

# HALF-YEAR REVIEW 2012



29 August 2012

**32 Hoche - Paris**



**BUILDING THE FUTURE IS OUR GREATEST ADVENTURE**

French société anonyme with share capital of €314,869,079 - Registered office: 32, avenue Hoche, 75008 Paris, France  
Registration No. 572 015 246 Paris - I.E. FR 29 572 015 246

**2012**

**HALF-YEAR REVIEW**

**BOUYGUES**

A French *société anonyme* with share capital of €314,869,079

Registered office: 32, avenue Hoche, 75008 Paris, France

Registration No. 572 015 246 Paris – APE code: 7010Z

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## BOARD OF DIRECTORS

### MEMBERSHIP

#### Chairman and Chief Executive Officer

**Martin Bouygues**

#### Director and Deputy CEO

**Olivier Bouygues**

Deputy CEO and standing representative of SCDM, director

#### Directors

**Patricia Barbizet**

CEO and director, Artémis

**Hervé Le Bouc**

Chairman and CEO, Colas

**François Bertière**

Chairman and CEO, Bouygues Immobilier

**Helman le Pas de Sécheval**

**Colette Lewiner**

Adviser to the Chairman, Capgemini

**Mrs Francis Bouygues**

**Georges Chodron de Courcel**

COO, BNP Paribas

**Sandra Nombret**

Director representing employee shareholders

**Lucien Douroux**

Former Chairman of the Supervisory Board,  
Crédit Agricole Indosuez

**Nonce Paolini**

Chairman and CEO, TF1

**Yves Gabriel**

Chairman and CEO, Bouygues Construction

**Jean Peyrelevalde**

Chairman of the Board of Directors, Leonardo & Co

**Anne-Marie Idrac**

Former Chairwoman and CEO, SNCF

**François-Henri Pinault**

Chairman and CEO, PPR

**Patrick Kron**

Chairman and CEO, Alstom

**Michèle Vilain**

Director representing employee shareholders

#### Non-voting director

**Alain Pouyat**

### BOARD COMMITTEES

#### Accounts Committee

**Helman le Pas de Sécheval (Chairman)**

**Patricia Barbizet**

**Georges Chodron de Courcel**

#### Remuneration Committee

**Patricia Barbizet (Chairman)**

**Colette Lewiner**

#### Selection Committee

**Jean Peyrelevalde (Chairman)**

**François-Henri Pinault**

#### Ethics and Sponsorship Committee

**Lucien Douroux (Chairman)**

**François-Henri Pinault**

## HALF-YEAR REVIEW OF OPERATIONS

### I – SIGNIFICANT EVENTS IN THE FIRST HALF

The Bouygues group reported consolidated sales of €15.5 billion in the first half of 2012, a rise of 2% (stable like-for-like and at constant exchange rates).

Operating profit amounted to €476 million, down 37% on the first half of 2011, and net profit to €278 million, down 29%. These results are mainly due to lower profitability at Bouygues Telecom.

The financial position remains very sound and net debt is under tight control.

#### Key figures

(€ million)	First half 2011	First half 2012	Change
Sales	15,214	15,505	+2%
Operating profit	752	476	-37%
Net profit attributable to the Group	391	278	-29%
Net debt <sup>1</sup>	4,341	6,215 <sup>2</sup>	+€1,874m
Net gearing	42%	66%	+24 pts

<sup>1</sup> End of period

<sup>2</sup> Net debt of €4,033 million before factoring in two one-off events: share repurchase tender offer (€1,250 million) and 4G frequencies (€932 million)

#### Business areas

**The construction businesses posted a good commercial performance. The order book stood 13% higher than at end-June 2011 at a new record level of €28.6 billion, thus giving significant visibility on future business activity.**

**Bouygues Construction** reported first-half sales of €5,028 million, up 7% overall (up 2% in France and 13% on international markets) and 2% like-for-like and at constant exchange rates. The current operating margin was a robust 3.2% and net profit amounted to €107 million.

Order intake was very high, both in France and on international markets, boosted by the contracts for the Nimes-Montpellier high-speed railway bypass and for the Hong Kong-Macao bridge. Overall, Bouygues Construction took orders worth €6.9 billion in the first half of the year, up 12%. The order book stood 14% higher than at end-June 2011 at €17.7 billion, with international markets accounting for 46%.

**Bouygues Immobilier** reported first-half sales of €1,066 million, down 3% overall (up 5% in residential property, down 46% in commercial property). The operating margin held up well at 7.8%. Net profit amounted to €51 million.

A 26% drop in residential property reservations to €728 million in the first half of 2012 reflected the wait-and-see stance on the property market and a fall in buy-to-let investment. Commercial property reservations reached a sound €317 million, down only 2% despite a sluggish market.

The order book rose 21% in comparison with end-June 2011 to €3,060 million, increasing by 9% in the residential segment and by a factor of 2.6 in the commercial segment.

**Colas** reported an overall 4% increase in first-half sales to €5,594 million, down 3% in France and up 15% on international markets. First-half results, of limited significance given the seasonal nature of Colas' businesses, were hard hit by poor weather conditions in Europe, especially in France. The current operating loss stood at €34 million and net loss at €19 million, compared with €0 and +€2 million respectively in the first half of 2011.

A good commercial performance took the order book to €7.9 billion, 9% higher than at end-June 2011 (up 11% in mainland France and 7% in French overseas territories and international markets).

### **TF1 is continuing to adjust its business model**

**TF1** reported a 2% increase in first-half sales to €1,301 million. The fall in advertising revenue in the second quarter of 2012 was offset by the buoyancy of diversification activities, up 9% on the first half of 2011. Current operating profit amounted to €134 million, a fall of 28%, due to an increase in programming costs at the TF1 channel in the first quarter of 2012 and the cost of sporting events in the second quarter of 2012. Net profit amounted to €94 million.

### **Bouygues Telecom is facing deep-seated changes in the mobile market**

**Bouygues Telecom** reported a 7% drop in first-half 2012 sales to €2,676 million. The steeper decline in second-quarter sales, down 10%, reflects the introduction of new price plans and a smaller customer base in the mobile segment, while sales in the fixed broadband segment were up 40%.

Current operating profit in the first half of 2012 amounted to €148 million. The €183-million fall versus the first half of 2011 was due to a €106-million drop in EBITDA, a context-related increase in provisions in the first half of 2012 and higher amortisation expense. Net profit amounted to €92 million.

After a net loss of 379,000 mobile customers for Bouygues Telecom in the first quarter of 2012, the mobile market gradually settled down after a turbulent start to the year. In this context, the number of Bouygues Telecom's mobile customers dropped 71,000 in the second quarter. This shrinkage was caused by the departure of prepaid customers whereas the company added a net 55,000 plan customers.

B&YOU continued to flourish, with a total of 452,000 customers at end-June 2012.

Bouygues Telecom continued its expansion on the fixed broadband market, with 70,000 net additions in the second quarter to give a base of 1.4 million customers<sup>1</sup> at 30 June 2012.

<sup>1</sup>Includes broadband and very-high-speed broadband subscribers. Customers gained following the acquisition of Darty Telecom, effective as of 24 July 2012, will be included in Q3 2012 financial statements

### **Alstom**

As announced, Alstom contributed €114 million to the Group's first-half 2012 net profit, compared with €94 million in the first half of 2011.

Alstom put in a good commercial performance in the first quarter of FY2012/13, recording a 20% rise in order intake in comparison with the first quarter of FY2011/12, giving a book-to-bill of 1.3.

### **Financial position**

Free cash flow<sup>1</sup> in the first half of 2012 amounted to €410 million<sup>2</sup>. The €84-million fall in comparison with the first half of 2011 was mainly due to lower free cash flow at Bouygues Telecom.

Net debt amounted to €6.2 billion at end-June 2012. This represents an improvement of €308 million in comparison with end-June 2011, excluding the purchase of two blocks of 4G frequencies (€932 million) and the share repurchase tender offer (€1,250 million). The Group has a high level of liquidity (€6.9 billion) and an evenly-spread redemption schedule.

<sup>1</sup> Before the change in working capital requirement

<sup>2</sup> Before a €704-million investment in 4G frequencies in the first half of 2012 (acquisition cost and capitalised interest)

## Sales target and outlook

The 2012 sales target has been raised by €150 million to €32,800 million to take account of the consolidation of Thomas Vale by Bouygues Construction and of the acquisition of Darty Telecom by Bouygues Telecom.

Sales by business area (€ million)	Actual 2011	2012 target			% change
		Reported in March	Reported in May	Reported in August	
Bouygues Construction	9,802	10,000	10,100	10,200	+4%
Bouygues Immobilier	2,465	2,450	2,450	2,450	=
Colas	12,412	12,500	12,700	12,700	+2%
TF1	2,620	2,620	2,620	2,620	=
Bouygues Telecom	5,741	5,140	5,140	5,180	-10%
Holding company and other	120	120	120	120	=
Intra-Group elimination	(454)	(480)	(480)	(470)	nm
<b>TOTAL</b>	<b>32,706</b>	<b>32,350</b>	<b>32,650</b>	<b>32,800</b>	=
<i>o/w France</i>	<i>22,601</i>	<i>22,050</i>	<i>21,950</i>	<i>22,050</i>	-2%
<i>o/w international</i>	<i>10,105</i>	<i>10,300</i>	<i>10,700</i>	<i>10,750</i>	+6%

Bouygues Telecom is facing deep-seated changes on the mobile market, significantly denting its financial performance. As a result, Bouygues Telecom's EBITDA is expected to be around €900 million<sup>1</sup> in 2012. In this context, a €300-million adjustment and savings plan to reduce marketing and operating costs in the mobile business is in progress and is expected to have a full impact in 2013. A voluntary redundancy plan concerning 556 employees was proposed to social partners in early July. At the same time, TF1 is stepping up its adjustment by continuing to cut costs and by launching a review of processes and organisational structures.

In an uncertain global economic environment, the construction businesses have a record order book that gives them significant visibility on future activity. They benefit from a wide range of activities, skills and geographical locations and, as in the past, will prove capable of adapting.

The Bouygues group has a number of strengths to help it deal with the challenges facing Bouygues Telecom:

- its position as a diversified industrial group, backed by its strong construction businesses;
- the ability of its business areas to generate cash flows on a regular basis;
- its very healthy financial position.

<sup>1</sup>Excluding the cost of the adjustment plan, which is estimated to date at around €150 million

**Condensed consolidated  
income statement**  
(€ million)

	First half		% change
	2011	2012	
<b>Sales</b>	<b>15,214</b>	<b>15,505</b>	<b>+2%</b>
<b>Current operating profit</b>	<b>752</b>	<b>476</b>	<b>-37%</b>
<b>Operating profit</b>	<b>752</b>	<b>476</b>	<b>-37%</b>
Cost of net debt	(134)	(142)	+6%
Other financial income and expenses	(2)	8	nm
Income tax expense	(223)	(130)	-42%
Share of profits and losses from associates	91	131	+44%
Net profit	484	343	-29%
Minority interests	(93)	(65)	-30%
<b>Net profit attributable to the Group</b>	<b>391</b>	<b>278</b>	<b>-29%</b>

**First-quarter condensed  
consolidated income statement**  
(€ million)

	First quarter		% change
	2011	2012	
Sales	6,686	6,985	+4%
Operating profit	153	82	-46%
Net profit attributable to the Group	34	35	+3%

**Second-quarter condensed  
consolidated income statement**  
(€ million)

	Second quarter		% change
	2011	2012	
Sales	8,528	8,520	=
Operating profit	599	394	-34%
Net profit attributable to the Group	357	243	-32%

**Sales by business area**  
(€ million)

	First half		% change	Change like-for-like and at constant exchange rates
	2011	2012		
Bouygues Construction	4,705	5,028	+7%	+2%
Bouygues Immobilier	1,098	1,066	-3%	-3%
Colas	5,400	5,594	+4%	+2%
TF1	1,278	1,301	+2%	+1%
Bouygues Telecom	2,866	2,676	-7%	-7%
Holding company and other	64	68	nm	nm
Intra-Group elimination	(197)	(228)	nm	nm
<b>Total</b>	<b>15,214</b>	<b>15,505</b>	<b>+2%</b>	<b>=</b>
o/w France	10,999 <sup>1</sup>	10,730	-2%	-3%
o/w international	4,215 <sup>1</sup>	4,775	+13%	+6%

<sup>1</sup> Export sales of refined oil products were reclassified according to their location

**Contribution of business areas to EBITDA**  
(€ million)

	First half		% change
	2011	2012	
Bouygues Construction	252	268	+6%
Bouygues Immobilier	86	69	-20%
Colas	190	131	-31%
TF1	234	174	-26%
Bouygues Telecom	665	559	-16%
Holding company and other	(19)	(21)	nm
<b>TOTAL</b>	<b>1,408</b>	<b>1,180</b>	<b>-16%</b>

**Contribution of business areas to current operating profit**  
(€ million)

	First half		% change
	2011	2012	
Bouygues Construction	165	163	-1%
Bouygues Immobilier	91	83	-9%
Colas	0	(34)	nm
TF1	187	134	-28%
Bouygues Telecom	331	148	-55%
Holding company and other	(22)	(18)	nm
<b>TOTAL</b>	<b>752</b>	<b>476</b>	<b>-37%</b>

Contribution of business areas to net profit attributable to the Group (€ million)	First half		% change
	2011	2012	
Bouygues Construction	94	107	+14%
Bouygues Immobilier	56	51	-9%
Colas	2	(18)	nm
TF1	51	41	-20%
Bouygues Telecom	191	83	-57%
Alstom	94	114	+21%
Holding company and other	(97)	(100)	nm
<b>TOTAL</b>	<b>391</b>	<b>278</b>	<b>-29%</b>

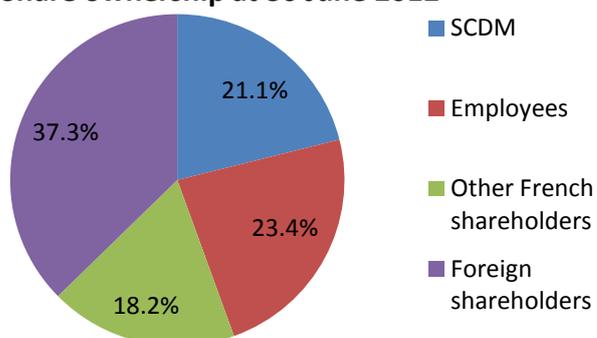
Net cash by business area (€ million)	At end-June		Change €m
	2011	2012	
Bouygues Construction	2,236	2,531	+€295m
Bouygues Immobilier	390	305	-€85m
Colas	(1,046)	(1,074)	-€28m
TF1	11	(91)	-€102m
Bouygues Telecom	(619)	(1,462)	-€843m
Holding company and other	(5,313)	(6,424)	-€1,111m
<b>TOTAL</b>	<b>(4,341)</b>	<b>(6,215)</b>	<b>-€1,874m</b>

Contribution of business areas to cash flow (€ million)	First half		% change
	2011	2012	
Bouygues Construction	260	266	+2%
Bouygues Immobilier	94	81	-14%
Colas	220	189	-14%
TF1	220	164	-25%
Bouygues Telecom	659	507	-23%
Holding company and other	49	67	nm
<b>TOTAL</b>	<b>1,502</b>	<b>1,274</b>	<b>-15%</b>

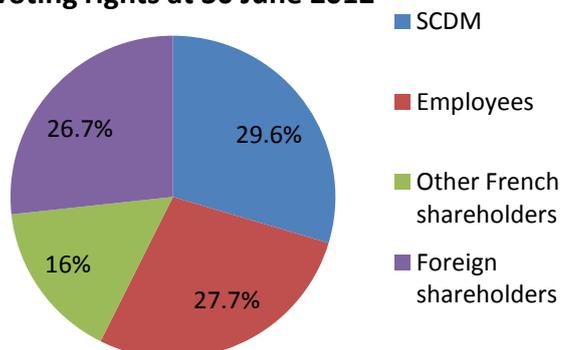
Contribution of business areas to net capital expenditure (€ million)	First half		% change
	2011	2012	
Bouygues Construction	121	80	-34%
Bouygues Immobilier	4	6	+50%
Colas	159	125	-21%
TF1	18	13	-28%
Bouygues Telecom	348	366	+5%
Holding company and other	1	2	nm
<b>TOTAL EXCLUDING 4G FREQUENCIES</b>	<b>651</b>	<b>592</b>	<b>-9%</b>
<b>4G FREQUENCIES</b>	<b>-</b>	<b>704</b>	<b>nm</b>
<b>TOTAL</b>	<b>651</b>	<b>1,296</b>	<b>x2</b>

### Bouygues share ownership at 30 June 2012

#### Share ownership at 30 June 2012



#### Voting rights at 30 June 2012



## Bouygues Construction

Operating in almost 80 countries worldwide, Bouygues Construction is a global player in the building, civil works, energy and services markets.

It has recognised know-how at all stages of a project, from financing and design to construction, operation and maintenance.

Its 54,000-plus employees develop and implement effective and innovative solutions that enhance quality of life and preserve the environment.

### Key figures

(€ million)	First half		Change
	2011	2012	
Sales	4,705	5,028	+7%*
<i>o/w France</i>	2,665	2,721	+2%
<i>o/w International</i>	2,040	2,307	+13%
Current operating profit	165	163	-€2m
<i>Current operating margin</i>	3.5%	3.2%	-0.3 pts
Net profit attributable to the Group	94	107	+€3m

\*Up 2% like-for-like and at constant exchange rates

### Half-year highlights

- Bouygues Construction achieved an exceptional level of order intake in the first half of 2012, reaching €6,893 million, €759 million more than in the first half of 2011, an increase of 12%. This figure includes long-term contracts (more than five years) worth €449 million for ETDE, compared with €676 million in the first half of 2011.
  - In France (€4,334 million), the sharp rise in year-on-year order intake (up €590 million, or up 16%) was due in particular to the signature and start of two major PPP contracts: the future Paris law courts complex and the Nimes-Montpellier high-speed railway bypass.
  - On international markets (€2,559 million), the order intake was up €169 million on the first half of 2011, an increase of 7%. As always, conditions on Bouygues Construction's markets differ from one region to another. The buoyancy of the Asian market is illustrated by two new contracts: a section of the giant bridge linking Hong Kong, Zhuhai and Macao, and a high-rise office building in Hong Kong's Kai Tak Development Area.
- The order book at 30 June 2012 stood at a new record level of €17.7 billion, €2.1 billion more than at end-June 2011, a rise of 14%. 46% of orders are on international markets, compared with 52% at end-June 2011. The long-term end of the order book (beyond five years) increased by 16% year-on-year. The order book in the Asia-Pacific region rose 11% year-on-year and now accounts for 35% of Bouygues Construction's international order book.
- Sales in the first half of 2012 rose 7% to €5,028 million, an increase of €323 million. Both France (€2,721 million, up 2%) and international markets (€2,307 million, up 13%) contributed to growth. Like-for-like and at constant exchange rates the increase was 2%, taking account of the consolidation of the Leadbitter group from the second quarter of 2011 and a positive exchange-rate effect.

- Operating profit amounted to €163 million, representing a robust operating margin of 3.2% of sales, slightly less than in the first half of 2011 (3.5%, a drop of 0.3 points). With interest rates on surplus cash remaining very low, net financial income fell €9 million to €11 million. The net margin in the first half of 2012 was 2.1%, compared with 2.0% in the first half of 2011, giving net profit attributable to the Group of €107 million, an increase of €13 million.
- The cash position net of financial debt stood at €2,531 million at end-June 2012, €338 million lower than at end-December 2011, mainly due to payment of the dividend in April 2012 and the financing of capital expenditure. Net cash at end-June 2012 stood €295 million higher than at end-June 2011.

### Building and Civil Works

Demand for building and civil works remains generally high, driven by considerable infrastructure needs in both emerging and developed countries.

At Bouygues Construction, the building and civil works activity generated €4,267 million, of which €2,183 million in France and €2,084 on international markets.

- **France:** €2,183 million, up 2%

Activity related to public infrastructure projects remained resilient in France, especially in view of major contracts booked in 2011 such as the Paris Zoological Park, the Paris Philharmonic Hall and the French Defence Ministry. Private-sector activity also remained buoyant, whether for renovation (transformation of the former Laennec Hospital in Paris into apartments and offices, the Hôtel Lambert restoration project), new-build (Beaugrenelle shopping centre) or residential projects (Fort d'Issy eco-neighbourhood). The PPP contract for the future Paris law courts complex was booked in early 2012.

In the rest of France, Bouygues Construction's five regional subsidiaries were particularly involved in the construction of public infrastructure for healthcare (the new hospital of Orléans, Amiens-Picardie hospital), education (two secondary school PPPs in Lorraine, eastern France), leisure (reconfiguration of the Stade Vélodrome in Marseille), justice (prisons in western and northern France) and local government (headquarters of the Auvergne Regional Council, a municipal services centre in Bordeaux).

Bouygues Construction operates on civil works markets through regional agencies all over France, specialising in smaller-scale civil engineering projects and earthworks. Drawing on its civil works expertise, Bouygues Construction also participates in complex major projects, including ongoing civil engineering works for the Flamanville EPR nuclear power plant and the start of works on the LNG storage tanks project in Dunkirk. The PPP contract for the Nimes-Montpellier high-speed railway bypass was booked at end-June 2012.

- **Europe (excluding France):** €861 million, up 8%

In **Switzerland**, demand remains buoyant, especially on the residential market, boosted by historically low mortgage interest rates. Taking advantage of its expertise in putting together complex property development projects, Bouygues Construction is developing the Eikenott eco-neighbourhood in Gland, the City West residential complex in Zurich and the Puls and Rex projects in Thun, as well as continuing its expansion in the German-speaking part of the country.

In the **United Kingdom**, Bouygues Construction can draw on its know-how in Private Finance Initiative (PFI) and Design & Build projects and an extensive presence in London and the south and southeast of England. Bouygues Construction has gained approval from the EU competition authorities for its acquisition of Thomas Vale, which will extend the group's regional coverage by giving it a foothold in the Midlands. In early July 2012, Bouygues Construction finalised the acquisition of Leadbitter Bouygues Holding, which had acquired the Leadbitter group in March 2011. On conclusion of the transaction, Bouygues Construction now owns 100% of the company. Having delivered the new tunnel under the river Tyne in Newcastle in late 2011, Bouygues Construction has been designated preferred bidder for the construction of an EPR nuclear power plant at Hinkley Point.

In **Eastern Europe**, local subsidiaries in Poland and the Czech Republic are continuing to expand their building activities.

In **Ukraine**, Bouygues Construction, in partnership with Vinci, is building the new Chernobyl confinement shelter.

Bouygues Construction also has small-scale operations in other European countries (Russia, Hungary, etc.).

- **International (excluding Europe):** €1,223 million, up 20%

In **Asia-Pacific**, Bouygues Construction has strong local operations notably in Hong Kong, Singapore and Turkmenistan. In **Hong Kong**, Bouygues Construction is involved in building projects, including the Kai Tak Cruise Terminal and the Trade & Industry Tower, and civil engineering projects, including two sections of the rail tunnel for the future Hong Kong to Canton high-speed rail link. It is a recognised player in **Singapore**, building luxury residences, hotels and offices. The Sports Hub, the world's largest sports infrastructure PPP project, and two residential complexes are currently under construction. In **Turkmenistan**, work has started on four major contracts booked in 2011, including the turnkey construction of a luxury hotel.

In **Africa**, where Bouygues Construction has operations in several countries, its building and civil engineering firms work together on major infrastructure projects such as the Bata motorway in **Equatorial Guinea** and Tanger Med 2 in **Morocco**, the second container port in Tangiers. In **South Africa**, the second section of the Gautrain project, an 80-km rail link between Johannesburg International Airport, Johannesburg and Pretoria, was handed over in the first half of the year.

In the **Middle East**, Bouygues Construction is continuing to build the Qatar Petroleum District in Doha, a vast 700,000-m<sup>2</sup> complex that includes nine high-rise office buildings.

Activity in the **Americas/Caribbean** zone is growing fast. Bouygues Construction has long-term operations in **Cuba**, where it is a recognised specialist in the construction of turnkey luxury hotel complexes. In **Jamaica**, its civil works subsidiary has been involved in developing the island's road and

motorway network for a number of years and is currently building a new section of the 1B motorway, the order for which was booked in 2011. In the first half of 2012, specialist subsidiaries concluded their contribution to the Baluarte bridge in **Mexico**, the world's highest cable-stayed bridge. In **North America**, Bouygues Construction is continuing to work on two major projects under PPP contracts: a headquarters building for the Royal Canadian Mounted Police (RCMP) and the Miami port tunnel.

## Energy and Services

Energy and services activities offer ETDE attractive medium-term opportunities in the main countries in which it operates (France, the UK, Switzerland and Canada), especially due to growing demand for energy efficiency. In the short term, the market is more uncertain because of fierce competition and a potential drop in public-sector orders.

ETDE contributed €761 million to Bouygues Construction's consolidated sales in the first half of 2012, 4% more than in the first half of 2011 like-for-like. ETDE has three business lines: network infrastructure (48%), electrical and HVAC engineering (27%) and facilities management (25%).

- **France:** €538 million, up 3%

ETDE, through its network infrastructure subsidiary, is a leading player in the development of digital networks, with 14 public service delegations representing 7,600 km of optical fibre serving six million people. A 25-year contract to develop and manage the broadband and high-speed broadband network in the Vaucluse *département* in southern France, booked in 2011, is being rolled out.

ETDE is also continuing to roll out PPP public lighting and CCTV contracts begun in 2011, especially EVESA, a major energy performance contract with the City of Paris that aims to reduce the city's energy consumption by 30% by 2020 in relation to the 2004 level.

In electrical and HVAC engineering, ETDE is completing work on the Metz and Amiens-Picardie hospitals. Work on the Pantin data centre, booked in 2011, is ongoing.

Involved in PPP projects in partnership with Bouygues Construction's building subsidiaries, ETDE's facilities management subsidiary will operate and maintain the future French Defence Ministry complex, the future Paris law courts complex, the Bordeaux municipal services centre and the future Saint-Quentin-en-Yvelines Vélodrome.

- **International:** €223 million, up 5%

Outside France, ETDE is involved in major turnkey electricity network infrastructure projects. Having completed a network of power lines and substations linking Pointe-Noire to Brazzaville in **Congo** for an international oil company at end-2011, ETDE is embarking on two new contracts: **Finland's** second high-voltage direct current line and a high-voltage, rural electrification and public lighting contract in the north of **Gabon**.

In **Canada**, ETDE has a 30-year facilities management contract for Surrey Hospital that began in 2011 and will have a 25-year contract for the RCMP headquarters.

## Outlook for 2012

Bouygues Construction has set a sales target for 2012 of €10.2 billion, up 4% on 2011. It has confirmed the target communicated to the market in May 2012, adjusting it for the effect of the acquisition of Thomas Vale (€100 million).

The contracts for the Paris law courts complex, the Nimes-Montpellier high-speed railway bypass and a section of the giant Hong Kong – Zhuhai – Macao bridge ensure a high level of order intake in 2012.

In an uncertain economic environment, Bouygues Construction has significant visibility on future business activity and can count on:

- **secured sales at 30 June 2012 to be executed in the year** worth €9.9 billion, covering 97% of forecast sales;
- **sustained activity on international markets** outside Europe, especially in places less affected by the economic crisis, such as Hong Kong, Singapore and Qatar;
- a **long-term order book** (beyond five years) worth €2.6 billion at 30 June 2012;
- a **sound financial structure**, with a net cash position of €2.5 billion;
- an **expanding range of sustainable construction products and services**, in many cases involving energy and environmental performance commitments.

Bouygues Construction also has a high ability to adapt, helped by a very variable, project-based cost structure.

Tight control over the execution of major projects and a high-quality order intake in a context of fierce competitive pressure will continue to be central priorities for Bouygues Construction in 2012.

### 2012 sales target

(€ million)	2011	2012 target	Change
Sales	9,802	10,200	+4%

## Bouygues Immobilier

France's leading property developer in 2011, Bouygues Immobilier develops residential and commercial projects from 35 branches around the country and four subsidiaries elsewhere in Europe.

### Key figures

(€ million)	First half		Change
	2011	2012	
Sales	1,098	1,066	-3%
<i>o/w residential property</i>	923	972	+5%
<i>o/w commercial property</i>	175	94	-46%
Current operating profit	91	83	-€8m
<i>Current operating margin</i>	8.3%	7.8%	-0.5 pts
Net profit attributable to the Group	56	51	-€5m

### Half-year highlights

#### Context

The residential property market fell back significantly in the first half of 2012 in comparison with the first half of 2011. The decline was due partly to the usual postponement of projects at election time and partly to a cutback in tax incentives under the Scellier scheme and tighter lending policies by banks.

In a sluggish commercial property market, Bouygues Immobilier found some opportunities, mostly associated with demand for energy-efficient buildings.

In this context, Bouygues Immobilier recorded sales of €1,066 million, 3% lower than in the first half of 2011. Residential property sales rose by 5%, reflecting the company's strong commercial performance in 2010 and 2011. In the commercial property segment, recent orders have not yet turned into significant sales.

The operating margin was 7.8%, slightly lower than in the first half of 2011.

#### Business performance

##### Reservations\*

	First half		Change	Full-year 2011
	2011	2012		
Residential property				
Units	5,769	4,069	-29%	14,723
Value (€m)	990	728	-26%	2,419
Commercial property				
Surface area (m <sup>2</sup> )	83,000	72,000	-13%	184,000
Value (€m)	324	317	-2%	781

\* Definition: Residential property reservations are always given net of withdrawals.  
Commercial property reservations are firm and hence cannot be cancelled (notarised sales)

### Residential property

In difficult market conditions, residential property reservations fell back 26% by value in comparison with the first half of 2011.

The fall was mainly due to two factors: private investors leaving the market following a significant cutback in tax incentives under the Scellier scheme, and fewer block sales – they are expected to increase over the year as a whole but will mostly be completed in the second half.

Bouygues Immobilier had anticipated the situation and stepped up its strategy of targeting first-time buyers by rolling out products at affordable prices. A number of competitively-priced projects have been marketed in urban development zones at budget prices and where a lower 7% VAT rate applies. Sales to first-time buyers are rising slightly.

### Commercial property

In a still-sticky market, Bouygues Immobilier took commercial property reservations worth €317 million in the first half of 2012, boosted by the sale of the new 10,000-m<sup>2</sup> Clarins offices in Neuilly, west of Paris, and a development contract with MACSF for a 50,000-m<sup>2</sup> suite of offices occupied by Sanofi in Gentilly, south of Paris.

### Order book

(€ million)	End-December 2011	End-June 2012
Order book	3,051	3,060
o/w residential property	2,738	2,538
o/w commercial property	313	522

Bouygues Immobilier's order book stood at €3,060 million, including €2,538 million in the residential segment representing 16 months of sales.

### Outlook

Bouygues Immobilier expects the French residential property market to contract, with between 75,000 and 80,000 units being sold in 2012.

In this context, the company expects to retain its market share and see a slight increase in sales to first-time buyers, buoyant block sales and a sustained level of sales to investors. In the commercial segment, Bouygues Immobilier is continuing to pursue a user-centred strategy.

Bouygues Immobilier is taking steps to adjust to the contraction of the residential property market, reviewing its land bank, shelving certain programmes and exercising tighter control over operating costs and the headcount.

The company's objective of preserving a solid financial structure with a controlled level of debt remains unchanged.

### 2012 sales target

(€ million)	2011	2012 target	Change
Sales	2,465	2,450	=

## Colas

With more than 800 profit centres and 1,400 production units in nearly 50 countries around the world, Colas is a leading player in the roadbuilding and maintenance sectors. Operating in all transport infrastructure markets, the firm offers complementary services including the manufacture and laying of waterproofing membranes, the construction and maintenance of railway infrastructure, the sale of refined oil products, the manufacture and installation of road safety and signalling equipment and the laying of pipelines. Colas also operates infrastructure concessions, especially for motorways.

### Key figures

(€ million)	First half		Change	2011
	2011	2012		
Sales	5,400	5,594	+4%	12,412
<i>o/w France</i>	<i>3,457<sup>1</sup></i>	<i>3,367</i>	<i>-3%</i>	<i>7,250</i>
<i>o/w International</i>	<i>1,943<sup>1</sup></i>	<i>2,227</i>	<i>+15%</i>	<i>5,162</i>
Current operating profit/(loss)	0	(34)	-€34m	466
Net profit/(loss) attributable to the Group	2	(19)	-€21m	336

<sup>1</sup> Export sales of refined oil products were reclassified according to their location for the first half of 2011

Consolidated sales at 30 June 2012 amounted to €5.6 billion compared with €5.4 billion at end-June 2011, an increase of 4%. Growth on international markets, especially in North America, Asia, Australia and the Indian Ocean, helped to offset the decline in activity in France.

Like-for-like and at constant exchange rates, sales rose by 2%, taking into account a favourable exchange rate effect of €85 million, mainly due to the appreciation of the US dollar and Canadian dollar against the euro, and a positive scope effect of €23 million.

### Half-year highlights

- The first half of the year was marked by very harsh winter and spring weather in Europe, especially in mainland France.
- The order book at end-June 2012 stood at a high level.
- Some targeted acquisitions were made:
  - acquisition by Colas Rail of Pullman Rail Ltd, a British firm specialising in the maintenance and repair of rolling-stock, with sales of €13 million in 2011;
  - acquisition by waterproofing subsidiary Smac of Aguilar, a building envelope specialist operating in Chile and Peru, with sales of €20 million in 2011.
- The consortium of which Colas Rail and Colas Midi-Méditerranée are members concluded a 25-year PPP contract with RFF, the French railway infrastructure manager, for the future Nimes-Montpellier high-speed railway bypass.

## Sales by sector

(€ million)	First half		Change	2011
	2011	2012		
Sales	5,400	5,594	+4%	12,412
<i>o/w roads mainland France</i>	2,448	2,369	-3%	5,141
<i>o/w roads Europe</i>	653	619	-5%	1,478
<i>o/w roads North America</i>	662	806	+22%	2,348
<i>o/w roads rest of the World</i>	614	714	+16%	1,295
<i>o/w specialties</i>	1,019	1,074	+5%	2,143
<i>o/w holding company</i>	4	12	nm	7

### Roads mainland France

Sales fell by 3% in comparison with the first half of 2011 (down 4% like-for-like).

Weather conditions were particularly unfavourable, with a cold winter followed by an exceptionally wet spring, whereas the weather in the first half of 2011 was generally fine. However, sales in the first half of 2012 were higher than in the first half of 2010 (€2.2 billion), when weather conditions were also poor.

Taking into account an impact of approximately 5 points linked to the rise in construction costs, especially energy, bitumen and other raw materials, the decline in sales by volume may be estimated at around 9%.

Considerable disparities remain on roads markets, which are generally more buoyant in large cities and certain urban areas, boosted by a large number of urban transport projects, whereas conditions in rural areas are significantly more difficult.

### Roads Europe

Sales were down 5% in comparison with the first half of 2011 (down 5% like-for-like and at constant exchange rates).

Sales in Northern Europe were more or less stable (up 1%, but down 1% like-for-like and at constant exchange rates, taking into account a favourable forex effect). Delays on projects in Belgium due to bad weather and a slight contraction in sales in the UK at constant exchange rates were offset by higher sales in Switzerland, Denmark and Ireland.

Sales in Central Europe were down 18%, with significant falls in Romania (where the subsidiary SCCF Iasi was divested in May 2012), Hungary, Croatia and the Czech Republic. In most countries, cutbacks in public spending are continuing in recession-hit economies.

### Roads North America

Sales were up 22% in comparison with the first half of 2011. Like-for-like and at constant exchange rates, the increase was 13%. Activity was more or less stable in the United States, while Canada continued to benefit from a strong economy and flourishing mining and oil sectors, as well as favourable weather conditions in the first half of the year.

## Roads rest of the World

Sales rose 16% in comparison with the first half of 2011 (up 13% like-for-like and at constant exchange rates). A drop in sales in all overseas French *départements* with the exception of French Guiana was more than offset by a rise in Africa and the Indian Ocean and, above all, strong growth in Asia and Australia.

## Specialties

Sales in the first half of 2012 were up 5% (up 3% like-for-like and at constant exchange rates). However, this overall rise masks considerable differences between business areas: a sharp rise in sales of refined oil products (up 33%) linked to higher oil prices, growth in the road safety/signalling and railway businesses (8% and 7% respectively), a slight drop in waterproofing (down 4%) and a fall in pipelines (down 14%).

## Production of materials

A significant proportion of Colas' activity, both in France and elsewhere, consists in the production of construction materials, especially aggregates, from an international network of 682 quarries and gravel pits, 580 asphalt plants, 142 emulsion plants and 207 ready-mix concrete plants. 46.6 million tonnes of aggregates (stable in relation to the first half of 2011), 15.6 million tonnes of asphalt mix (down 11%), 680,000 tonnes of binders and emulsions (down 5%) and 1.3 million cubic metres of ready-mix concrete (up 3%) were produced in the six months to 30 June 2012.

## Profitability

The highly seasonal nature of Colas' businesses means that half-year results have little significance. A current operating loss of €34 million at 30 June 2012, compared with a break-even result at 30 June 2011, reflects:

- disruption of the activity of roads subsidiaries in mainland France and Northern Europe due to harsh weather conditions, resulting in less coverage of overheads in both the works activity (equipment and staff) and the materials production activity (lower output at end-June, especially of aggregates and asphalt mix). Prices on these markets remain low in a still fiercely competitive environment;
- results from the sale of refined oil products affected by higher oil prices coupled with a fall in the sale price for certain products;
- results in North America which, at 30 June 2012, did not reflect the growth in sales, due to a difficult first six months in the United States caused by
  - recession in California and the southeast (Georgia, the Carolinas),
  - fierce competitive pressure driven by uncertainty over renewal of the federal multiyear plan to finance road infrastructure;
- better results (though still losses) in Central Europe, in line with targets;
- increase in results in the rest of the World, driven by a buoyant first half in Asia and Australia, and in the railway business.

The net loss attributable to the Group at 30 June 2012 amounted to €19 million, compared with a net profit of €2 million in the first half of 2011.

## Outlook

The order book at end-June 2012 stood at €7.9 billion, up 9%, with growth both in mainland France (€4.0 billion, up 11%) and on international markets (€3.9 billion, up 7%). The order book, at a high level, includes €0.3 billion in works to be performed by Colas as part of the PPP contract for the future Nimes-Montpellier high-speed railway bypass.

In mainland France, although the uncertainty surrounding local authority financing has not been dispelled, orders to be executed in the year could help to make up for some of the time lost in the first six months, weather permitting.

The level of activity in Northern Europe is likely to be close to that of the previous year.

In Central Europe, the aim of breaking even in 2012 is maintained, though sales are likely to be lower than in 2011.

In North America, the order book holds out bright prospects thanks to a buoyant Canadian market and a clearer view of the future in the United States following the decision by Congress on 29 June 2012 to renew the multiyear federal road infrastructure plan at the same level of funding until September 2014.

In the rest of the World, the good start to the year, especially in Asia and Australia, should ensure overall sales growth in 2012.

On the basis of currently available data, the sales target for 2012 has been set at €12.7 billion.

## 2012 sales target

(€ million)	2011	2012 target	Change
Sales	12,412	12,700	+2%

## TF1

The TF1 group's mission is to inform and entertain. While continuing to strengthen its position in its core television business with free and pay channels, it has diversified into the internet, audiovisual rights, production and licences.

### Key figures

(€ million)	First half		Change
	2011	2012	
Sales	1,278	1,301	+2%
<i>o/w TF1 channel advertising</i>	758	713	-6%
<i>o/w other activities</i>	520	588	+13%
Current operating profit	187	134	-€53m
Net profit attributable to the Group	119	94	-€25m

The TF1 group reported **consolidated sales** of €1,301 million over the first six months of 2012, a year-on-year rise of 2%.

This figure comprises:

- **advertising revenue from the TF1 channel** of €713 million, a year-on-year drop of 6%. The advertising spend on mainstream channels is decreasing, in an economic climate that worsened in the second quarter. Advertising revenue on the TF1 channel in the second quarter of 2012 was 8% lower than in the second quarter of 2011;
- **revenue from other activities** of €588 million, a year-on-year rise of 13%. That achievement reflects the buoyancy of all diversification activities over the first half of the year and the consolidation of Metro France, a daily freesheet publisher.

**Operating profit** for the first half of 2012 amounted to €134 million, €53 million less than in the first half of 2011, representing a fall of 28%. The current operating margin stood at 10.3%, comparable with the full-year figure for 2011 (10.8%).

Operating profit in the second quarter of 2012 amounted to €78 million, €47 million less than in the second quarter of 2011. The second-quarter operating margin stood at 11.6%.

**Net profit attributable to the group** for the first half of 2012 amounted to €94 million, compared with €119 million for the first half of 2011.

### Half-year highlights

- ❖ The TF1 group kept its unrivalled position in free-to-air television in France, with TF1, TMC and NT1 gaining an aggregate audience share of 28.4% among individuals aged four years and over and 32% among women under 50 who are purchasing decision-makers.
- ❖ On 27 March 2012, following a call for tenders for the award of six new DTT frequencies, the CSA (French broadcasting authority) selected TF1's HD1 project for a new channel devoted to creativity in all its forms, enabling the group to gain a fourth freeview DTT licence and enhance its multi-channel free-to-air offering.

## 1. French broadcasting

### a. The TF1 channel

In the first six months of the year, the TF1 channel took an audience share of 22.7% among individuals aged four years and over and 25.3% among women under 50 who are purchasing decision-makers. It won 44 of the top 50 audience ratings over the period.

The cost of programmes shown on TF1 amounted to €477 million in the first half of 2012, compared with €424 million in the same period of the previous year. The €53-million increase was mainly due to:

- a €32-million rise in the first quarter, chiefly from non-recurring items;
- a €21-million rise in the second quarter related to the screening during the period of eight matches from the UEFA Euro 2012 soccer tournament at a cost of €22 million. The cost per match was lower than for the previous tournament, held in 2008.

Stripping out sporting events, second-quarter programming costs were €1 million (down 0.5%) lower in 2012 than in 2011.

Sales by the TF1 channel fell 6% to €716 million in the first half of 2012, including €713 million of net advertising revenue, down 5.9%. The decline is due to a worsening economic environment in which advertisers are spending less. To bolster demand, TF1 has adopted a sales policy designed to support its customers through these difficult times.

In this context, the TF1 channel generated an operating profit of €63 million in the first six months of 2012, giving an operating margin of 8.8%, chiefly affected by the screening of the Euro 2012 in the second quarter. For comparison purposes, the outstanding sporting event of 2011, the Rugby World Cup, was screened in the third and fourth quarters.

### b. Other activities

**Téléshopping** generated sales of €56 million in the first half of 2012 compared with €54 million in the same period of the previous year, a rise of 4%. This was mainly due to a resurgence of the flagship brand, plus good performances from stores and the Place des Tendances fashion shopping site.

Profitability improved considerably in the first half of the year, yielding an operating profit of €7 million thanks to commercial success, tight cost control and a favourable comparative, since divestment of the 1001 Listes e-commerce business had negatively impacted operating profit in the first half of 2011.

**Theme channel** sales amounted to €163 million in the first half of 2012, a year-on-year rise of 2%. Growth was driven by the performance of free-to-air channels, especially NT1, which enjoyed a dynamic first half.

Current operating profit stood at €18 million in the first half of 2012, €10 million less than in the previous year. The fall was due to an increase in programming costs for free-to-air channels (although they achieved good audience ratings) in order to enhance content, higher costs at rolling news channel LCI due to a busy few months on the news front, and a drop in advertising revenue at Eurosport France.

**TF1 Entreprises** reported sales of €17 million in the first six months of 2012, 5% higher than in the same period of the previous year. A major factor was the success of musical productions in 2012 and the continuing buoyancy of 2011 productions. Live-show partnerships and the licences business also performed well. Current operating profit amounted to €2 million at end-June 2012, lower than in the first half of 2011, when the figure was boosted by sales of Française des Jeux's *Mille Bornes* scratchcards.

**e-TF1** posted a very good first half across all its lines of business, whether interactivity with broadcast channels or the MYTF1 website. Sales rose 30% to €50 million and current operating profit increased threefold year-on-year, rising from €3 million at end-June 2011 to €9 million at 30 June 2012. This success, in terms of audience, sales and profitability, provides further vindication of TF1's digital strategy.

## 2. Audiovisual rights

The **Catalogue** business reported half-year sales of €19 million compared with €12 million in the first half of 2011, a rise of 58%. The increase was due both to successful cinema releases and to back-catalogue sales.

Sales by the **Video** business rose 20% to €46 million at end-June 2012, driven by the release on DVD of the films *The Intouchables (Untouchable)* and *Polisse* and stronger sales from video on demand (VOD).

Current operating profit amounted to €5 million, up €16 million on the first half of 2011. This sharp increase was due to higher sales over the period and a favourable comparative (a provision for the *Miracle at St Anna* dispute was booked in the first half of 2011).

## 3. International broadcasting

Sales at the international broadcasting division (Eurosport International) rose 10% to €191 million at 30 June 2012. The rise in sales was driven partly by growing audiences and higher advertising revenue on the back of a busy and attractive schedule of sporting events, and partly by an increase in subscription revenue.

Operating profit amounted to €27 million, down €1 million on the same period of the previous year, due to higher spending on programmes and marketing. The operating margin remained robust at 14.1% in the first half. The second-quarter 2012 margin stood at 20.4%, compared with 19.7% a year earlier.

## Outlook

In a worsening economic situation and a changing competitive environment, the TF1 group is continuing to adjust in 2012. The group is rolling out the second phase of its optimisation plan, which involves stepping up cost reductions and reviewing processes and organisational structures.

The TF1 group confirms that it expects consolidated sales to remain stable in 2012 and that it is maintaining its target of keeping programming costs to €930 million on average in 2012 and 2013.

Source: *Médiamétrie*

## 2012 sales target

(€ million)	2011	2012 target	Change
Sales	2,620	2,620	=

## Bouygues Telecom

Bouygues Telecom is France's third mobile and fixed telecommunications, TV and internet operator.

### Key figures

€ million)	First half		Change
	2011	2012	
Sales	2,866	2,676	-7%
Sales from network	2,575	2,386	-7%
EBITDA	665	559	-€106m
<i>EBITDA/sales from network</i>	<i>25.8%</i>	<i>23.4%</i>	<i>-2.4 pts</i>
Current operating profit	331	148	-€183m
<i>Operating margin</i>	<i>11.5%</i>	<i>5.5%</i>	<i>-6.0 pts</i>
Net profit attributable to the Group	213	92	-€121m
Free cash flow	197	90*	-€107m

\* Before the investment in 4G frequencies (€687 million)

In a context of greater competition on the mobile market since the start of the year, following the arrival of the fourth operator and price cuts, sales in the first half of 2012 amounted to €2,676 million and sales from network to €2,386 million, both 7% lower than at the same time in 2011. The sharper fall in sales in the mobile segment in the second quarter (down 10%) reflects the introduction of new prices and a smaller customer bases whereas sales in the fixed broadband segment rose by 40%.

EBITDA fell by €106 million, mainly hit by the €99-million impact of the cut in termination rate differentials.

The operating margin was hit by the fall in EBITDA, higher amortisation expense due to the development of the fixed business, and an increase in provisions.

For information, routers are capitalised, as are service access expenses paid to France Télécom.

Free cash flow amounted to €90 million in the first half of 2012, excluding investment in 4G frequencies (€687 million). It was down €107 million due to a rise in capital expenditure, especially in the broadband and very-high-speed broadband segments, and lower cash flow due to the reduction in EBITDA.

Bouygues Telecom is continuing to grow in the fixed broadband segment, with 1.4 million customers at end-June 2012. The company won 158,000 new fixed broadband customers in the first half of the year. The commercial impact of the Bbox Sensation router should start to be felt in the third quarter of 2012.

After losing 379,000 customers net in the first quarter of 2012 following the arrival of the fourth operator on the mobile market, the new products and services introduced by Bouygues Telecom turned the tide in the second quarter, when the customer base contracted by only 71,000, including a net gain of 55,000 plan customers. Bouygues Telecom had 10,854,000 mobile customers at 30 June 2012.

### Half-year highlights

#### Business performance

In particularly turbulent market conditions, Bouygues Telecom was able to anticipate and adapt its marketing innovation strategy. The company:

- modified the content and cut the price of B&YOU products (no minimum term contract call plans available only on the internet) from 16 January 2012,
- simplified the range and cut the price of Eden call plans from 19 March,
- released Fibre and ADSL versions of the Bbox Sensation router from 18 June at a single price of €37.90 per month. The new router offers an even richer entertainment experience, with a new, more fluid HD interface, an extensive VOD catalogue and a cloud gaming service,
- entered into a partnership with Devicescape which will enable Bouygues Telecom customers to go online automatically and free of charge from over eight million free WiFi hotspots worldwide, supplementing the 3G+ network.

Bouygues Telecom is continuing its policy of putting customers first:

- Bouygues Telecom and Darty, driven by the same desire to satisfy the customer, concluded a distribution agreement on 24 July 2012 under which:
  - ✓ Darty will sell all Bouygues Telecom's fixed and mobile offers in its 226 stores,
  - ✓ Darty will provide customer service for Bouygues Telecom offers subscribed in its stores,
  - ✓ Bouygues Telecom will acquire Darty Telecom, confirming its determination to accelerate its growth on the fixed broadband market.
- High-quality customer relations remain a priority for Bouygues Telecom, which came top of the customer relations league table in the ISP/fixed segment for the second year running.

The company's HR policy, based on respect, trust and fairness, was also recognised when it received the Top Employer award for the third year running.

## Networks

Bouygues Telecom's 3G+ network covered 95% of the French population at end-June 2012. The company offers half the French population speeds of up to 42 Mbits/s (nearly six times faster than those of the current 3G+ technology).

Bouygues Telecom also started to roll out its 4G network in March 2012. Since June, 300 people have been testing 4G in real-life conditions in the pilot city of Lyon. Commercial launch of the 4G network is scheduled for early 2013, enabling the network to cope with the very rapid growth in data traffic.

In early 2012, Bouygues Telecom signed an agreement with France Télécom-Orange for the rollout of fibre optic in high-density and lower-density areas. The agreement complements those previously concluded with other partners (SFR and Numericable) and will enable Bouygues Telecom to offer very-high-speed broadband services to a potential market of over 13 million households.

## Regulatory context

Voice and SMS termination rates were each cut by 33% on 1 July 2012, to €0.01 per minute and €0.01 per SMS respectively.

## Environment

The Réseau Clubs Bouygues Telecom store network was doubly rewarded for its new "Connect" store concept, receiving the French Design Institute's 2011 Janus prize for retailers and an eco-design award. These distinctions crown a revamped in-store experience for customers that also reflects the Bouygues

group's overall sustainable development policy. 45 of the 650 Bouygues Telecom Clubs stores have been renovated according to the new concept since September 2011.

## Outlook

Bouygues Telecom is facing deep-seated changes on the mobile market, significantly denting its financial performance. The contribution of the mobile segment fell more sharply in the second quarter of 2012, linked to the decline in the number of mobile customers in the first quarter of the year and as more and more subscribed to the new price plans. This fall in the contribution will continue to impact sales and EBITDA. Consequently, Bouygues Telecom expects a 10% fall in sales to €5,180 million, even after the consolidation of Darty Telecom, and EBITDA of around €900 million<sup>1</sup> over the year as a whole. In this context, an adjustment plan has been introduced to reduce marketing and operating costs in the mobile business. The plan will cost an estimated €150 million in 2012 but should enable the company to save €300 million in 2013.

Among other measures, the adjustment plan includes a voluntary redundancy scheme for 556 employees, put to the social partners in early July 2012.

The first benefits of the adjustment plan can be seen in the first half of 2012, with savings of €94 million in the mobile business over the first two quarters of the year.

<sup>1</sup> Excluding cost of the adjustment plan

## 2012 sales target

(€ million)	2011	2012 target	Change
Sales	5,741	5,180	-10%

## Alstom

Alstom, in which Bouygues has a 30.7% stake, is a world leader in power generation and transmission and rail transport infrastructure. It is the world's leading builder of high-speed and very-high-speed trains and the second largest supplier of urban transport systems and regional trains. Alstom also provides turnkey power plants, equipment and related services for the production of electricity from all sources, including hydropower, nuclear, gas, coal and wind. It offers a vast range of energy transmission solutions, especially smartgrids. Alstom had 92,600 employees at 31 May 2012 in a hundred or so countries.

### Results in FY2011/12 in line with forecasts, with a high level of order intake

Alstom released its financial statements for the year ended 31 March 2012 on 4 May 2012. During FY2011/12, Alstom recorded sales of €19.9 billion and an operating profit of €1,406 million, giving an operating margin of 7.1%. Net profit amounted to €732 million, up 58% on the previous financial year's figure, which had been hit by major restructuring charges intended to adjust capacity in the thermal power and transport sectors in North America and Europe. The order intake, at €21.7 billion, was 14% higher than in the previous financial year. Free cash flow improved substantially in the second half of FY2011/12, rising to €341 million compared with -€914 million in the first half. Over the financial year as a whole, free cash flow stood at -€573 million.

Results in FY2011/12 reflected a solid commercial performance, with orders exceeding sales in each quarter. Business was particularly good in the fourth quarter, when new contracts worth €6.6 billion were booked. Sales, at €19.9 billion, rose throughout the year from a first-quarter low, with a marked improvement in the last quarter.

The upturn in orders was driven by numerous successes in emerging countries (60% of total orders), where growth rates have stayed much higher than in industrialised countries. The order book at 31 March 2012 stood at nearly €50 billion, representing about 30 months of sales.

Alstom continued to adapt to the geographical shift in demand during the year while taking major strides in technology and innovation. Alstom proved able to make the most of its international presence and focused in particular on strengthening its partnership strategy.

Research and development spending was maintained at a high level to enable Alstom to remain at the cutting edge of technology.

The shareholders' meeting on 26 June 2012 approved the payment of a dividend of €0.80 per share, 29% higher than the dividend in the previous year.

### Recent events

Alstom published its sales for the first quarter of FY2012/13 (from 1 April to 30 June 2012) on 19 July 2012. The group took orders worth €6 billion over the period, 20% more than in the same period of the previous financial year. Sales were up 6% at €4.8 billion.

Thermal Power won orders worth €2.5 billion in the first quarter, including a major gas power plant project in Israel. Transport booked contracts worth €1 billion for numerous medium-sized projects, especially in Europe. Grid also took orders worth €1 billion, while Renewable Power won some small-scale contracts worth €0.2 billion. Demand continued to be driven by emerging markets, which accounted for over 50% of all the contracts booked during the first quarter.

Sales growth in the first quarter of FY2012/13 compared with the same period in the previous financial year was driven by thermal power and transport, with grid remaining stable and renewable power showing a temporary dip.

The order book stood at €51 billion at 30 June 2012, representing 30 months of sales.

### **Outlook**

Alstom's financial structure is robust. Sales are expected to increase by more than 5% a year over the next three financial years. The operating margin should steadily improve, to reach around 8% in FY2014/15.

Finally, free cash flow is expected to be positive in each of the next three financial years.

## **II – MAIN RISKS AND UNCERTAINTIES IN H2 2012**

This report contains forward-looking statements. Those statements, which express targets based on current assessments and estimates, are subject to the risks and uncertainties described below.

The main risks and uncertainties that the Group could face in the second half of 2012 are similar to those described in the 2011 Registration Document (pages 136-155).

## **III – RELATED-PARTY TRANSACTIONS**

No related-party transactions liable to materially affect Bouygues' financial situation or results were concluded in the first half of 2012. Likewise, no change to related-party transactions liable to materially affect Bouygues' financial situation or results occurred during that period. Under the terms of agreements approved by the Board of Directors and the Annual General Meeting, Bouygues provided services to its sub-groups, mainly in the areas of management, human resources, information systems and finance.

More detailed information about related-party transactions is given in Note [12] of the notes to the condensed consolidated first-half financial statements.

## **IV – RECENT EVENTS**

In early July 2012, Bouygues Construction concluded a concession contract for the design, construction, operation and maintenance of a 6.4-km trunk road in the Ivory Coast. One of the first concessions in West Africa, the project will generate works worth €232 million.

[...]

**CONDENSED CONSOLIDATED FIRST-HALF FINANCIAL STATEMENTS**

## BOUYGUES GROUP - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2012

€million

ASSETS	30/06/2012 Net	31/12/2011 Net	30/06/2011 Net
Property, plant and equipment	6,552	6,542	6,144
Intangible assets	1,882	1,209	966
Goodwill <sup>(1)</sup>	5,628	5,580	5,552
Investments in associates <sup>(2)</sup>	5,272	5,085	5,062
Other non-current financial assets	663	770	801
Deferred tax assets and non-current tax receivable	252	256	235
<b>NON-CURRENT ASSETS</b>	<b>20,249</b>	<b>19,442</b>	<b>18,760</b>
Inventories, programmes and broadcasting rights	2,977	2,727	2,811
Advances and down-payments on orders	482	390	441
Trade receivables	7,542	6,739	7,532
Tax asset (receivable)	166	121	137
Other current receivables and prepaid expenses	2,437	2,050	2,257
Cash and cash equivalents	2,168	3,415	3,303
Financial instruments <sup>(3)</sup>	21	23	10
Other current financial assets	15	15	24
<b>CURRENT ASSETS</b>	<b>15,808</b>	<b>15,480</b>	<b>16,515</b>
Assets held for sale and discontinued operations			
<b>TOTAL ASSETS</b>	<b>36,057</b>	<b>34,922</b>	<b>35,275</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>30/06/2012</b>	<b>31/12/2011</b>	<b>30/06/2011</b>
Shareholders' equity			
- Share capital	315	315	366
- Share premium and reserves	7,404	6,907	8,591
- Translation reserve	100	69	(24)
- Treasury shares			(324)
- Consolidated net profit for the period	278	1,070	391
Shareholders' equity attributable to the Group	8,097	8,361	9,000
Minority interests	1,275	1,317	1,253
<b>SHAREHOLDERS' EQUITY</b>	<b>9,372</b>	<b>9,678</b>	<b>10,253</b>
Non-current debt	6,888	6,807	6,835
Non-current provisions	1,972	1,865	1,872
Deferred tax liabilities and non-current tax liabilities	214	203	130
<b>NON-CURRENT LIABILITIES</b>	<b>9,074</b>	<b>8,875</b>	<b>8,837</b>
Advances and down-payments received	1,513	1,574	1,452
Current debt	1,015	216	268
Current taxes payable	56	136	111
Trade payables	7,236	6,826	6,629
Current provisions	777	831	853
Other current liabilities	6,455	6,445	6,306
Overdrafts and short-term bank borrowings	464	239	530
Financial instruments <sup>(3)</sup>	37	38	21
Other current financial liabilities	58	64	15
<b>CURRENT LIABILITIES</b>	<b>17,611</b>	<b>16,369</b>	<b>16,185</b>
Liabilities on held-for-sale assets and discontinued operations			
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>36,057</b>	<b>34,922</b>	<b>35,275</b>
<b>NET SURPLUS CASH/(NET DEBT)</b>	<b>(6,215)</b>	<b>(3,862)</b>	<b>(4,341)</b>

<sup>(1)</sup> Goodwill of fully consolidated entities

<sup>(2)</sup> Entities accounted for by the equity method (including goodwill on such entities)

<sup>(3)</sup> Fair value hedges of financial liabilities

## BOUYGUES GROUP - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT					€ million
	1st half		2nd quarter		Full year
	2012	2011	2012	2011	2011
<b>SALES <sup>(1)</sup></b>	<b>15,505</b>	<b>15,214</b>	<b>8,520</b>	<b>8,528</b>	<b>32,706</b>
<i>Other revenues from operations</i>	50	58	27	19	139
<i>Purchases used in production</i>	(7,161)	(6,624)	(3,947)	(3,755)	(14,847)
<i>Personnel costs</i>	(3,516)	(3,398)	(1,824)	(1,753)	(6,778)
<i>External charges</i>	(3,580)	(3,554)	(1,887)	(1,869)	(7,501)
<i>Taxes other than income tax</i>	(328)	(320)	(159)	(162)	(653)
<i>Net depreciation and amortisation expense</i>	(712)	(664)	(388)	(355)	(1,411)
<i>Net charges to provisions and impairment losses</i>	(174)	(157)	(112)	(69)	(387)
<i>Changes in production and property development inventories</i>	56	(47)	(30)	(101)	(22)
<i>Other income from operations <sup>(2)</sup></i>	591	576	331	304	1,288
<i>Other expenses on operations</i>	(255)	(332)	(137)	(188)	(715)
<b>CURRENT OPERATING PROFIT</b>	<b>476</b>	<b>752</b>	<b>394</b>	<b>599</b>	<b>1,819</b>
<i>Other operating income</i>					38
<i>Other operating expenses</i>					
<b>OPERATING PROFIT</b>	<b>476</b>	<b>752</b>	<b>394</b>	<b>599</b>	<b>1,857</b>
<i>Financial income</i>	28	42	15	25	82
<i>Financial expenses</i>	(170)	(176)	(78)	(85)	(359)
<b>COST OF NET DEBT</b>	<b>(142)</b>	<b>(134)</b>	<b>(63)</b>	<b>(60)</b>	<b>(277)</b>
<i>Other financial income</i>	32	35	23	25	55
<i>Other financial expenses</i>	(24)	(37)	(14)	(22)	(68)
<i>Income tax expense</i>	(130)	(223)	(125)	(194)	(528)
<i>Share of profits and losses of associates</i>	131	91	69	67	198
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>343</b>	<b>484</b>	<b>284</b>	<b>415</b>	<b>1,237</b>
<i>Net profit from discontinued and held-for-sale operations</i>					
<b>NET PROFIT</b>	<b>343</b>	<b>484</b>	<b>284</b>	<b>415</b>	<b>1,237</b>
<b>Net profit attributable to the Group</b>	<b>278</b>	<b>391</b>	<b>243</b>	<b>357</b>	<b>1,070</b>
<b>Net profit attributable to minority interests</b>	<b>65</b>	<b>93</b>	<b>41</b>	<b>58</b>	<b>167</b>
<b>BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)</b>	<b>0.88</b>	<b>1.10</b>	<b>0.77</b>	<b>1.00</b>	<b>3.06</b>
<b>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)</b>	<b>0.88</b>	<b>1.09</b>	<b>0.77</b>	<b>1.00</b>	<b>3.06</b>
<sup>(1)</sup> <i>Of which sales generated abroad (including export sales)</i>	<b>4,775</b>	<b>4,215</b>	<b>2,816</b>	<b>2,537</b>	<b>10,105</b>
<sup>(2)</sup> <i>Of which reversals of unutilised provisions/impairment losses &amp; other items</i>	<b>182</b>	<b>165</b>	<b>117</b>	<b>72</b>	<b>375</b>

## BOUYGUES GROUP - CONSOLIDATED FINANCIAL STATEMENTS

### STATEMENT OF RECOGNISED INCOME AND EXPENSE

€million

	First half 2012	First half 2011	Full year 2011
<b>Net profit for the period</b>	<b>343</b>	<b>484</b>	<b>1,237</b>
<b>Items not reclassifiable to profit or loss</b>			
Actuarial gains/losses on employee benefits (amendment to IAS 19)	(69)	(1)	27
Change in remeasurement reserve			
Net tax effect of equity items not reclassifiable to profit or loss	22	(1)	(11)
Share of non-reclassifiable income and expense of associates <sup>(1)</sup>	(17)	42	(30)
<b>Items reclassifiable to profit or loss</b>			
Change in cumulative translation adjustment of controlled entities	17	(18)	62
Net change in fair value of financial instruments used for hedging purposes and of other financial assets (including available-for-sale financial assets)	(6)	12	(69)
Net tax effect of equity items reclassifiable to profit or loss	4	1	12
Share of reclassifiable income and expense of associates <sup>(1)</sup>	5	(8)	(19)
<b>Income and expense recognised directly in equity</b>	<b>(44)</b>	<b>27</b>	<b>(28)</b>
<b>Total recognised income and expense</b>	<b>299</b>	<b>511</b>	<b>1,209</b>
<b>Attributable to the Group</b>	<b>234</b>	<b>423</b>	<b>1,040</b>
<b>Attributable to minority interests</b>	<b>65</b>	<b>88</b>	<b>169</b>

<sup>(1)</sup> Relates primarily to Alstom (accounted for by the equity method)

**BOUYGUES GROUP - CONSOLIDATED FINANCIAL STATEMENTS**
**CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY - SIX MONTHS ENDED 30 JUNE 2012**

€million

	Share capital & share premium	Reserves related to capital/retained earnings	Consolidated reserves and profit for the period	Translation reserve	Treasury shares	Items recognised directly in equity	TOTAL ATTRIBUTABLE TO THE GROUP	Minority interests	TOTAL
<b>POSITION AT 31 DECEMBER 2010</b>	2,711	2,273	4,574	8	(155)	(94)	9,317	1,290	10,607
<b>MOVEMENTS IN THE FIRST HALF OF 2011</b>									
<i>Capital and reserves transactions, net</i>	10	294	(294)				10	1	11
<i>Acquisitions/disposals of treasury shares</i>					(169)	(3)	(172)		(172)
<i>Acquisitions/disposals without loss of control</i>						(19)	(19)		(19)
<i>Dividend paid</i>			(570)				(570)	(123)	(693)
<i>Other transactions with shareholders</i>							0		0
<i>Net profit for the period</i>			391				391	93	484
<i>Other recognised income and expense <sup>(b)</sup></i>				(32)		64	32	(5)	27
<b>Total recognised income and expense</b>	0	0	391	(32)	0	64	423	88	511
<i>Changes in scope of consolidation and other items</i>			(1)			12	11	(3)	8
<b>POSITION AT 30 JUNE 2011</b>	2,721	2,567	4,100	(24)	(324)	(40)	9,000	1,253	10,253
<b>MOVEMENTS IN THE SECOND HALF OF 2011</b>									
<i>Capital and reserves transactions, net</i>	(1,567)	30	(30)		1,574	(9)	(2)	5	3
<i>Acquisitions/disposals of treasury shares</i>					(1,250)		(1,250)		(1,250)
<i>Acquisitions/disposals without loss of control</i>				4		(16)	(12)		(12)
<i>Dividend paid</i>							0	(1)	(1)
<i>Other transactions with shareholders</i>			19				19		19
<i>Net profit for the period</i>			679				679	74	753
<i>Other recognised income and expense <sup>(b)</sup></i>				89		(151)	(62)	7	(55)
<b>Total recognised income and expense</b>	0	0	679	89	0	(151)	617	81	698
<i>Changes in accounting policy and scope of consolidation, and other items</i>			(9)			(2)	(11)	(21)	(32)
<b>POSITION AT 31 DECEMBER 2011</b>	1,154	2,597	4,759	69	0	(218)	8,361	1,317	9,678
<b>MOVEMENTS IN THE FIRST HALF OF 2012</b>									
<i>Capital and reserves transactions, net</i>		304	(335)			31	0		0
<i>Acquisitions/disposals of treasury shares</i>						1	1		1
<i>Acquisitions/disposals without loss of control</i>						(2)	(2)		(2)
<i>Dividend paid</i>			(504)				(504)	(102)	(606)
<i>Other transactions with shareholders</i>			6				6		6
<i>Net profit for the period</i>			278				278	65	343
<i>Other recognised income and expense <sup>(b)</sup></i>				31 <sup>(a)</sup>		(75)	(44)		(44)
<b>Total recognised income and expense</b>	0	0	278	31	0	(75)	234	65	299
<i>Changes in accounting policy and scope of consolidation, and other items</i>		1					1	(5)	(4)
<b>POSITION AT 30 JUNE 2012</b>	1,154	2,902	4,204	100	0	(263)	8,097	1,275	9,372

(a) Translation reserve

	Attributable to:	Group	Minority interests	Total
Controlled entities		17		17
Associates		14		14
		31	0	31

(b) See the statement of recognised income and expense

# BOUYGUES GROUP - CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED CASH FLOW STATEMENT

	€million		
	First half 2012	First half 2011	Full year 2011
<b>I - CASH FLOW FROM CONTINUING OPERATIONS</b>			
<b>A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES</b>			
<i>Cash flow:</i>			
Net profit from continuing operations	343	484	1,237
Share of profits effectively reverting to associates	(25)	(1)	(84)
Elimination of dividends (non-consolidated companies)	(5)	(9)	(14)
Charges to/(reversals of) depreciation, amortisation, impairment & non-current provisions	716	683	1,454
Gains and losses on asset disposals	(24)	(15)	(77)
Miscellaneous non-cash charges	(3)	3	4
sub-total	1,002	1,145	2,520
Cost of net debt	142	134	277
Income tax expense for the period	130	223	528
<u>Cash flow</u>	1,274	1,502	3,325
Income taxes paid during the period	(265)	(189)	(399)
Changes in working capital related to operating activities <sup>(1)</sup>	(935)	(1,305)	(56)
<b>NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>74</b>	<b>8</b>	<b>2,870</b>
<b>B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES</b>			
Purchase price of property, plant and equipment and intangible assets	(1,358)	(695)	(2,056)
Proceeds from disposals of property, plant and equipment and intangible assets	62	44	170
Net liabilities related to property, plant and equipment and intangible assets	(247)	(101)	118
Purchase price of non-consolidated companies and other investments	(13)	(41)	(63)
Proceeds from disposals of non-consolidated companies and other investments			2
Net liabilities related to non-consolidated companies and other investments			35
<i>Effects of changes in scope of consolidation</i>			
Purchase price of investments in consolidated activities	(27)	(43)	(86)
Proceeds from disposals of investments in consolidated activities	1	20	33
Net liabilities related to consolidated activities	(34)		(1)
Other cash effects of changes in scope of consolidation	10	1	24
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)	(73)	(104)	(53)
<b>NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES</b>	<b>(1,679)</b>	<b>(919)</b>	<b>(1,877)</b>
<b>C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES</b>			
Capital increases paid up, movements in treasury shares, and other transactions between shareholders	(17)	(104)	(1,377)
<i>Dividends paid during the period:</i>			
Dividends paid to shareholders of the parent company	(504)	(570)	(570)
Dividends paid to minority shareholders of consolidated companies	(102)	(123)	(124)
Change in debt	864	(639)	(768)
Cost of net debt	(142)	(134)	(277)
Other cash flows related to financing activities	6	1	(9)
<b>NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES</b>	<b>105</b>	<b>(1,569)</b>	<b>(3,125)</b>
<b>D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS</b>	<b>28</b>	<b>(29)</b>	<b>26</b>
<b>CHANGE IN NET CASH POSITION (A + B + C + D)</b>	<b>(1,472)</b>	<b>(2,509)</b>	<b>(2,106)</b>
Net cash position at 1 January	3,176	5,282	5,282
Net cash flows during the period	(1,472)	(2,509)	(2,106)
Other non-monetary flows			
<b>Net cash position at end of period</b>	<b>1,704</b>	<b>2,773</b>	<b>3,176</b>
<b>II - CASH FLOWS FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS</b>			
<b>Net cash position at 1 January</b>			
<b>Net cash flows during the period</b>			
<b>Net cash position at end of period</b>			

<sup>(1)</sup> Definition of change in working capital related to operating activities: Current assets minus current liabilities (excluding income taxes paid, which are reported separately)

**CONTENTS**

*(Figures in millions of euros unless otherwise indicated)*

**NOTES**

1. **Significant events of the period**
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5. **Consolidated shareholders' equity**
6. **Non-current and current provisions**
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Declaration of compliance:

The interim condensed consolidated financial statements of Bouygues and its subsidiaries (the “Group”) for the six months ended 30 June 2012 have been prepared in accordance with IAS 34, “Interim Financial Reporting”, a standard issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

They have been prepared in accordance with the standards issued by the IASB as endorsed by the European Union and applicable as of 30 June 2012. These standards comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the IFRS Interpretations Committee – previously the International Financial Reporting Interpretations Committee (IFRIC), itself the successor body to the Standing Interpretations Committee (SIC) — and are referred to collectively in these financial statements as “IFRS”. The Group has not early adopted as of 30 June 2012 any standard or interpretation not endorsed by the European Union, except for the amendment to IAS 1 relating to the presentation of the statement of recognised income and expense (which became effective within the European Union on 6 June 2012).

The financial statements are presented in millions of euros (unless otherwise indicated) and comprise:

- ✓ the balance sheet;
- ✓ the income statement and statement of recognised income and expense;
- ✓ the statement of changes in shareholders’ equity;
- ✓ the cash flow statement;
- ✓ the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2011 and for the six months ended 30 June 2011.

### 1.1. SCOPE OF CONSOLIDATION AS AT 30 JUNE 2012

1,111 entities were consolidated at 30 June 2012, against 1,132 at 31 December 2011. The net reduction of 21 entities mainly relates to Bouygues Immobilier (deconsolidation of real estate partnerships and property companies on project completion, etc.), and to Colas (first-time consolidation of Servant group companies, mergers, etc.).

	JUNE 2012	DECEMBER 2011
<b>Fully consolidated</b>	<b>851</b>	<b>865</b>
<b>Proportionately consolidated</b>	<b>198</b>	<b>206</b>
<b>Associates (equity method)</b>	<b>62</b>	<b>61</b>
	<b>1,111</b>	<b>1,132</b>

### 1.2. SIGNIFICANT EVENTS OF THE FIRST HALF OF 2012

#### 1.2.1. Significant events of the first half of 2012

The main acquisitions and corporate actions of the first half of 2012 are described below:

- On 17 January 2012, Bouygues Telecom was granted, in exchange for €683 million, authorisation to use 10 MHz frequencies in the 800 MHz band in France (excluding overseas territories) to establish and operate a public mobile radio-electric network, with a commitment to open it to Mobile Virtual Network Operators (MVNOs). This authorisation, which will come into service at a future date, was awarded for a period of 20 years.
- On 27 January 2012, Bouygues raised €800 million via a ten-year bond issue bearing interest at 4.5%, with a view to refinancing debt that is approaching maturity. The bond issue was paid up on 9 February 2012.

### 1.3. CONSOLIDATED SALES FOR THE FIRST HALF OF 2012

Consolidated sales for the first half of 2012 totalled €15,505 million, 1.9% higher than for the comparable period of 2011 (€15,214 million).

### 1.4. SIGNIFICANT EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION SUBSEQUENT TO 30 JUNE 2012

In July 2012, Bouygues Telecom announced a voluntary redundancy programme affecting 556 jobs. This proposal is currently being examined by the employee representative bodies, and no provision has been recognised as of 30 June 2012.

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## 2.1. BUSINESS AREAS

The Bouygues group is a diversified industrial group, with operations in more than 80 countries.

The Group's activities are organised into a number of business areas:

- a) Construction:
  - Bouygues Construction (building & civil works, energy and services)
  - Bouygues Immobilier (property)
  - Colas (roads)
- b) Media/Telecoms:
  - TF1 (television)
  - Bouygues Telecom (mobile, fixed, television and internet services)
- c) The Bouygues group also holds a 30.71% interest in the Alstom group (Alstom Thermal Power, Alstom Renewable Power, Alstom Transport, Alstom Grid).

## 2.2. BASIS OF PREPARATION

The consolidated financial statements of the Bouygues group include the financial statements of Bouygues SA and its subsidiaries, and investments in associates and joint ventures. They are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated, and take account of the recommendations on presentation (Recommendation 2009-R-03) issued on 2 July 2009 by the Conseil National de la Comptabilité – CNC (now called Autorité des Normes Comptables – ANC), the French national accounting standard-setter.

They were adopted by the Board of Directors on 28 August 2012.

The condensed consolidated financial statements for the six months ended 30 June 2012 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is a requirement under IFRS. They include comparatives as at and for the year ended 31 December 2011 and the six months ended 30 June 2011.

The Bouygues group applied the same standards, interpretations and accounting policies for the six months ended 30 June 2012 as applied in its consolidated financial statements for the year ended 31 December 2011, except for new IFRS requirements applicable from 1 January 2012. Consequently, Note 2 to the consolidated financial statements for the six months ended 30 June 2012 does not include detailed disclosures of these accounting policies, and these financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2011.

- *Principal new standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption for periods beginning on or after 1 January 2012:*
  - **Amendment to IFRS 7:** Disclosures – Transfers of Financial Assets (mandatorily applicable from 1 January 2012). This amendment does not alter the existing accounting treatment of securitisation transactions, but specifies the disclosure requirements for such transactions.
  - **Amendment to IAS 1:** Presentation of items of Other Comprehensive Income (OCI). Although the amendment to IAS 1 had not been adopted by the European Union as of 31 December 2011, it was early adopted by the Group from 1 January 2011 since it was not in conflict with pronouncements that had already been endorsed. This amendment became effective within the European Union on 6 June 2012 and is mandatorily applicable from 1 January 2013.

- **Amendment to IAS 19**, “Employee Benefits” (published in the Official Journal of the European Union on 6 June 2012, mandatorily applicable from 1 January 2013, early adoption permitted from 1 January 2012). This amendment, which is not expected to have a material impact on the shareholders’ equity of the Bouygues group, has not been early adopted in the financial statements for the six months ended 30 June 2012.

- *Other key standards and amendments issued by the IASB but not yet endorsed by the European Union*

The table below shows the principal standards and interpretations that had been issued by the IASB prior to 30 June 2012 but have not yet come into effect:

Standard/Amendment	IASB effective date*	Expected impact on the Bouygues group
<b>Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (1)</b>	1 July 2011	No impact on the financial statements
<b>Amendment to IAS 12: Deferred Tax – Recovery of Underlying Assets (1)</b>	1 January 2012	No impact on the financial statements
<b>Revised IAS 28: Investments in Associates and Joint Ventures (1)</b>	1 January 2014	Under review
<b>Revised IAS 27: Separate Financial Statements (1)</b>	1 January 2014	No impact on the financial statements
<b>IFRS 10: Consolidated Financial Statements (1)</b>	1 January 2014	Under review
<b>IFRS 11: Joint Arrangements (1)</b>	1 January 2014	Under review
<b>IFRS 12: Disclosure of Interests in Other Entities (1)</b>	1 January 2014	Under review
<b>IFRS 13: Fair Value Measurement (1)</b>	1 January 2013	Under review
<b>IFRS 9: Financial Instruments – Classification and Measurement of Financial Assets</b>	1 January 2015	Not quantifiable at present (endorsement process suspended by the European Union)

\* Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column

(1) On 1 June 2012, the Accounting Regulatory Committee voted in favour of the adoption of these standards by the European Union, and proposed mandatory application to consolidated financial statements effective 1 January 2014, with early adoption permitted from 1 January 2013.

- Seasonal trends

Sales and operating profit are subject to significant seasonal fluctuations due to low activity levels during the first half, primarily at Colas. The extent of these fluctuations varies from year to year. In accordance with IFRS, sales for interim accounting periods are recognised on the same basis as full-year sales.

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

Preparing financial statements to comply with IFRS standards and interpretations 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 period.

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

The main items involved are the impairment testing of goodwill, share-based payment (stock options), employee benefits (lump-sum retirement benefits, etc.), the fair value of unlisted financial instruments, deferred tax assets, and provisions.

Where no standard or interpretation applies to specific transactions, events or conditions, Group management exercises its judgement to define and apply accounting policies that will provide relevant information that gives a fair presentation and is comparable between periods, such that the financial statements:

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

Disclosures about judgements made by management are provided in the notes to the consolidated financial statements.

### 2.3. CONSOLIDATION METHODS

- Full consolidation

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

Assessment of exclusive control over TF1:

- As at 30 June 2012, Bouygues held 43.65% of the capital and voting rights of TF1. Exclusive control by Bouygues over TF1 is demonstrated by the following:
  - Bouygues has consistently and regularly held a majority of the voting rights exercised at TF1 general meetings, and 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 general meetings during at least two consecutive financial years.

Other factors indicating the existence of exclusive control include:

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

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

- Proportionate consolidation: investments in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Bouygues consolidates the assets, liabilities, income and expenses of such entities using the proportionate consolidation method based on the percentage of control exercised. This definition applies in particular to Bouygues Construction and Colas construction project companies, and to Bouygues Immobilier property companies.

- Investments in associates

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

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

- Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by its 30.71% interest in the capital and its control of two seats on the Board of Directors.

The interest in Alstom is reported in "Investments in associates" in the balance sheet as of 30 June 2012, and is carried at net acquisition cost (including goodwill) plus Bouygues' share of Alstom's net profit since the acquisition date.

Based on the results published by Alstom on 4 May 2012 for its financial year ended 31 March 2012, and given the time-lag between the financial year-ends of Alstom (31 March) and Bouygues (31 December), the amount recognised for Alstom's contribution to the Bouygues group's net profit in the second quarter of 2012 is estimated at €57 million (compared with €71 million in the second quarter of 2011), taking Alstom's total contribution for the first half of 2012 to €114 million (compared with €94 million in the first half of 2011).

Amortisation of fair value remeasurements of Alstom's identifiable intangible assets and other items had a negative impact of €7 million on the Group's consolidated income statement for the six months ended 30 June 2012 (portion attributable to the Bouygues group).

- Concession arrangements and Public-Private Partnership (PPP) contracts:

The Bouygues Construction group enters into concession arrangements and PPP contracts with local authorities via entities in which the Group holds an equity interest, generally of less than 20%. Given the effectively limited role of the Group in these entities, they are not consolidated. Equity interests in concession operating entities are in the majority of cases accounted for as associates by the equity method, or otherwise are not consolidated.

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

## 2.4. BUSINESS COMBINATIONS

With effect from 1 January 2010, business combinations have been accounted for in accordance with the revised IFRS 3 and IAS 27, which use the concept of "obtaining control" in determining the accounting treatment to be applied to acquisitions or disposals of equity interests; depending on the circumstances, the impacts of such acquisitions and disposals are recognised either in consolidated profit or loss or in equity.

In a business combination, the fair value of the consideration transferred is allocated to the identifiable assets and liabilities of the acquiree, which are measured at fair value at the acquisition date and 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.

The revised IFRS 3 allows entities to elect one of two methods of accounting for minority interests in each business combination:

- at fair value (full goodwill method), i.e. the minority interests are allocated their share of goodwill;
- at the minority interests' proportionate share of the acquired entity's identifiable assets and liabilities (partial goodwill method), i.e. no share of goodwill is allocated to the minority interests.

Fair value is the amount for which an asset or Cash Generating Unit (CGU) could be sold between knowledgeable, willing parties in an arm's length transaction.

Goodwill represents the excess of the cost of a business combination 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; minority interests are either measured at fair value or not, depending on the option elected (see above). Goodwill is allocated to the CGU benefiting from the business combination or to the group of CGUs at the level of which return on investment is measured (business segment for the Bouygues group).

The purchase price allocation period is limited to the time required to identify and measure the acquired entity's assets and liabilities, the minority interests, the consideration transferred and the fair value of any previously-held equity interest, subject to a maximum period of 12 months.

Negative goodwill (i.e. gain from a bargain purchase) 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 annually using the methods described under “Impairment testing of non-current assets” in Note 2.7.1 below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with the revised IFRS 3, any previously-held equity interest is remeasured at fair value at the date on which control is obtained, with the resulting gain or loss recognised in profit or loss for the period. In the event of loss of control, the retained equity interest is also remeasured at fair value; the gain or loss on remeasurement is recognised in profit or loss for the period, along with the gain or loss arising on the disposal.

In the event of a change in percentage interest with no effect on control, the difference between the consideration paid or received and the carrying amount of the minority interest is recognised directly in equity attributable to the Group. Consequently, no additional goodwill is recognised. All acquisition-related costs are recognised as an expense in profit or loss for the period.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Minority interests in these items are measured on the basis of the carrying amount of the items as shown in the balance sheet of the acquired entity. The revised standards allow the acquirer to elect to account for each new business combination on either a full goodwill basis or a partial goodwill basis.

## **2.5. FOREIGN CURRENCY TRANSLATION**

### **2.5.1. Transactions denominated in foreign currencies**

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

### **2.5.2. Financial statements of foreign entities with a functional currency other than the euro**

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 consolidated shareholders' equity). Translation differences arising on the net investment in foreign subsidiaries and associates are recognised in shareholders' equity.

## **2.6. ASSESSMENT OF INCOME TAXES**

- Income taxes of consolidated entities for interim periods are assessed in accordance with IAS 34: the income taxes of each entity are recognised on the basis of the best estimate of the average annual effective income tax rate for the financial year (except in the case of holding companies, which recognise income taxes on the basis of the actual tax position at the end of the period).
- 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. Such assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which to offset the temporary differences, and are reviewed at each balance sheet date.

- Tax losses available for carry-forward (deferred tax assets), where it is probable that these losses will be recovered in future periods.

Deferred taxes are measured using known applicable national tax rates for the relevant country as at the balance sheet date.

Deferred taxes are not discounted, and are reported in non-current assets and liabilities.

## 2.7. NON-CURRENT ASSETS

### 2.7.1. Impairment testing of non-current assets and investments in associates

Impairment tests are carried out on the carrying amount of intangible assets and investments in associates if there is objective evidence that they may have become impaired.

The carrying amounts of indefinite-lived intangible assets and goodwill are compared to their recoverable amounts at least at the end of each financial year.

#### Impairment testing methods used for TF1, Bouygues Telecom and Colas

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the Cash Generating Unit (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 recoverable amount of CGUs is measured as follows:

- For TF1, which is listed on the stock market and has good liquidity: on the basis of the quoted share price if this exceeds the carrying amount of the assets (after allowing for a control premium); otherwise, using the Discounted Cash Flow (DCF) method, taking account of the specific characteristics of TF1.
- For other CGUs: using the DCF method, taking account of the specific characteristics of the CGU.
  - The cash flows used are derived from the three-year business plan prepared by the management of the business segment and approved by the Boards of Directors of the entity and (where appropriate) of Bouygues SA.
  - The discount rate is determined using a weighted average cost of capital appropriate to the sector in which the segment operates, by reference to a panel of comparable companies.
  - 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 its carrying amount in the consolidated balance sheet. If this carrying amount is greater than the recoverable amount of the CGU, an impairment loss is recognised. Any such losses are allocated in the first instance to any goodwill recognised in the balance sheet, and may not be subsequently reversed.

#### Impairment testing of TF1 as of 30 June 2012

Given the deterioration in economic conditions and the consequences for advertising revenue, the interest in TF1 was tested for impairment as of 30 June 2012.

- Information about the impairment testing of TF1:
  - The recoverable amount of TF1 was determined using the method described above, based on three-year cash flow projections prepared by TF1 management.
  - Cash flows beyond the projection period were extrapolated using a reasonable, sector-specific perpetual growth rate.
  - The discount rates (weighted average cost of capital) and growth rate used at 30 June 2012 were:

	DISCOUNT RATE		PERPETUAL GROWTH RATE
	ASSUMPTION 1(a)	ASSUMPTION 2(a)	
- TF1	9.20%	8.20%	2%

(a) Depending on the capital structure: assumption 1 = 1/3 debt, 2/3 equity; assumption 2 = 2/3 debt, 1/3 equity.

### Impairment testing of the investment in Alstom as of 30 June 2012

Because goodwill included in the carrying amount of investments in associates is not shown separately, it is not tested separately for impairment under IAS 36.

Given the increase in discount rates, the total carrying amount of the investment in Alstom was tested for impairment as of 30 June 2012 by comparing it with the recoverable amount as derived from forecasts prepared by a panel of financial analysts.

- The discount rates (weighted average cost of capital) and growth rate used for Alstom at 30 June 2012 were:

	DISCOUNT RATE		GROWTH RATE APPLIED TO CASH FLOWS BEYOND A 5-YEAR TIME HORIZON
	ASSUMPTION 1(a)	ASSUMPTION 2(a)	
ALSTOM	9.76%	8.74%	2%

(a) Depending on the capital structure: assumption 1 = 1/3 debt, 2/3 equity; assumption 2 = 2/3 debt, 1/3 equity.

### Sensitivity analysis

An analysis was performed for TF1 and for the interest in Alstom in order to determine the sensitivity of the calculation to the key parameters (discount rates, growth rates, normative cash flows), either individually or using combined scenarios for discount rates and normative cash flows (including reasonably possible changes in normative cash flows).

In the case of TF1, no reasonably possible change indicated a likely scenario in which the recoverable amount would become equal to the carrying amount of the assets tested.

In the case of Alstom, the recoverable amount would become equal to the carrying amount of the assets tested if the discount rate were to increase by 70 basis points (assumption 1) or 170 basis points (assumption 2).

### Conclusion

The recoverable amounts determined using the methods described above, for both capital structure assumptions and all scenarios, are in all cases higher than the carrying amounts of the assets tested.

Note 3.4 to the consolidated financial statements includes a table showing the consolidated carrying amount of listed shares held by Bouygues (TF1, Alstom, Colas) relative to the closing quoted share price on 29 June 2012. As of that date, there were no material events that might call into question the carrying amounts reported for these companies.

## 2.8. CASH FLOW STATEMENT

The cash flow statement is presented in accordance with IAS 7 and with CNC recommendation 2009-R-03 of 2 July 2009, using the indirect method.

The net profit of consolidated entities is adjusted to eliminate the impact of transactions with no cash effect, and of income and expenses related to investing or financing activities.

The Bouygues group defines cash flow as:

Consolidated net profit before: net depreciation and amortisation expense, net changes in provisions and impairment losses, gains and losses on asset disposals, cost of net debt (included in financing activities in the cash flow statement), and net income tax expense for the period.

The cash flow 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 cash equivalents;
- overdrafts and short-term bank borrowings.

## **2.9. OTHER FINANCIAL INDICATORS**

### **2.9.1. EBITDA**

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

### **2.9.2. Free cash flow**

Cash flow (determined after cost of net debt and net income tax expense, but before changes in working capital) minus net capital expenditure for the period.

### **2.9.3. Net debt**

This represents the aggregate of:

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

## **2.10. STATEMENT OF RECOGNISED INCOME AND EXPENSE**

The Group presents a statement of recognised income and expense, disclosing a comparative net profit figure on the line "Total recognised income and expense" which includes income and expenses recognised directly in equity.

## **2.11. COMPARABILITY OF THE FINANCIAL STATEMENTS**

Changes in the scope of consolidation during the six months ended 30 June 2012 did not have a material effect on the consolidated financial statements as of that date, and do not impair comparisons with the consolidated financial statements for the six months ended 30 June 2011.

Sales generated in the first half of 2012 by Leadbitter (Bouygues Construction), acquired at the end of March 2011, amounted to €236 million (€121 million in the first half of 2011).

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## NOTE 3 NON-CURRENT ASSETS

### 3.1 PROPERTY, PLANT AND EQUIPMENT

6,552

CARRYING AMOUNT	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	TOTAL
<b>30 June 2012</b>	<b>1,383</b>	<b>3,822</b>	<b>886</b>	<b>461</b>	<b>6,552</b>
of which finance leases	12	42	10		64
<b>31 December 2011</b>	<b>1,384</b>	<b>3,791</b>	<b>916</b>	<b>451</b>	<b>6,542</b>
of which finance leases	14	42	4		60

For an analysis of the carrying amount of property, plant and equipment and intangible assets by business segment see Note 11, "Segment Information".

### 3.2 INTANGIBLE ASSETS

1,882

CARRYING AMOUNT	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
<b>30 June 2012</b>	<b>46</b>	<b>714</b>	<b>1,122<sup>(a)</sup></b>	<b>1,882</b>
<b>31 December 2011</b>	<b>48</b>	<b>714</b>	<b>447</b>	<b>1,209</b>

a) Includes the following amounts relating to Bouygues Telecom: €932m of frequency licences in intangible assets in progress (investment of €704m in 2012, comprising capital expenditure of €683m and €21m of capitalised interest; €4m of this interest was recognised in the books of Bouygues Telecom).

### 3.3 GOODWILL

5,628

#### 3.3.1. Movement in the carrying amount of goodwill during the period

(excluding goodwill on associates → see note 3.5)

	Gross value	Impairment	Carrying amount
<b>31 December 2011</b>	<b>5,645</b>	<b>(65)</b>	<b>5,580</b>
Acquisitions, disposals, remeasurements and other movements	39		39
Translation adjustments	9		9
Impairment losses recognised during the period			
<b>30 June 2012</b>	<b>5,693</b>	<b>(65)</b>	<b>5,628</b>

### 3.3.2. Split of goodwill by cash generating unit (CGU)

Segment	30 June 2012		31 December 2011	
	Total	% Bouygues	Total	% Bouygues
Bouygues Construction (subsidiaries) (a)	414	99.97%	388	99.97%
Colas (b)	1,091	96.55%	1,069	96.55%
TF1 (b)	1,458	43.65%	1,458	43.59%
Bouygues Telecom (b)	2,664	89.55%	2,664	89.55%
Other	1		1	
<b>Total</b>	<b>5,628</b>		<b>5,580</b>	

(a) Only includes goodwill on subsidiaries acquired by the CGU

(b) Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made at parent company (Bouygues SA) level for the CGU

### 3.4 CONSOLIDATED CARRYING AMOUNT OF LISTED SHARES (€)

	Consolidated carrying amount per share at 30 June 2012	Closing market price per share at 29 June 2012
TF1	13.55	6.29 (a)
Colas	90.21	104.00
Alstom (b)	51.17	24.93

(a) €7.23 after adjustment to reflect a control premium

(b) See Note 2.7

### 3.5 INVESTMENTS IN ASSOCIATES

5,272

	Carrying amount
<b>31 December 2011</b>	<b>5,085</b>
Translation adjustments	14
Changes in scope of consolidation	160 (b)
Share of net profit/(loss) for the period	131
Payment of dividends	(106)
Other movements	(12)
<b>30 June 2012</b>	<b>5,272 (a)</b>

(a) Includes €4,468m for Alstom (goodwill: €2,601m) and €484m for Cofiroute [Colas]

(b) Includes €161m relating to TF1: the call option held by Claude Berda over the TF1 Group's 33.5% equity interest in Groupe AB (recognised in "Other non-current financial assets" as of 31 December 2011) has expired without having been exercised. The expiry of the option has re-established the significant influence formerly exercised by TF1 over Groupe AB, as a result of which this interest is now accounted for as an associate by the equity method, at a value of €161m.

## NOTE 4 CURRENT ASSETS

### INVENTORIES

2,977

	30 June 2012			31 December 2011
	Gross value	Impairment	Carrying amount	Carrying amount
Property development inventories	1,364	(115)	1,249	1,176
Raw materials and finished goods	1,160	(37)	1,123	915
Programmes and broadcasting rights (TF1)	756	(151)	605	636
<b>Total</b>	<b>3,280</b>	<b>(303)</b>	<b>2,977</b>	<b>2,727</b>

## NOTE 5 CONSOLIDATED SHAREHOLDERS' EQUITY

### SHARE CAPITAL OF BOUYGUES SA (€)

€ 314,869,079

As of 30 June 2012, the share capital of Bouygues SA consisted of 314,869,079 shares with a par value of €1. There have been no changes in share capital since 31 December 2011.

## NOTE 6 – NON-CURRENT AND CURRENT PROVISIONS

### 6.1 NON-CURRENT PROVISIONS

1,972

	Long-term employee benefits (a)	Litigation and claims (b)	Guarantees given (c)	Other non-current provisions (d)	TOTAL
<b>31 December 2011</b>	<b>480</b>	<b>360</b>	<b>382</b>	<b>643</b>	<b>1,865</b>
Translation adjustments	1		2	3	6
Changes in scope of consolidation		(1)	(1)	4	2
Charges to provisions in the period	34	26	32	38	130
Reversals (utilised and unutilised) (e)	(7)	(40)	(28)	(50)	(125)
Actuarial gains and losses recognised in equity	69	(f)			69
Transfers & other movements		1	(5)	29	25
<b>30 June 2012</b>	<b>577</b>	<b>346</b>	<b>382</b>	<b>667</b>	<b>1,972</b>

(a) Long-term employee benefits	<b>577</b>
• Lump-sum retirement benefits and long-service awards	517
• Other long-term employee benefits (mainly comprises pension funds of Colas subsidiaries in English-speaking countries)	60
<b>(b) Litigation and claims</b>	<b>346</b>
• Provisions for customer disputes	171
• Provisions for subcontractor claims	29
• Other litigation and claims (including employee disputes)	146
<b>(c) Guarantees given</b>	<b>382</b>
• Provisions for warranties	285
• Provisions for additional building, civil engineering and civil works guarantees	97
<b>(d) Other non-current provisions</b>	<b>667</b>
• Provisions for risks relating to official inspections and to subsidiaries and other equity investees	239
• Provisions for site rehabilitation costs	233
• Other non-current provisions	195

(e) Of which reversals of unutilised provisions: (€55m)

(f) Impact of a change in the discount rate used to measure the retirement obligation (lump-sum retirement benefits and pensions) projected forward to the retirement date (essentially the Iboxx A10 rate of 4.06% used in the 2012 first-half financial statements, versus 5.46% used in the 2011 full-year financial statements).

## 6.2 CURRENT PROVISIONS

**777**

Provisions related to the operating cycle:

	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for expected losses to completion (a)	Other current provisions (b)	TOTAL
<b>31 December 2011</b>	<b>56</b>	<b>289</b>	<b>205</b>	<b>281</b>	<b>831</b>
Translation adjustments		3	1	1	5
Changes in scope of consolidation	(1)			(1)	(2)
Charges to provisions in the period	9	58	48	50	165
Reversals (utilised or unutilised) (c)	(12)	(83)	(57)	(76)	(228)
Transfers & other movements	4	(1)	1	2	6
<b>30 June 2012</b>	<b>56</b>	<b>266</b>	<b>198</b>	<b>257</b>	<b>777</b>

(a) Provisions for expected losses to completion relate to construction activities (Bouygues Construction, Bouygues Immobilier and Colas). Individual project provisions are not disclosed for confidentiality reasons.

(b) The main items included in “Other current provisions” are reinsurance costs, the current portion of site rehabilitation costs, rent guarantees (Bouygues Immobilier), film co-financing (TF1), customer claims and vendor’s liability guarantees (TF1), and the business customer loyalty programme provision (Bouygues Telecom).

(c) Of which reversals of unutilised provisions: (€73m).

## NOTE 7 – NON-CURRENT AND CURRENT DEBT

### 7.1 BREAKDOWN OF DEBT BY MATURITY

	Current debt		Non-current debt	
	Total 30/06/2012	Total 31/12/2011	Total 30/06/2012	Total 31/12/2011
Bond issues	909 (a)	121	6,179 (a)	6,094
Bank borrowings	69	58	601	589
Finance lease obligations	21	20	30	35
Other debt	16	17	78	89
<b>Total debt</b>	<b>1,015</b>	<b>216</b>	<b>6,888</b>	<b>6,807</b>

(a) Relates to Bouygues SA: €800m bond issue carried out in February 2012 (maturing February 2022 and classified as non-current debt), and reclassification as current debt of the bond issue maturing May 2013 (impact: €709m).

### 7.2 COVENANTS AND TRIGGER EVENTS

The bond issues maturing in 2013, 2015, 2016, 2018, 2019, 2022 and 2026 contain a change of control clause relating to Bouygues SA.

The bank loans contracted by Bouygues are not subject to any financial covenants or trigger events. The same applies to the credit facilities used by the subsidiaries of Bouygues SA.

## NOTE 8 – MAIN COMPONENTS OF CHANGE IN NET DEBT

	31 December 2011	Movements in the period	30 June 2012
Cash and cash equivalents	3,415	(1,247)	2,168
Overdrafts and short-term bank borrowings	(239)	(225)	(464)
<b>Net cash and cash equivalents</b>	<b>3,176</b>	<b>(1,472)</b> (a)	<b>1,704</b>
Non-current debt	(6,807)	(81)	(6,888)
Current debt	(216)	(799)	(1,015)
Financial instruments, net	(15)	(1)	(16)
<b>Total debt</b>	<b>(7,038)</b>	<b>(881)</b>	<b>(7,919)</b>
<b>Net debt</b>	<b>(3,862)</b>	<b>(2,353)</b>	<b>(6,215)</b>

(a) Net cash flows as analysed in the cash flow statement for the period

## NOTE 9 – ANALYSIS OF SALES AND OTHER REVENUES FROM OPERATIONS

### 9.1 ANALYSIS BY ACCOUNTING CLASSIFICATION

	First half	
	2012	2011
Sales of goods	1,573	1,392
Sales of services	5,847	5,966
Construction contracts	8,085	7,856
<b>Sales</b>	<b>15,505</b>	<b>15,214</b>
Other revenues from operations	50	58
<b>Total</b>	<b>15,555</b>	<b>15,272</b>

### 9.2 CONTRIBUTION OF BUSINESS SEGMENTS TO CONSOLIDATED SALES

BUSINESS SEGMENT	First half of 2012				First half of 2011			
	France	International	Total	%	France	International	Total	%
Construction	2,637	2,293	4,930	32%	2,600	2,040	4,640	31%
Property	1,022	44	1,066	7%	1,048	50	1,098	7%
Roads	3,328	2,226	5,554	36%	3,401	1,943	5,344	35%
Media	1,072	209	1,281	8%	1,088	180	1,268	8%
Telecoms	2,668		2,668	17%	2,859		2,859	19%
Bouygues SA & other	3	3	6	0%	3	2	5	0%
<b>Consolidated sales</b>	<b>10,730</b>	<b>4,775</b>	<b>15,505</b>	<b>100%</b>	<b>10,999</b>	<b>4,215</b>	<b>15,214</b>	<b>100%</b>

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL H1 2012	TOTAL H1 2011
Total sales		5,028	1,066	5,594	1,301	2,676	68	15,733
Inter-segment sales		(98)		(40)	(20)	(8)	(62)	(228)
<b>Third-party sales</b>		<b>4,930</b>	<b>1,066</b>	<b>5,554</b>	<b>1,281</b>	<b>2,668</b>	<b>6</b>	<b>15,214</b>

## NOTE 10 – INCOME TAX EXPENSE

	First half of 2012	First half of 2011
Tax payable to the tax authorities	(92)	(178)
Deferred taxes, net	(38)	(45)
<b>Income tax expense</b>	<b>(130)</b>	<b>(223)</b>

## NOTE 11 – SEGMENT INFORMATION

The table below shows the contribution made by each business segment to key items in the income statement, the balance sheet and the cash flow statement:

### ANALYSIS BY BUSINESS SEGMENT: SIX MONTHS ENDED 30 JUNE

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL	TOTAL
							First half 2012	First half 2011
<b>INCOME STATEMENT</b>								
Operating profit	163	83	(34)	134	148	(18)	476	752
Net profit attributable to the Group	107	51	(18)	41	83	14 <sup>(a)</sup>	278	391
(a) includes the €114m profit contribution from Alstom: see note 2.3								
<b>BALANCE SHEET</b>							30/06/12	31/12/11
Property, plant & equipment and intangible assets	718	25	2,591	352	4,583	165	8,434	7,751
Net debt	2,531	305	(1,074)	(91)	(1,462)	(6,424)	(6,215)	(3,862)
<b>OTHER FINANCIAL INDICATORS</b>							First half 2012	First half 2011
Acquisitions of property, plant & equipment and intangible assets, net of disposals	80	6	125	13	1,053	19	1,296	651
EBITDA	268	69	131	174	559	(21)	1,180	1,408
Cash flow	266	81	189	164	507	67	1,274	1,502
Free cash flow	123	48	53	107	(597)	(28)	(294)	494

## NOTE 12 – RELATED-PARTY DISCLOSURES

	Expenses		Income		Receivables		Liabilities	
	First half 2012	First half 2011	First half 2012	First half 2011	30/06/2012	31/12/2011	30/06/2012	31/12/2011
Parties with an ownership interest	2	3		1			1	
Joint ventures	21	14	92	66	301	283	77	90
Associates	10	4	68	64	142 <sup>(a)</sup>	67	21	21
Other related parties	10	4	121	22	102	89	79	62
<b>Total</b>	<b>43</b>	<b>25</b>	<b>281</b>	<b>153</b>	<b>545</b>	<b>439</b>	<b>178</b>	<b>173</b>
. Maturity:								
less than 1 year					445	350	178	136
1 to 5 years					11	19		37
more than 5 years					89	70		
. of which impairment of doubtful receivables (mainly non-consolidated companies)					87	84		

(a) includes €72m of dividend receivable from Alstom as of 30 June 2012

Identity of related parties:

- Parties with an ownership interest: SCDM (a company controlled by Martin and Olivier Bouygues);
- Joint ventures: primarily quarry companies, project joint ventures and property development companies
- Associates: includes in particular transactions with concession companies
- Other related parties: mainly transactions with non-consolidated companies in which the Group has an interest

## NOTE 13 – PRINCIPAL EXCHANGE RATES

Convention : 1 local currency unit = X euros

Country	Currency unit	Closing exchange rate (a)		Average rate for the period (b)	
		30/06/2012	31/12/2011	First half 2012	Full year 2011
<b>EUROPE</b>					
Denmark	Danish krone	0.134535	0.134513	0.134488	0.134235
United Kingdom	Pound sterling	1.239234	1.197175	1.216372	1.147776
Hungary	Hungarian forint	0.003499	0.003179	0.003425	0.003563
Poland	Polish zloty	0.235089	0.224316	0.237025	0.241664
Czech Republic	Czech koruna	0.038936	0.038779	0.039734	0.040651
Romania	Romanian leu	0.223914	0.231305	0.227094	0.235852
Switzerland	Swiss franc	0.832639	0.822639	0.831232	0.811804
<b>NORTH AMERICA</b>					
United States	US dollar	0.789266	0.772857	0.766656	0.714277
Canada	Canadian dollar	0.774773	0.756716	0.765501	0.724366
<b>REST OF THE WORLD</b>					
Morocco	Moroccan dirham	0.090366	0.090013	0.089954	0.088806
Thailand	Thai baht	0.024890	0.024396	0.024701	0.023380
Hong Kong	Hong Kong dollar	0.101716	0.099493	0.098798	0.091777
African Financial Community	CFA franc	0.001524	0.001524	0.001524	0.001524
South Africa	South African rand	0.095860	0.095393	0.097200	0.098585

(a) Translation of balance sheet items

(b) Translation of income statement items

## CERTIFICATE OF RESPONSIBILITY

I certify that to the best of my knowledge the condensed consolidated first-half financial statements for the past half-year have been prepared in accordance with the relevant accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of affiliated undertakings and that the attached half-year review provides an accurate representation of significant events in the first six months of the year and of their impact on the first-half financial statements, of the main related-party transactions and of the main risks and uncertainties for the remaining six months.

Done at Paris,  
28 August 2012

Chairman and CEO

**Martin Bouygues**

## **AUDITORS' REPORT ON THE FIRST-HALF FINANCIAL STATEMENTS for the period 1 January to 30 June 2012**

*This is a free translation into English of the statutory auditors' report on their review of the condensed first-half consolidated financial statements issued in French and is provided solely for the convenience of English-speaking users. The report also includes information relating to the specific verification of information given in the Group's interim management report. The report should be read in conjunction and construed in accordance with French law and professional standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by the shareholders meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code, we hereby report to you on:

- the review of the accompanying condensed first-half consolidated financial statements of Bouygues for the period from 1 January to 30 June 2012; and
- the verification of the information contained in the interim management report.

These condensed first-half consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

### **1. Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less extensive than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed first-half consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – the IFRS standard as adopted by the European Union applicable to interim financial information.

### **2. Specific verification**

We have also verified the information presented in the interim management report in respect of the condensed first-half consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed first-half consolidated financial statements.

Courbevoie and Paris-La Défense, 28 August 2012

**The Statutory Auditors**

**Mazars  
Guillaume Potel**

**Ernst & Young Audit  
Jean Bouquot**