SCREG BELGIUM and its subsidiaries	**Brussels, Belgium**	**96.41**	**96.27**	**100.00**	**100.00**
Proportionate consolidation					
CARRIERES ROY S.A.	**St-Varent, France**	**48.19**	**48.12**	**49.98**	**49.98**
Associates (Equity Method)					
COFIROUTE S.A.	**Sèvres, France**	**16.07**	**16.05**	**16.67**	**16.67**

(1) Where percentage control differs from percentage interest

COMPANY	CITY/COUNTRY	% INTEREST 2005	% INTEREST 2004	% DIRECT AND INDIRECT CONTROL *(1)* 2005	% DIRECT AND INDIRECT CONTROL *(1)* 2004
3 – 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. and 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		
C – OTHER SUBSIDIARIES					
Full consolidation					
FINAGESTION and its subsidiaries (Africa)	St-Quentin-en-Yvelines, France	100.00	100.00		
BOUYGUES RELAIS S.N.C.	St-Quentin-en-Yvelines, France	100.00	100.00		
CHALLENGER S.N.C.	St-Quentin-en-Yvelines, France	100.00	100.00		
Sté FRANCAISE DE PARTICIPATION & GESTION (SFPG) S.A and its subsidiaries	Paris, France	99.76	99.76		
OTHER COUNTRIES					
CHALLENGER REASSURANCE	Luxembourg	99.99	99.99		
UNISERVICE	Geneva, Switzerland	99.99	99.99		

(1) Where percentage control differs from percentage interest