

EIFFAGE

IFRS – IMPACT ON THE GROUP’S CONSOLIDATED FINANCIAL STATEMENTS

TIMETABLE

23 February 2005: Presentation of IFRS impact

3 May 2005: First-quarter sales

5 August 2005: First-half sales

7 September 2005: First-half 2005 results and 2004 accounts in IFRS format

8 November 2005: Third-quarter sales

IFRS – IMPACT ON THE GROUP’S CONSOLIDATED FINANCIAL STATEMENTS

STANDARDS IMPACTING THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 1 JANUARY 2004

IAS 17	Leases
IAS 40	Investment property
IAS 19	Employee benefits
IAS 32/39	Financial instruments
IAS 11	Construction contracts
IAS 38 / IFRS 1	Treatment of certain intangible assets
IAS 21	The effects of changes in foreign exchange rates

This document has been prepared based on the standards as currently published. Changes are likely to be made to this document to reflect the standards in force at the end of the 2005 financial year.

The impact of IFRS on the Group’s net position as at 1 January 2004 is referred to in the management report.

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IAS 17 – LEASES

IAS 17 requires the recognition on the lessee’s balance sheet of items relating to finance leases (recorded in off-balance sheet commitments under French GAAP).

Impact

Assets:	Fixed assets	+ €241m
	Deferred tax assets	- €6m
	Other debtors	- €1m
	Shareholders’ equity	+ €9m
Liabilities:	Borrowings	+ €225m

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IAS 40 – INVESTMENT PROPERTY

The Group owns certain buildings that it leases out and from which it earns income.

With regard to IAS 40, the Group has elected to measure such properties at their fair value, which is determined on the basis of the expected return on assets.

This change in treatment has not given rise to a material valuation difference at Group level.

Impact

Fixed assets:	- €47m
Investment properties:	+ €47m

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IAS 19 – EMPLOYEE BENEFITS

Amounts paid by the Group in respect of lump-sum retirement payments and long-service medals were previously separately identified among off-balance sheet commitments.

An exhaustive inventory of the Group’s commitments in respect of defined benefits was prepared, with such commitments being valued by an external actuary.

This analysis showed a total commitment of €116m in respect of lump-sum retirement benefits and €17m in respect of long-service medals.

Impact		Lump-sum retirement benefits	Long-service medals
Assets:	Deferred tax	+ €40m	+ €6m
Shareholders’ equity		- €76m	- €11m
Liabilities	Provisions for liabilities and charges	+ €116m	+ €17m

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IAS 32 – PRESENTATION OF FINANCIAL INSTRUMENTS

Eiffage holds a portfolio of its own shares intended to meet its obligations under stock purchase options granted to certain employees. These shares, which are reported as marketable securities under French GAAP, are deducted from shareholders’ equity when applying IAS 32.

Impact

Assets:	Marketable securities	- €24m
Shareholders’ equity		- €24m

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IAS 39 – DISCOUNTED BILLS

Under French GAAP, the Group’s discounted bills are presented as off-balance sheet commitments. Under IAS 39, they will be separately identified within bank overdrafts.

Impact

Assets:	Trade debtors	+ €38m
Liabilities	Bank overdrafts	+ €38m

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IAS 11 – CONSTRUCTION CONTRACTS

Eiffage’s construction contracts are accounted for using the percentage-of-completion method, except in the case of profits on property development projects, which are recognised only when the work is completed and the property is sold.

As part of the transition to IFRS, these projects will now be recognised using the percentage-of-completion method for properties sold while under construction.

Impact

Assets:	Deferred tax	- €3m
	Stocks	- €76m
	Debtors	+ €1m
Shareholders’ equity:		+ €4m
Liabilities:	Other creditors and accruals	- €82m

In addition, under this same standard, provisions for losses on completion will now be deducted from trade debtors when presenting the financial statements.

Assets:	Debtors	- €34m
Liabilities:	Provisions for liabilities and charges	- €34m

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IAS 21 – THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

On consolidation, the Group measures in euros certain goodwill on acquisition relating to foreign entities that operate in a currency other than the euro.

The translation of these amounts denominated in the operating currency of the entity acquired results in the recognition of a negative translation difference that impacts goodwill and shareholders’ equity.

Assets:	Goodwill	- €13m
	Shareholders’ equity	- €13m

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IMPACTS RELATING TO EQUITY-ACCOUNTED COMPANIES

The Group owns a 17% stake in the capital of Cofiroute. The interest in this company is recognised under shares in companies accounted for by the equity method.

The various adjustments concerning this company arising from the transition to IFRS impact the Group financial statements as follows:

Assets:	Shares in companies accounted for by the equity method	+ €11m
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Shareholders’ equity		+ €11m
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Other equity-accounted companies do not give rise to any material adjustments.

IFRS – IMPACT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

IMPACT ON SHAREHOLDERS' EQUITY

Shareholders' equity at 1 January 2004		€1,021m
IAS 17 Finance leases	+ €9m	
IAS 19 Employee benefits	- €87m	
IAS 32 Shares in treasury	- €24m	
IAS 11 Construction contracts	+ €4m	
IAS 21 Changes in foreign exchange rates	- €13m	
Impact relating to equity-accounted companies	+ €11m	
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Shareholders' equity at 1 January 2004 under IFRS		€921m

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INTANGIBLE ASSETS – GOODWILL

IFRS 1 relating to the first-time application of IFRS specifies that certain intangible assets recognised under French GAAP must be reclassified under Goodwill.
The Group has thus reclassified market share valued at €73m under Goodwill.
It should also be noted that Goodwill will no longer be amortised.
Impairment tests will be performed each year.

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SALES

The definition of sales as reported quarterly currently includes, in respect of property transactions, the amount of sales for which contracts have been signed during the period, regardless of the percentage of completion of such projects.

As from the 2004 financial year, sales in respect of property development will be correlated to the percentage of completion of related projects.

This new definition has no impact whatsoever on the financial statements.

IFRS – IMPACT ON THE GROUP’S CONSOLIDATED BALANCE SHEET

ASSETS	Amount under French GAAP	IFRS impact	Amount under IFRS	SHAREHOLDERS’ EQUITY & LIABILITIES	Amount under French GAAP	IFRS impact	Amount under IFRS
Intangible assets	523	(7)	516	Shareholders equity	1,021	(100)	921
Concessions	539	11	550				
Tangible assets	457	234	691	Provisions	430	100	530
Investments	123		123				
Total fixed assets	1,642	238	1,880	Net borrowings	711	262	973
Cash	794	(24)	770				
Other assets	3,471	(34)	3,437	Other liabilities	3,745	(82)	3,663
TOTAL	5,907	180	6,087	TOTAL	5,907	180	6,087

This balance sheet summarises the impact of IFRS on the main balance sheet headings based on French GAAP format. IFRS will require a different presentation format.