Half-year review 2007

BOUYGUES
French *société anonyme* with share capital of €342,065,604
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Bouygues is a diversified industrial group with a strong corporate culture. Its business activities focus on two sectors: Construction, with Bouygues Construction (building, civil works and electrical contracting), Bouygues Immobilier (property development) and Colas (roads), and Telecoms/Media with TF1 and Bouygues Telecom.

Established in **80 countries**, the Bouygues group employs more than **122,500 people**. In 2006, its sales amounted to **€26.4 billion**, of which €7.8 billion were generated outside France.

Bouygues, listed on Euronext's Eurolist (Compartment A), is included in the CAC 40 index. It had a market capitalisation of €16.3 billion at 31 December 2006.

HALF-YEAR REVIEW OF OPERATIONS

A good first half

Bouygues reported a solid performance in terms of both sales and profit in the first half of 2007. Sales rose by 10%. Operating profit climbed 22% to €1,055 million and net profit was up 16%. Excluding profit from divested and held-for-sale companies in the first half of 2006 (Bouygues Telecom Caraïbe and TPS), net profit from continuing operations increased by 45%.

Key figures

(€ million)	**30 June 2006**	**30 June 2007**	**Change**
Sales	12,052	13,298	+10%
Operating profit	862	1,055	+22%
Net profit att. to the Group	565	655	+16%
Net profit from continuing operations att. to the Group	453*	655	+45%
Debt-to-equity ratio	88%	73%	-15 pts
Free cash flow	323	587	+82%

* Excluding profit from divested and held-for-sale companies: Bouygues Telecom Caraïbe (Group share: €99m) and TPS (Group share: €13m)

Half-year highlights

- Further rise in sales

- Significant increase in profit

- Ongoing commercial strength in all the construction businesses and telecoms

- Continued targeted acquisitions by Colas (Spie Rail, etc.), TF1 (AB Groupe) and Bouygues Construction (Mibag, Karmar, etc.)

- Success of Bouygues Partage, a capital increase for employees, attracting roughly 53,000 staffmembers, or 76% of eligible employees

- Smooth management changeovers at Colas, TF1 and Bouygues Telecom

- Outstanding returns on the investment in Alstom: resumed dividend payout and significant share price gains

Group business areas

Bouygues Construction sales climbed 17%, driven by buoyant activity across all its sectors, both in France and abroad, and strong order intakes. Operating profit was down because several major projects were in the start-up phase, which is a less favourable period for earnings recognition. The order book at 30 June 2007 stood at €9.8 billion, a 29% increase on 30 June 2006.

Bouygues Immobilier sales rose by 12% and operating profit fell 10%. The decline in earnings was due to unfavourable comparatives (non-recurring capital gain of €11 million in the first half of 2006) and a shift in sales to the second half of 2007. These results are not representative of full-year trends. The profit target for 2007 is up from the 2006 profit figure. Commercial performance was very strong in the first half of 2007, particularly in the commercial property sector.

Colas sales increased by 9%. Business remained brisk in France and on international markets alike, despite adverse weather conditions in mainland France in the second quarter as opposed to the first quarter. Colas reported a sharp rise in profit. The order book at 30 June 2007 was 10% higher than at 30 June 2006.

TF1 sales were up 3% in a difficult advertising market. Net profit at 100% totalled €186 million, a rise of 9%.

Bouygues Telecom reported a 5% increase in sales to €2,300 million. Sales from network came to €2,176 million, up 6%.
The EBITDA margin was 33.6% of sales from network (up 3.4 points) and net profit amounted to €289 million. Net profit rose by 48% on the first half of 2006, excluding €110 million from Bouygues Telecom Caraïbe. This solid profitability was due in particular to sales growth, lower marketing expenses and non-recurring items.

Alstom

The total impact of the investment in Alstom on the Group's net profit amounted to €34 million. It breaks down as follows:

Share of Alstom's net profit:	€64m*
Consolidation adjustments (holding company):	€6m
Financial charges net of tax (holding company):	(€36m)

*Calculation based on Alstom's net profit for H2 2006-2007

Financial position

At 30 June 2007 Bouygues' net debt was stable at €5.1 billion compared with 30 June 2006 despite a significant rise in financial investments. The debt-to-equity ratio contracted sharply compared with 30 June 2006 as a result of the increase in shareholders' equity. Free cash flow improved.

Capital increase reserved for employees

Implementing the decision taken by the Board of Directors in December 2006, in May 2007 Bouygues SA launched a capital increase for €232 million, issue premium included, reserved for the employees of the Group's French companies. 6,371,520 new shares were created in a group-sponsored mutual fund (FCPE) called Bouygues Partage. A total of 53,000 employees, representing almost 76% of the eligible workforce, subscribed to the capital increase. On completion of the operation, and following expiry of the Bouygues Confiance 2 plan in January 2007, at 30 June 2007 Group employees owned 12.7% of the capital and 15.6% of the voting rights through various investment funds.

Sales target for 2007

Based on the Group's first-half 2007 sales and business indicators, Bouygues has raised its full-year sales target to €29 billion from €28.8 billion announced on 6 June 2007.

CONTRIBUTION OF BUSINESS AREAS TO SALES (€ million)	Actual 2006	2007 target			Change 2007/2006
		in February	in June	in August	
Bouygues Construction	6,680	7,500	7,730	7,840	+17%
Bouygues Immobilier	1,608	2,000	2,000	2,000	+24%
Colas	10,682	11,350	11,350	11,480	+7%
TF1	2,639	2,860	2,820	2,720	+3%
Bouygues Telecom	4,525	4,620	4,610	4,660	+3%
Holding company and other	274	270	290	300	ns
TOTAL	**26,408**	**28,600**	**28,800**	**29,000**	**+10%**
France	*18,583*	*19,960*	*20,300*	*20,400*	*+10%*
international	*7,825*	*8,640*	*8,500*	*8,600*	*+10%*

Bouygues share ownership structure at 30 June 2007

	Capital	Voting rights
SCDM	18.3%	27.3%
Groupe Artémis (F. Pinault)	2.0%	2.6%
Bouygues group employees	12.7%	15.6%
Other French shareholders	27.3%	23.3%
Foreign shareholders	39.7%	31.2%

SCDM is a company controlled by Martin and Olivier Bouygues.
SCDM and Artémis have no longer been bound by a shareholder agreement since 24 May 2006.

Recent events

Shareholding in Bouygues Telecom

In 2005, BNP Paribas wished to make liquid its 6.5% stake in Bouygues Telecom. Bouygues therefore granted BNP Paribas a promise to buy its entire shareholding, valid until 31 July 2007. The basic price for the shareholding was €477 million, bearing interest at 2.07% until the acquisition date; it was agreed that the dividends paid by Bouygues Telecom to BNP Paribas, updated at the transfer date, would be deducted from the price.

In July 2007, BNP Paribas decided to exercise its put option, arising from the promise to buy. On completion of the transaction, which will be finalised in early September 2007, and unless the other shareholders exercise their pre-emptive rights, Bouygues will directly or indirectly own 89.5% of Bouygues Telecom's capital.

In accordance with IFRS, the amount of the acquisition has already been taken into Bouygues' financial statements.

Capital increase reserved for employees

Making use of the authorisation given by the Shareholders' Meeting in April 2007, the Board of Directors has decided to carry out a capital increase reserved for Group employees. The operation will take place at the end of 2007 in the form of a leveraged employee share ownership scheme called Bouygues Confiance 4 and will be limited to €300 million, with a lockup period of five years. In order to reduce equity dilution, shares up to the amount of the capital increase will be bought back on the market and cancelled.

Main risks and uncertainties in the second half of 2007

To the best of the company's knowledge, no new risk factor or dispute that could have a material effect on the sales, results, financial situation, assets or liabilities of the company or the Group has been identified since the Bouygues Registration Document was published on 10 April 2007.

Main related-party transactions

No significant related-party transactions took place in the first half of 2007. In accordance with the terms of agreements approved by the Board of Directors and the Annual General Meeting, Bouygues provided services to its various sub-groups, mainly in the spheres of management, human resources, IT and finance.

Condensed consolidated balance sheet

(€ million)	**30.06.2007**	**30.06.2006**
Non-current assets	15,897	13,666
Current assets	16,077	13,952
Held-for-sale assets	33	643
TOTAL ASSETS	**32,007**	**28,261**

Shareholders' equity	7,032	5,806
Non-current liabilities	8,389	8,436
Current liabilities	16,586	13,620
Held-for-sale liabilities	0	399
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**32,007**	**28,261**

CONDENSED CONSOLIDATED INCOME STATEMENT (€ million)	H1		Change
	2006	2007	
Sales	**12,052**	**13,298**	**+10%**
Current operating profit	**848**	**1,034**	**+22%**
Other operating income and expenses	14	21	ns
Operating profit	**862**	**1,055**	**+22%**
Cost of net debt	(77)	(95)	+23%
Other financial income and expenses	(15)	22	ns
Income tax expense	(249)	(284)	+14%
Share of profits and losses of associates	39	103	ns
Net profit from continuing operations	**560**	**801**	**+43%**
Net profit of discontinued and held-for-sale operations	140	0	ns
Net profit	**700**	**801**	**+14%**
Minority interests	(135)	(146)	+8%
Net profit att. to the Group	**565**	**655**	**+16%**
Net profit from continuing operations att. to the Group	**453***	**655**	**+45%**

* Excluding profit from divested and held-for-sale companies: Bouygues Telecom Caraïbe (Group share: €99m) and TPS (Group share: €13m)

Contribution of business areas to SALES (€ million)	H1		Change
	2006	2007	
Bouygues Construction	3,155	3,712	+18%
Bouygues Immobilier	721	808	+12%
Colas	4,496	4,914	+9%
TF1	1,377	1,423	+3%
Bouygues Telecom	2,175	2,293	+5%
Holding company and other	128	148	+16%
TOTAL	**12,052**	**13,298**	**+10%**
France	*8,865*	*9,699*	*+9%*
International	*3,187*	*3,599*	*+13%*

Contribution of business areas to EBITDA (€ million)	**H1 2006**	**H1 2007**	**Change**
Bouygues Construction	215	184	-€31m
Bouygues Immobilier	69	56	-€13m
Colas	215	316	+€101m
TF1	246	330	+€84m
Bouygues Telecom	618	732*	+€114m
Holding company and other	59	8	-€51m
TOTAL	**1,422**	**1,626**	**+14%**

* O/w €30m of non-recurring items

Contribution of business areas to CURRENT OPERATING PROFIT (€ million)	**H1 2006**	**H1 2007**	**Change**
Bouygues Construction	141	129	-€12m
Bouygues Immobilier	80	72	-€8m
Colas	70	136	+€66m
TF1	209	264	+€55m
Bouygues Telecom	298	440*	+€142m
Holding company and other	50	(7)	-€57m
TOTAL	**848**	**1,034**	**+22%**

* O/w €30m of non-recurring items

Contribution of business areas to OPERATING PROFIT (€ million)	**H1 2006**	**H1 2007**	**Change**
Bouygues Construction	152	150	-€2m
Bouygues Immobilier	80	72	-€8m
Colas	74	136	+€62m
TF1	209	264	+€55m
Bouygues Telecom	298	440*	+€142m
Holding company and other	49	(7)	-€56m
TOTAL	**862**	**1,055**	**+22%**

* O/w €30m of non-recurring items

Contribution of business areas to NET PROFIT ATT. TO THE GROUP (€ million)	H1 2006	H1 2007	Change
Bouygues Construction	121	148	+€27m
Bouygues Immobilier	52	42	-€10m
Colas	68	113	+€45m
TF1	74	80	+€6m
Bouygues Telecom	273[1]	259[2]	-€14m
Alstom	-	64[3]	ns
Holding company and other	(23)	(51)	-€28m
TOTAL	**565**	**655**	**+16%**
TOTAL NET PROFIT from continuing operations att. to the Group	**453[4]**	**655**	**+45%**

[1] Including profit of €99m from Bouygues Telecom Caraïbe
[2] O/w €18m of non-recurring items
[3] Calculation based on Alstom's net profit for H2 2006-2007
[4] Excluding profit from divested and held-for-sale companies: Bouygues Telecom Caraïbe (Group share: €99m) and TPS (Group share: €13m)

NET CASH BY BUSINESS AREA (€ million)	30 June 2006	30 June 2007	Change
Bouygues Construction	1,757	1,918	+€161m
Bouygues Immobilier	97	(121)	-€218m
Colas	(398)	(535)	-€137m
TF1	(391)	(572)	-€181m
Bouygues Telecom	(398)	(33)	+€365m
Holding company and other	(5,782)	(5,772)	+€10m
TOTAL	**(5,115)**	**(5,115)**	**=**

Bouygues Construction

Bouygues Construction is one of the world's leading construction firms. Operating in building, civil engineering and electrical and HVAC engineering, its know-how covers the entire project life-span from design to maintenance.

Key figures

(€ million)	First half		Change
	2006	**2007**	
Sales	3,261	3,818	+17%
France	*2,085*	*2,345*	*+12%*
International	*1,176*	*1,473*	*+25%*
Operating profit	152	150	-1%
Net profit attributable to the Group	121	148	+22%

Half-year highlights

Bouygues Construction had orders worth €9.8 billion on its books at the end of June 2007, representing 16 months of sales. The sharp year-on-year rise of 20% was due to the high volume of orders taken over the last 12 months, including the Gautrain rail link project in South Africa (Bouygues Construction share: €514 million) and the Port of Tangiers extension (Bouygues Construction share: €100 million).

Bouygues Construction performed well in the first half of the year, with sales rising by 17% to €3,818 million. The conclusion of a number of major contracts together with acquisitions made in 2006 contributed to the rise.

Net profit amounted to €148 million and the net margin at end-June 2007 came to 3.9%. The operating profit in the first half of 2007 amounted to €150 million, the same level as in the first half of 2006 (€152 million).

The cash position net of debt was high at €1,918 million, though slightly lower than at 31 December 2006 on account of acquisitions and the dividend payout.

Significant acquisitions in Europe

- The acquisition of Mibag, a Swiss company specialising in hard and soft facilities management services with sales of €96 million in 2006, enabled ETDE and its facilities management division to continue their European expansion.

- With the acquisition of Karmar, a major contractor in Poland with sales of €50 million in 2006, Bouygues Bâtiment International strengthened its position in a fast-growing European Union country (the construction sector grew by 10% in 2006).

Building and civil works

Bouygues Construction's building and civil works divisions reported sales of €3,053 million at end-June 2007, a rise of 15%. Sales in France amounted to €1,804 million, up 11%. International sales increased by 21% to €1,249 million, representing 41% of the total.

- France

On a market where prospects remain bright, Bouygues Bâtiment Ile-de-France achieved solid sales in the first half of the year (€758 million, up 7%), sustained by vigorous activity in social housing (up 30%), renovation (up 22%) and public buildings (up 5%). The renovation of offices used by French MPs continued (€82 million) and work started on the CB31 tower in La Défense (€287 million).

Sales by the regional subsidiaries of Bouygues Entreprises France-Europe, operating on both the building and civil works markets, increased across all segments to €814 million, a rise of 7%. The early part of the year was marked by the booking of orders for four major projects, each worth over €40 million: redevelopment of the old docks in Rouen as a shopping centre, a PPP prison in Poitiers, a design-build contract for a prison in Rennes and construction of a teaching hospital in Besançon. GFC and ETDE (Exprimm) won a €180 million PPP contract to build the Bourgoin-Jallieu hospital.

The sales in France of Bouygues Travaux Publics and DTP Terrassement increased respectively by 55% to €161 million and by 64% to €68 million, driven by work on the A41 motorway between Geneva and Annecy, including completion of the first tunnel after eight months of excavation under Mount Sion, and the Flamanville EPR nuclear power station. DTP Terrassement continued to expand its network of regional branches.

- International

The breakdown by region of Bouygues Construction's international operations at end-June 2007 was as follows:

  - Western Europe: 44% of consolidated building and civil works sales,
  - Eastern Europe: 9%,
  - Asia-Pacific: 19%,
  - Africa: 16%,
  - Middle East: 5%,
  - Central America/Caribbean: 7%.

In Western Europe, Bouygues Construction increased its focus on high value-added projects with a financing component. Bouygues UK concentrated on PFI projects for hospitals, schools and social housing. In Switzerland, Losinger Construction, with its new subsidiary Marazzi, accelerated its growth in property development and took orders for two property projects worth a total of €82 million. In the concessions segment, work to extend the Cyprus airports continued and Bouygues Travaux Publics was declared preferred bidder for the €370 million New Tyne Crossing project in the UK.

Bouygues Construction continued its strategy of establishing a long-term presence in Eastern Europe. Bouygues Bâtiment International won several significant contracts in Romania and the Czech Republic, including the €62 million Oaks housing project in Bucharest. In Poland, Bouygues Bâtiment International acquired Karmar, a major player on the building market in Warsaw, and DTP Terrassement started work on the €72 million A4 motorway project.

The Asia-Pacific zone continued to thrive. There is considerable potential for growth in China, where Bouygues Travaux Publics was approved as a Grade 1 specialist tunnel contractor and civil works main contractor.

In Africa, where DTP Terrassement has operated for many years, the firm focused on internationally financed projects like the €29 million renovation of the link between Garoua and Figuil in Cameroon. In partnership with Bymaro, Bouygues Travaux Publics won a €100 million contract (Bouygues Construction share) to build a new extension of the Port of Tangiers in Morocco.

The Middle East is another important growth area. VSL International continued to work on the elevated light railway in Dubai (Bouygues Construction share of the contract: €36 million) and Bouygues Bâtiment International worked on the Ritz-Carlton Hotel, a contract worth €155 million.

Bouygues Bâtiment International continued to expand in the Americas and the Caribbean, taking an order worth €49 million for a twelfth hotel in Cuba. In June, Bouygues Travaux Publics concluded a new €75 million contract for a 24-kilometre stretch of motorway in Jamaica.

<u>Electrical contracting and maintenance</u>

ETDE contributed €765 million to Bouygues Construction's consolidated sales in the first half of 2007, an increase of 26% on the same period in 2006.

- France

ETDE continued to expand by increasing its range of technical skills and extending its geographical coverage to become a full-service provider of hard and soft facilities management services. ETDE acquired two electrical and HVAC engineering companies in the first half of 2007: Sernelec Industries, based in Rouen, and Iris Electricité, based in the Val de Marne to the east of Paris. ETDE also concluded public service delegation contracts worth €97 million to build, operate and maintain broadband networks in the Charente-Maritime, Nièvre and Maine et Loire *départements*.

- International

ETDE operates on international markets through well-established local subsidiaries, especially in Africa, where it has been present for over 50 years (notably in the Congo), and in the UK, where it has PFI street lighting contracts. The acquisition of Mibag in early 2007 means that ETDE can now offer FM services in Switzerland. It is also consistent with ETDE's growth strategy of establishing long-term positions on international markets from which it can offer services in all the market segments it covers. ETDE is involved internationally as a full-service provider in high value-added projects like the Dubai Ritz-Carlton Hotel, where it is a sub-contractor of hard and soft facilities management services for Bouygues Bâtiment International.

Outlook for 2007

Bouygues Construction intends to pursue growth in four areas: electrical contracting and maintenance, public-private partnerships and concessions, property development and expansion in Europe.

Bouygues Construction is positioning itself on buoyant markets with bright prospects for growth. Its order book at end-June 2007 amounted to €9.8 billion. The conclusion of a number of major contracts suggests that activity will remain high throughout the year and the sales forecast has been raised to €8.1 billion.

Sales target

(€ million)	**2006**	**2007 target**	**Change**
Sales	6,923	8,100	+17%
France	*4,268*	*4,800*	*+12%*
International	*2,655*	*3,300*	*+24%*

Bouygues Immobilier

Bouygues Immobilier continued to expand vigorously while strengthening its financial structure. In France, it is a major player in the residential sector (apartments and detached housing developments) and a leader on the commercial property market (offices, shops and hotels).

Key figures

(€ million)	First half		Change
	2006	**2007**	
Sales	721	809	+12%
o/w residential	*566*	*662*	*+17%*
o/w commercial	*155*	*147*	*-5%*
Operating profit	80	72	-10%
Net profit attributable to the Group	52	42	-19%

Half-year highlights

Commercial performance

In the residential sector, Bouygues Immobilier continued to benefit from buoyant conditions in France and rose in line with the market. The company took reservations worth €870 million for 5,009 units, an increase of 18% by volume and 16% by value on the first half of 2006. Reservations in the Paris region increased by 17% on the first half of 2006 to 1,633 units and in the rest of France by 20% to 3,102 units. Reservations for 274 units were taken elsewhere in Europe, practically the same number as in the first half of 2006 (272).

Conditions on the commercial property market in France were very favourable. Bouygues Immobilier took reservations for 116,000 sq. metres worth €480 million in the first half of 2007, twice as much by volume and three times as much by value as in the first half of 2006. 69,000 sq. metres were reserved in the Paris region, including a 39,000-sq.-metre building in Saint-Denis and a 16,000-sq.-metre building in Issy-les-Moulineaux, 33,000 sq. metres were reserved in the rest of France and 14,000 sq. metres elsewhere in Europe, including an 11,000-sq.-metre building in Madrid.

Bouygues Immobilier launched the new Seine Ouest business district. Representing 160,000 sq. metres, it will be a showcase for High Environmental Quality (HQE) innovation. The Mozart tower, the future headquarters of Bouygues Telecom and the flagship building of the new district, was sold for €484 million. Bouygues Immobilier has also sold the Bouygues Telecom Technical Centre in Meudon for €278 million.

In Europe outside France, the company continued to expand in Spain and Portugal, mainly in the commercial segment, and in the residential sector in Poland and Belgium.

Reservations

	First half		Change	
	2006	2007		2006
Residential				
Units	4,242	5,009	+18%	10,852
Amount (€ m)	749	870	+16%	1,793
Commercial				
Surface area (sq. metres)	57,000	116,000	x 2	145,000
Amount (€ m)	157	480	x 3	485

Outlook

Bouygues Immobilier expects favourable conditions to continue on the residential market in the second half of the year and the commercial property market to remain firm.
Book sales for the year are likely to amount to €2,000 million, 24% more than in 2006.

In this context, Bouygues Immobilier is maintaining the following objectives:
- pursue vigorous but prudent growth in the residential sector and focus on controlling risk in the commercial sector,
- ensure the quality of construction in projects currently under way,
- maintain profitability, in particular by controlling operating costs,
- preserve a solid financial structure.

Sales target 2007

(€ million)	2006	2007	Change
Sales	1,608	2,000	+24%
o/w residential	*1,260*	*1,550*	*+23%*
o/w commercial	*348*	*450*	*+29%*

Colas

With an international network of 1,400 profit centres in over 40 countries, 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 installation of safety and signalling equipment, civil engineering, pipe laying, the manufacture and installation of waterproofing membranes, building, and the laying and maintenance of railway lines. Colas also operates infrastructure concessions.

Key figures

(€ million)	First half		Change
	2006	**2007**	
Sales	4,507	4,925	+9%
France	*2,840*	*3,149*	*+11%*
International	*1,667*	*1,776*	*+7%*
Operating profit	74	136	+84%
Net profit attributable to the Group	70	117	+67%

Colas performed well in the first half of 2007, reporting a high level of activity in all its lines of business. Consolidated sales at 30 June 2007 amounted to €4.9 billion compared with €4.5 billion at end-June 2006, an increase of 9% (8% like-on-like and at constant exchange rates). Spie Rail was not consolidated in the income statement at end-June 2007 since the shares were not acquired until 30 May 2007 (only Spie Rail's balance sheet at 31 May 2007 was included in Colas' consolidated balance sheet).

Net profit attributable to the Group at 30 June 2007 amounted to €117 million compared with €70 million at 30 June 2006, an increase of €47 million that reflects the fine performance of Colas' subsidiaries.

The order book at end-June 2007 amounted to €6.7 billion, 10% more than at end-June 2006.

Half-year highlights

Acquisitions

Spie Rail, which specialises in railway work in France and elsewhere, brings complementary activities representing full-year sales of over €300 million. With its subsidiary Seco-Rail, the rail division provides a full-service offering that will generate annual sales in excess of €500 million and be capable of bidding on the many forthcoming projects in France and around the world.

Completing its geographical coverage or extending its activities, Colas also acquired companies or assets in France and elsewhere in segments including the production of aggregates and ready-mix concrete, road, maritime and rail works, structural steelwork and the manufacture of metal guard rails. The acquisitions will represent full-year sales of around €100 million.

France

Sales in France at end-June 2007 amounted to €3.15 billion, up 10.9% on end-June 2006.

Sales in mainland France at end-June 2007 amounted to €2.9 billion, 10.3% more than at the end of June 2006 (+9% like-on-like). Half of the increase was attributable to the continuing rise in the cost of raw materials, especially bitumen and energy.

Sales of regional roads subsidiaries were 8.5% higher than in the comparable period last year. Evenly spread geographically, growth was spurred by a very mild winter, though wet weather in May and June was less favourable, and by full order books at the start of the year. Competition was fierce despite considerable demand for roadworks and sometimes saturated production capacities. Activity was sustained by local and regional authority spending on the construction and maintenance of roads, streets and urban amenities, motorway projects, public transport projects (especially tramways) and private investment.

Sales in non-road sectors, especially by Smac, Seco-Rail, Somaro and Spac, were 13.1% higher than at end-June 2006, with:

- strong growth in the pipelines, mains and drilling segments,
- a solid performance in road safety and signalling,
- strong demand for waterproofing with higher sales in a context of steadily rising bitumen prices,
- an encouraging first six months in the rail business despite the end of work on the East European high-speed rail line. The launch of the new freight activity (transporting aggregates) was a success.

Sales in French overseas departments rose by 20% as a result of major building, civil works and civil engineering contracts in Reunion Island, where work on the Tamarind Road project was at its peak, and sustained activity in French Guiana, Martinique and Guadeloupe.

International

International sales amounted to €1.8 billion at 30 June 2007, 6.5% higher than the year-earlier figure (7.1% like-on-like and at constant exchange rates). Seasonal factors mean that half-year figures are less significant for international markets where activity picks up later, especially North America.

Sales in North America expressed in euros were stable in comparison with end-June 2006 because of the depreciation of the dollar. Like-on-like and at constant exchange rates, sales rose by 6.2%.

High order levels among US subsidiaries at the start of the year produced a good first six months, with sales up 6% like-on-like and at constant exchange rates compared with the same period in the previous year. Sales were particularly strong in subsidiaries in the South East and Pennsylvania. Orders from public and private industrial and commercial clients remained high and order books were fuller than at end-June 2006 despite a downturn on the private residential market.

In Canada, although business picked up slightly later than in 2006, the group's subsidiaries were able to benefit from favourable conditions for roadbuilding and maintenance in a flourishing Canadian economy, especially in the western provinces of Alberta and British Columbia. Sales at end-June 2007 were 8% higher like-on-like and at constant exchange rates than in the first half of 2006.

Sales in Europe (excluding France) grew by 6.4% overall, with some differences between individual countries.

Sales increased significantly in Belgium and Ireland, especially with the bitumen storage and distribution business acquired at the end of 2006. Swiss subsidiaries also reported higher sales. In the UK, Colas Ltd achieved the same level of sales as in the first half of 2006 and won a major new multi-year contract to maintain over 500 kilometres of roads and motorways in north-west England. Sales in Denmark were virtually stable, discounting the sale of a company that makes and sells prefabricated products. A less favourable economic and financial environment in Hungary was reflected in lower levels of public procurement. In the Czech Republic, calls for tender were issued later than usual. In Slovakia, work continued on a number of major projects. Sales grew strongly in Romania on a thriving market, especially around Bucharest.

Sales jumped in Morocco on a buoyant market.

In West Africa, work began on the Djougou N'Dali road in Benin and on several projects in Libreville, Gabon.

Growth continued in the Indian Ocean, especially in Madagascar with the RN6 and RN2 road projects and major mining contracts. Colas was awarded several contracts worth a total of €100 million for a major nickel and cobalt mining project in the east of the country.

Half-year results were good in Asia, where higher sales of binders were driven by demand in Thailand, India and China. A bitumen refinery in Malaysia operated as a joint venture is due to come on stream during the summer.

Production of materials

A significant proportion of Colas' activity, both in France and elsewhere, consists in the production of construction materials, especially aggregates, through an international network of 615 quarries, 600 asphalt plants and 160 emulsion plants. 54 million tonnes of aggregates, 20 million tonnes of asphalt mixes and 680,000 tonnes of binders and emulsions were produced in the six months to 30 June 2007. Reserves of aggregates are estimated at 2.6 billion tonnes.

Research and development

Colas' Campus for Science and Techniques, the leading private research centre in the roads sector, is engaged in a constant quest to create and improve products or innovative processes, incorporating a concern for environmental conservation and sustainable development by saving energy, reducing greenhouse gas emissions and noise, using plant-based raw materials and cutting materials consumption.

A pioneer in road project lifecycle analysis, Colas was the first construction firm to provide its French and international subsidiaries with a sophisticated software product, Ecosoftware, which enables them to propose technical alternatives optimised to favour sustainable development. The group stepped up production of plant-based products like Vegecol, a bitumen substitute, and Vegeflux, a fluxing agent for surface coatings, in which clients have shown considerable interest.

Colas is working hard to develop 3E mixes through sales promotion and by adapting asphalt plants. Cutting production temperatures by 40°, 3E processes achieve a 15–20% reduction in greenhouse gas emissions and energy consumption in the production phase. The use of cold processes and materials recycling are also systematically encouraged, through on-site recycling using techniques like Novacol and Novafor and the recycling of old mixes at asphalt plants.

Outlook

The year has got off to a good start and Colas has achieved an excellent first half in all its lines of business in all the regions where it operates. With orders worth €6.7 billion on its books at end-June 2007, 10% more than at end-June 2006, and in the light of current information and the depreciation of the dollar against the euro, sales for 2007 are likely to exceed €11.4 billion.

Sales target

(€ million)	**2006**	**2007 target**	**Change**
Sales	10,716	11,500	+7%
France	*6,294*	*6,910*	*+10%*
International	*4,422*	*4,590*	*+4%*

TF1

France's leading general-interest TV channel, TF1 is also an integrated media group with activities spanning the entire audiovisual industry, including production, the acquisition and sale of audiovisual rights, the production and distribution of videocassettes, DVDs and audio CDs, spin-off products from its programmes and internet activities. TF1 also has a number of pay-TV theme channels which are now major components of the cable and satellite offering in France.

Key figures

(€ million)	First half		Change
	2006	**2007**	
Sales	1,386	1,431	+3%
o/w core channel advertising	*923*	*925*	=
o/w other activities	*463*	*506*	*+9%*
Operating profit	209	264	+26%
Net profit attributable to the Group	171	186	+9%

The TF1 group's consolidated sales rose by 3.2% in the first half of 2007 to €1,430.6 million

The current operating profit amounted to €263.5 million, up 26.2%, representing an improvement of 3.3 points in the operating margin to 18.4%. The improvement was mainly due to a 14.2% fall in the cost of programmes in relation to the first half of 2006, which included the Football World Cup. Excluding the Football World Cup, the cost of programmes on the TF1 core channel rose by 2.6% to €468.7 million due to the increase in expired rights and a rise in the cost of news programmes during the election period.

Net profit from continuing operations rose by 31.3% to €185.7 million. Net profit from discontinued operations amounted to €30.2 million in the first half of 2006. Net profit attributable to the Group therefore rose by 8.3% to €185.7 million, representing a net margin of 13.0%, up 0.6 of a point. Net debt amounted to €571.7 million, or 41.6% of shareholders' equity, up from €378.5 million at 31 December 2006 due to payment of the dividend (€182 million) and the first payment on the acquisition of a 33.5% stake in AB Groupe (€115 million).

Half-year highlights

TF1 core channel *(Source: Médiamétrie)*

The TF1 channel's share of the audience of women under 50 rose by 0.9 of a point in comparison with the same period in 2006 to 35.3%. Its share of the audience of individuals aged four years and over fell by 0.7 of a point to 30.9%.

In DTT, TF1 had 29.0% of the audience of individuals aged four years and over in the first half of 2007, only 1.9 points below its share of the national audience, thus demonstrating its capacity to resist market fragmentation in a multi-channel environment.

TF1 confirmed its position as leader with 96 of the top 100 audiences in the first six months of the year, compared with 95 over the same period in 2006.

With an average of 7.2 million prime-time viewers, TF1 had a lead of over 2.5 million on its closest rivals.

Advertising *(Source: TNS Media Intelligence)*

The TF1 channel reported net advertising revenue of €924.7 million, up 0.2%. Excluding sponsorship and publishing, "traditional" advertising revenue was up 3.3%.

The first six months of 2007 were marked by the opening up of TV advertising to retailers, the impact of the 2006 Football World Cup on the basis of comparison and a wait-and-see attitude on the advertising market linked to the presidential election. The overall trend in advertising sales in the first six months masked very different movements. The rise in consumer products (+8.2%) and services (+12.9%) did not offset the decline in telecommunications (-37.4%) and publishing (-34.8%). The retail sector accounted for 6% of spending on advertising on TF1 at end-June 2007. TF1's share of the advertising market in the first half of the year rose by 0.6 of a point to 54.8%.

Other activities

Other activities (excluding advertising on the TF1 core channel) posted a 9.4% rise in sales thanks to solid performances:

- The Téléshopping group (+32.8%) expanded internet sales, the new activities launched in 2005 (stores and infomercials) and the wedding list website 1001listes.

- Theme channels in France (+24.3%) benefited from buoyant advertising sales and wider distribution following conclusion of the new distribution agreement with Canal+ France. Once again, MediaCabSat Wave 13 results (1 January to 17 June 2007) underlined the solidity of the TF1 group's theme channel offering. Three of its channels were in the top five: Eurosport confirmed its position as the leading theme channel with 1.8% of the audience, TV Breizh remained in third place with 1.2% and TF6 moved up four places in the ranking while taking 1.0% of the audience of individuals with a multi-channel subscription. In the national segment, TMC was the leading theme channel (excluding long-standing broadcast channels) in the first half of 2007 with 1.1% of the audience of individuals aged four and over, 58% more than in the same period of 2006.

- Sales by the catalogue division increased by 69.7% due to the distribution by TFM of Edith Piaf biopic *La Môme* (*La Vie en Rose*), which has recorded 5.1 million entries since its release in February.

- At end-June 2007, Eurosport was received by over 111 million households in 59 countries throughout Europe. The number of paying subscribers rose by 11% over a year to 65.9 million, representing an additional 6.6 million households. Most of the growth was in Central and Eastern Europe. Eurosport International reported half-year sales of €132.9 million, up 2.8%. The increase in subscription revenue and other developments offset a fall in advertising sales in the first half of 2007, bearing in mind that figures in 2006 were boosted by the Turin Winter Olympics.

In the first half of 2007, TF1 finalised the sale of its 29% stake in Europa TV, the operator of the Sportitalia and SI Live 24 channels, generating a capital gain of €5.9 million.

The audiovisual rights division generated sales of €125.1 million in the first half of 2007, an increase of 23.6%. Operating profit fell as a result of a downturn in sales at TF1 Video. Other subsidiaries to experience a downturn included TF1 Entreprises (-16.9%), due to the decline of its music and publishing activities, and e-TF1 (-27.7%), which had benefited from the success of the game show *A prendre ou à laisser* (*Deal or No Deal*) in 2006.

Outlook

Based on the trend of the advertising market in the first quarter of 2007, the initial growth target for annual advertising sales for the TF1 core channel was 6%. However, developments in the second half of the year and highly volatile demand have led TF1 to revise this target, though it still expects a slight increase in advertising revenue from the TF1 channel.

In 2007, the cost of programmes (excluding the Football and Rugby World Cups) is likely to increase by around 3% on the previous year. Including sporting events, the cost of programmes on the TF1 channel will fall by around 3% over the year.

Sales target

(€ million)	**2006**	**2007 target**	**Change**
Sales	2,654	2,730	+3%
o/w core channel advertising	*1,708*	*1,710*	=
o/w other activities	*946*	*1,020*	*+8%*

Bouygues Telecom

Bouygues Telecom is France's third mobile phone and mobile multimedia operator.

Key figures

(€ million)	First half		Change
	2006	**2007**	
Sales Sales from network	2,182 2,048 (1)	2,300 2,176	+5% +6%
EBITDA *EBITDA/sales from network*	618 *30.2%*	732 (2) *33.6%*	+18% *+3.4 pts*
Operating profit	298	440	+48%
Net profit attributable to the Group (3) Net profit from continuing operations attributable to the Group	305 195	289 289	ns +48%

(1) New definition of sales from network
(2) Of which €30m of non-recurring items (€20m after tax)
(3) Of which profit from companies that were divested in 2006 (Bouygues Telecom Caraïbe): €110m

Bouygues Telecom reported relatively strong growth in the first half of 2007 due to the success of its Neo and Exprima unlimited call plans, launched on 1 March 2006. Sales in the first six months of the year amounted to €2,300 million, an increase of 5.4%. Sales from network rose by 6.2% despite a 17.8% cut in call termination rates imposed by ARCEP, the French telecoms regulator, from 1 January 2007.

Commercial activity was slower than in the first half of 2006, which was marked by the successful launch of the Neo and Exprima contracts. The number of customers rose by 85,000 in the first half of 2007 to 8,807,000, whereas 334,000 new customers signed up in the first half of 2006. However, the cost of acquiring new subscribers fell significantly, greatly contributing to improved profitability: the EBITDA margin rose by 3.4 points and the operating margin by 5.6 points.

Half-year highlights

Commercial policy

Bouygues Telecom enhanced its range of unlimited plans, launching Exprima 24/24 in January 2007, a plan offering unlimited calls 24/7 to all fixed numbers in mainland France.

For moderate users, on 11 June Bouygues Telecom introduced a new contract offering twice as much call time (one, two or three hours depending on the plan) to all mobile and fixed operators every weekday from 6.00pm to midnight and at weekends.

Bouygues Telecom also launched innovative new products for business and professional customers. Since April, the Evolutif Pro Fixe 24/24 plan has offered unlimited calls 24/7 to all fixed numbers in France and, for calls to mobile phones, an automatic adjustment if there is an overrun on the initial plan.

In June, Bouygues Telecom launched Business Synchro, a converged voice/data service using IP technologies specially designed to meet the needs of medium-sized firms. The various services under the plan enable firms to cut their costs and improve efficiency, with the added simplicity of a one-stop contact and a single bill for fixed and mobile calls and internet access.

Disputes

Following the equipment failure which struck its network on 17 November 2004, Bouygues Telecom took legal action for compensation against Tekelec. The parties reached an out-of-court settlement on 1 March 2007, bringing an end to 18 months of legal proceedings.

RCBT has concluded preliminary agreements settling commercial, criminal and employment disputes with 55 store managers who have left the network.

Technology choices

Bouygues Telecom has continued to roll out its HSDPA network. However, Alcatel's acquisition of Nortel's 3G business meant that Bouygues Telecom had to defer the rollout of zones originally contracted to Nortel until the conclusion with Alcatel-Lucent in March 2007 of a supplement to the initial agreement.

In order to give its customers a service of the highest possible quality, Bouygues Telecom has opted for a high-density 3G network. For an equal investment, the larger number of base stations has an impact on the pace of roll-out.

ARCEP has asked Bouygues Telecom to comply with the obligations arising from its authorisation by 30 November 2007. That means making 3G services, including voice and data services, commercially available in an area corresponding to 20% of the population.

Bouygues Telecom will comply with the regulator's demand.

Regulatory context

A new law on audiovisual media voted on 22 February 2007 provides a legislative framework for the development of mobile TV. Amongst other things, it contains provisions relating to the CSA's allocation of frequencies to TV channels, the mobile operators' involvement in the functioning of the multiplex operator and the possibility of charging for access to a mobile TV service.

The new version of number portability, which allows customers to change operator without changing their number in under 10 days, came into effect on 21 May. The new rules could help to make the market more flexible.

The programme to cover blind spots is continuing.

In February, the mobile operators signed an agreement with various public authorities relating to coverage of priority transport routes (motorways, trunk roads, arteries in every department linking the prefecture to sub-prefectures). The programme, costing €30–50 million per operator, will involve the creation of several hundred new base stations.

On 7 June, the European Union validated the caps on roaming charges (wholesale and retail, incoming and outgoing). The caps will apply from August on request and from the end of September for all customers. The new rules will have an adverse effect on visitor roaming, reducing sales and margins. However, lower prices should encourage customer roaming, cushioning the impact.

Financial structure

(€ million)	First half		Change
	2006	2007	
Shareholders' equity	2,036	2,053	+1%
Net debt	398	33	-€365m
Debt-to-equity ratio	*20%*	*2 %*	*ns*
Cash flow	601	720	+20%
- Cost of net debt	-5	1	ns
- Income tax	-97	-152	+57%
- Net operating investments	-208	-215	+3%
Free cash flow	291	354	+22%

Outlook

Sales are expected to rise by 3% over 2007 as a whole. The performance in the first half of the year (+5.4%) is likely to tail away in the second half as the impact of the Neo and Exprima plans on the basis of comparison wears off (launched on 1 March 2006, they had only a limited impact on sales in the first half of 2006).

Sales target

(€ million)	2006	2007 target	Change
Sales from network	4,241	4,390	+3.5%
Total sales	4,539	4,670	+3%

Alstom

Solid orders and strong earnings growth

Alstom published its full-year financial statements on 14 May 2007. It booked orders worth €19 billion in FY 2006/07, a like-on-like* increase of 34% on the previous period, increasing its backlog of orders by 22% to €32.4 billion, representing 27 months' sales. All sectors contributed to the strong growth in orders: Power Systems (+65%), Power Service (+22%) and Transport (+8%). Sales in FY 2006/07 amounted to €14.2 billion compared with €12.4 billion in FY 2005/06, representing a like-on-like increase of 14%. All sectors contributed: Power Systems (+20%), Power Service (+18%) and Transport (+7%).

Operating profit in FY 2006/07 rose by 40% like-on-like to €957 million, compared with €686 million in FY 2005/06, and the operating margin improved from 5.5% to 6.7%. Net profit attributable to the Group amounted to €448 million compared with €178 million in FY 2005/06, an increase of 152%. Most of the increase stemmed from improved operational performance and lower financial costs.

Free cash flow amounted to €745 million in FY 2006/07. Alstom reduced its net debt from €1,248 million at 31 March 2006 to €64 million at 31 March 2007. Shareholders' equity rose from €1,840 million at 31 March 2006 to €2,271 million at 31 March 2007 as a result of the substantial profit over the period, and the debt-to-equity ratio fell from 68% to 3%. The Annual General Meeting on 26 June 2007 decided to pay a dividend of €0.80 per share.

Fruitful cooperation with Bouygues

Bouygues and Alstom are gradually stepping up their cooperation at both commercial and operational levels. The 50-50 joint venture in the hydropower business has been operational since November 2006.

Recent events

Since publishing its full-year financial statements, Alstom has concluded major contracts for combined heat and power plants in the UK (Isle of Grain, €580 million, and Staythorpe, €850 million) and in the United Arab Emirates (Alstom share: €1 billion). SNCF has placed an order worth €2.1 billion for 80 high-speed trains. Alstom will also supply the city of New York with 360 subway cars for approx. €500 million. Alstom generated sales of €4 billion in the first quarter of FY 2007/08, an increase of 27%, and booked orders worth €7.6 billion, 62% more than in the first quarter of FY 2006/07.

Outlook

Alstom expects double-digit sales growth like-on-like in 2007/08 and should exceed its target operating margin of 7%.

* *According to definition on page 53 of Alstom's 2006/07 annual report.*

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

BOUYGUES GROUP - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2007

Millions of euros

ASSETS	Note	06/2007 Net	12/2006 Net	06/2006 Net
Property, plant and equipment	3.1 & 13	5,151	5,039	4,653
Intangible assets	3.2 & 13	1,014	1,022	1,038
Goodwill	3.3 & 13	5,059	4,781	4,666
Investments in associates	3.4 & 13	3,268	2,940	2,723
Other non-current financial assets	3.5	1,134	1,087	276
Deferred tax assets and long-term tax receivable	3.5 & 6.1	271	271	310
NON-CURRENT ASSETS	16	15,897	15,140	13,666
Inventories / Programmes / Broadcasting rights		2,746	2,298	1,902
Advances and down-payments on orders		387	333	372
Trade receivables	13	7,165	6,252	6,408
Tax asset (receivable)		188	40	141
Other receivables and prepaid expenses		2,394	1,952	2,013
Cash and equivalents	8 & 13	3,166	3,776	3,079
Financial instruments (1)		4	11	14
Other current financial assets		27	18	23
CURRENT ASSETS		16,077	14,680	13,952
Held-for-sale assets and discontinued operations (3)		33	(2)	643
TOTAL ASSETS		32,007	29,820	28,261

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	06/2007	12/2006	06/2006
Shareholders' equity				
- Share capital		343	335	339
- Share premium and reserves		5,029	3,827	4,035
- Translation reserve		12	8	12
- Treasury shares		(140)	(69)	(92)
- Consolidated net profit for the period		655	1,246	565
Shareholders' equity attributable to the Group		5,899	5,347	4,859
Minority interests		1,133	1,146	947
SHAREHOLDERS' EQUITY	4	7,032	6,493	5,806
Non-current debt	7.1 & 13	6,895	6,844	7,100
Non-current provisions	5.1 & 13	1,418	1,432	1,260
Deferred tax liabilities and non-current tax liabilities	6.2	76	75	76
NON-CURRENT LIABILITIES		8,389	8,351	8,436
Advances and down-payments received		1,151	958	848
Current debt	7.1 & 13	1,001	867	830
Current taxes payable		327	144	168
Trade payables	13	7,132	6,744	6,091
Current provisions	5.2	702	690	651
Other current liabilities		5,879	5,316	4,748
Overdrafts and short-term bank borrowings		381	247	273
Financial instruments (1)		8	5	5
Other current financial liabilities		5	5	6
CURRENT LIABILITIES		16,586	14,976	13,620
Liabilities on held-for-sale assets and discontinued operations			(2)	399
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		32,007	29,820	28,261
NET DEBT	8	(5,115)	(4,176)	(5,115)

(1) Hedging of financial liabilities at fair value

(2) Impact of TPS shown separately on the lines "Held-for-sale assets and discontinued operations" and "Liabilities on held-for-sale assets and discontinued operations". (Canal + France financial asset exchanged for TPS shares; transfer agreement signed 31 December 2006)

(3) Value of shares in ETF (subsidiary of Colas Rail acquired by Colas on 31 May 2007) included on the lines "Held-for-sale assets and discontinued operations" and "Liabilities on held-for-sale assets and discontinued operations"; these shares were sold on 31 July 2007.

BOUYGUES GROUP - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Millions of euros

	First half 2007	First half 2006 (1)	Second quarter 2007	Second quarter 2006 (1)	Full year 2006 (1)
SALES (2)	13,298	12,052	7,377	6,826	26,408
Other revenues from operations	84	89	47	46	180
Purchases used in production	(5,763)	(5,186)	(3,272)	(2,982)	(11,748)
Personnel costs	(2,883)	(2,555)	(1,493)	(1,333)	(5,278)
External charges	(3,310)	(2,960)	(1,771)	(1,669)	(6,449)
Taxes other than income tax	(315)	(282)	(161)	(144)	(585)
Net depreciation and amortisation expense	(584)	(575)	(310)	(305)	(1,190)
Net charges to provisions and impairment losses	(98)	(108)	(58)	(63)	(384)
Changes in production and property development inventories	313	125	184	72	471
Other income and expenses from operations (3)	292	248	155	122	496
CURRENT OPERATING PROFIT	1,034	848	698	570	1,921
Other operating income and expenses	21	14	21	0	(44)
OPERATING PROFIT	1,055	862	719	570	1,877
COST OF NET DEBT	(95)	(77)	(49)	(42)	(200)
Other financial income and expenses	22	(15)	15	(8)	(22)
Income tax expense	(284)	(249)	(189)	(177)	(555)
Share of profits and losses of associates	103	39	51	29	118
NET PROFIT FROM CONTINUING OPERATIONS	801	560	547	372	1,218
Net profit of discontinued and held-for-sale operations	0	140	0	129	364
NET PROFIT	801	700	547	501	1,582
Attributable to the Group	655	565	466	417	1,246
Minority interests	146	135	81	84	336
Minority interests in share of profits/losses of associates					
BASIC EARNINGS PER SHARE (in euros)	1.95	1.68	1.38	1.25	3.71
DILUTED EARNINGS PER SHARE (in euros)	1.88	1.62	1.33	1.20	3.60

(1) Excluding expenses and income of discontinued and held-for-sale operations (2006: BTC and TPS), shown separately on the line "Net profit of discontinued and held-for-sale operations".

(2) Of which sales generated abroad	3,599	3,187	2,182	1,962	7,825
(3) Of which reversals of provisions and impairment no longer required	90	109	49	52	216

CONSOLIDATED CASH FLOW STATEMENT

Millions of euros

I - CASH FLOW FROM CONTINUING OPERATIONS	Note	First half 2007 (1)	First half 2006 (1) (2)	Full year 2006 (1) (2)
A - NET CASH GENERATED BY OPERATING ACTIVITIES				
Cash flow:				
Net profit from continuing operations		801	560	1,218
Share of profit or loss from associates (3)		(60)	(19)	(66)
Elimination of dividends from non-consolidated companies		(7)	(4)	(7)
Charges to/(write-backs of) depreciation, amortisation, impairment and non-current provisions		551	553	1,326
Gains and losses on asset disposals		(37)	(49)	(88)
Miscellaneous non-cash items		(48)	(19)	14
sub-total		1,200	1,022	2,397
Cost of net debt		95	77	200
Income tax expense for the period		284	249	554
Cash flow	13	1,579	1,348	3,151
Changes in working capital related to operating activities (4) (incl. current taxes)		(836)	(773)	(23)
NET CASH GENERATED BY OPERATING ACTIVITIES		743	575	3,128
B - NET CASH USED IN INVESTING ACTIVITIES				
Purchase price of property, plant and equipment and intangible assets	13	(651)	(740)	(1,700)
Proceeds from disposals of property, plant and equipment and intangible assets	13	38	41	96
Net liabilities related to property, plant and equipment and intangible assets		(216)	(69)	173
Purchase price of non-consolidated companies and other investments		(20)	(38)	(41)
Proceeds from disposals of non-consolidated companies and other investments		9	44	47
Net liabilities related to non-consolidated companies and other investments			2	2
Effects of changes in scope of consolidation	13			
Purchase price of investments in consolidated companies	13	(638)	(2,274)	(2,646)
Proceeds from disposals of investments in consolidated companies	13	51	159	193
Net liabilities related to investments in consolidated companies and other cash effects of changes in scope of consolidation		225	(10)	(137)
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)		(20)	63	(115)
NET CASH USED IN INVESTING ACTIVITIES		(1,222)	(2,822)	(4,128)
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES				
Capital increases during the period contributed by shareholders and by minority interests (including exercise of stock options)		320	71	(112)
Purchase of treasury shares (Bouygues SA)		(71)	(92)	(69)
Dividends paid during the period				
Dividends paid to shareholders of the parent company		(400)	(302)	(302)
Dividends paid to minority shareholders of consolidated companies		(168)	(135)	(135)
Other changes in shareholders' equity		15	54	17
Change in debt (5)		155	2,543	2,328
Cost of net debt (6)		(95)	(77)	(200)
Other cash flows related to financing activities		(6)	(24)	(8)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		(250)	2,038	1,519
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS		(16)	(14)	(27)
CHANGE IN NET CASH (A + B + C + D)		(745)	(223)	492
Cash position at 1 January	8	3,529	3,037	3,037
Net cash flows during the period		(745)	(223)	492
Other non-monetary flows		1	(8)	
Cash position at end of period	8	2,785	2,806	3,529
II - CASH FLOWS FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS				
Cash position at 1 January			(56)	(56)
- Cash flows during the period			59	56
Cash position at end of period			3	

(1) **2006 vs. 2007**: change in presentation, with cash flows now shown in two separate sections:
I - Cash flows from continuing operations and II - Cash flows from discontinued and held-for-sale operations
(2) **2006**: excludes the operations of BTC and TPS, classified as discontinued/held-for-sale

(3) Elimination of share of profits/losses and inclusion of dividends paid in respect of associates
(4) **Definition of change in working capital**: Current assets - current liabilities (including current provisions, excluding current debt and financial instruments used to hedge debt, which are included in financing activities)
(5) **Definition of debt**: non-current debt + current debt
(6) Of which **net interest paid**: (162) (125) (291)

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 30 JUNE 2007

Millions of euros

ATTRIBUTABLE TO THE GROUP	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
POSITION AT 1 JANUARY 2006	2,234	1,086	1,307	44	(5)	(36)	4,630
MOVEMENTS IN THE FIRST HALF OF 2006							
Capital and reserves transactions, net	50	(46)	46				50
Share-based payment			5				5
Treasury shares					(92)		(92)
Dividends paid			(302)				(302)
Net profit for the period attributable to the Group			565				565
Financial instruments						86	86
Translation adjustments				(32)			(32)
Other changes			(2)		(19)	(30)	(51)
POSITION AT 30 JUNE 2006	2,284	1,040	1,619	12	(116)	20	4,859
MOVEMENTS IN THE SECOND HALF OF 2006							
Capital and reserves transactions, net	(207)						(207)
Share-based payment			21				21
Treasury shares					22		22
Dividends paid							
Net profit for the period attributable to the Group			681				681
Financial instruments						(8)	(8)
Translation adjustments				(4)			(4)
Other changes			(33)		19	(3)	(17)
POSITION AT 31 DECEMBER 2006	2,077	1,040	2,288	8	(75)	9	5,347
MOVEMENTS IN THE FIRST HALF OF 2007							
Capital and reserves transactions, net	313	204	(220)			17	314
Share-based payment			19				19
Treasury shares					(81)		(81)
Dividends paid			(400)				(400)
Net profit for the period attributable to the Group			655				655
Financial instruments						30	30
Translation adjustments				4			4
Other changes		1	14			(4)	11
POSITION AT 30 JUNE 2007	2,390	1,245	2,356	12	(156)	52	5,899

MINORITY INTERESTS	Consolidated reserves and profit for the period	Items recognised directly in equity	TOTAL
POSITION AT 1 JANUARY 2006	926	5	931
MOVEMENTS IN THE FIRST HALF OF 2006			
Capital and reserves transactions, net	21		21
Dividends paid	(135)		(135)
Net profit for the period attributable to minority interests	135		135
Financial instruments		1	1
Translation adjustments		(1)	(1)
Changes in scope of consolidation	(7)		(7)
Other changes	2		2
POSITION AT 30 JUNE 2006	942	5	947
MOVEMENTS IN THE SECOND HALF OF 2006			
Capital and reserves transactions, net	24		24
Dividends paid	1		1
Net profit for the period attributable to minority interests	201		201
Financial instruments		(3)	(3)
Translation adjustments		(1)	(1)
Changes in scope of consolidation	(24)		(24)
Other changes	1		1
POSITION AT 31 DECEMBER 2006	1,145	1	1,146
MOVEMENTS IN THE FIRST HALF OF 2007			
Capital and reserves transactions, net	6		6
Dividends paid	(168)		(168)
Net profit for the period attributable to minority interests	146		146
Financial instruments			
Translation adjustments		1	1
Changes in scope of consolidation			
Other changes	2		2
POSITION AT 30 JUNE 2007	1,131	2	1,133

	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
TOTAL SHAREHOLDERS' EQUITY	2,390	1,245	3,487	12	(156)	54	7,032

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

(in millions of euros)

CONTENTS

(*Figures in millions of euros)*

NOTES

- The consolidated financial statements of the Bouygues group for the six months ended 30 June 2007 have been prepared using the principles and methods defined in the standards issued by the International Accounting Standards Board (IASB), referred to collectively as International Financial Reporting Standards (IFRS), as adopted by the European Union (European Council Regulation 1606/2002 of 19 July 2002).

  These standards comprise:

  - International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs);
  - Interpretations of these standards (SICs and IFRICs)

  The Bouygues group does not early adopt standards or interpretations that have not yet been adopted by the European Union.

- The consolidated financial statements have been prepared in millions of euros, and comprise:

  - ✓ the balance sheet and income statement;
  - ✓ the statement of changes in shareholders' equity;
  - ✓ the cash flow statement;
  - ✓ the notes to the financial statements[1].

The comparatives presented are from the consolidated financial statements for the six months ended 30 June 2006 and the year ended 31 December 2006.

[1] For the six months ended 30 June 2007, the notes to the consolidated financial statements include comparatives from June 2006 or December 2006 as appropriate.

NOTE 1	SIGNIFICANT EVENTS OF THE PERIOD

1.1. SCOPE OF CONSOLIDATION AS AT 30 JUNE 2007

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

  1,099 entities were consolidated as at 30 June 2007, compared with 1,083 as at 31 December 2006. The net increase of 16 during the first half of 2007 relates mainly to new acquisitions by the Colas Group (Colas Rail), Bouygues Construction (Mibag Suisse, etc) and TF1 (AB Groupe).

- **Alstom:**

  Bouygues acquired a further 0.28% stake in Alstom for €42.8m during the first half of 2007, raising its total interest to 25.35% as at 30 June 2007. This amount was allocated to goodwill under "Investments in associates" in the balance sheet. Alstom contributed €64m to Bouygues group consolidated net profit in the first half of 2007, including €36m in the second quarter. This figure was estimated on the basis of Alstom's results for the second half of its financial year (from 1 October 2006 to 31 March 2007).

  Depreciation and amortisation of asset remeasurements, together with other Group-level adjustments, had a net positive impact of €6m on the Bouygues group consolidated income statement for the first half of 2007 (based on the Bouygues group's interest of 25.35%).

  The provisional allocation of the purchase price to identifiable assets and liabilities and to goodwill, as shown in the consolidated financial statements for the year ended 31 December 2006, became definitive as of 30 June 2007 on the expiry of the twelve-month purchase price allocation period.

- **Colas Rail (Spie Rail):**

  On 31 May 2007, the Bouygues group acquired 100% of Spie Rail (since renamed Colas Rail) for €267m. A balance sheet was prepared as of the acquisition date, and consolidated in the financial statements as at 30 June 2007. No sales or results of operations were recognised for the six months ended 30 June 2007.

  The entire excess of the purchase price over the carrying amount of the net assets acquired, totalling €181m, has been provisionally recognised as goodwill. The allocation of this amount to identifiable assets and liabilities is ongoing.

  The shares in ETF (a subsidiary of Colas Rail), included in "Held-for-sale assets and discontinued operations", were sold on 31 July 2007 for their carrying amount of €33m.

- **Acquisition by TF1 of a 33.5% interest in the capital of the AB Groupe:**

  Following a ruling issued on 27 March 2007 by the French audiovisual regulator (the CSA), on 2 April 2007 TF1 and the Berda family completed the acquisition by TF1 of a 33.5% interest in the capital of the AB Groupe, formed out of the AB SAS and WB Télévision SA groups. The purchase price was €230m, payable in two tranches of €115m. The first payment was made by TF1 on the acquisition date, 2 April 2007. Under the terms of the agreement, the second tranche will be payable six months later, on 2 ctober 2007.

  The AB Groupe owns a catalogue of French-language television rights representing over 1,300 titles, and produces free-to-air TV channels in France and pay-TV channels available via satellite, cable, DTT or ADSL.

The investment in the AB Groupe is accounted for by the equity method (in "Investments in associates") with effect from 1 April 2007. The process of remeasuring the acquired assets and liabilities was ongoing as of 30 June 2007, and no share of profit or loss for the second quarter of 2007 has been recognised in the consolidated income statement.

1.2. CONSOLIDATED SALES FOR THE SIX MONTHS ENDED 30 JUNE 2007

Consolidated sales for the period were €13,298m, 10.3% higher than in the first half of 2006.

1.3. BOUYGUES PARTAGE EMPLOYEE SHARE OWNERSHIP PLAN: CAPITAL INCREASE OF 10 MAY 2007

In December 2006, the Board of Directors of Bouygues SA decided to carry out a further capital increase reserved for Group employees.

By the start of May 2007, nearly 76% of eligible employees (i.e. 53,185 employees, mainly in France), had subscribed to the plan. This resulted in the issuance of 6,371,520 shares, increasing shareholders' equity by a net amount of €231.5m.

Based on the final level of subscriptions, the total expense arising as a result of the 20% discount was €26m, including an additional charge of €12m recognised as of 30 June 2007 (these figures include the related tax savings).

1.4. SIGNIFICANT EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION SUBSEQUENT TO 30 JUNE 2007

- **Interest in Bouygues Telecom:**

In July 2007, BNP Paribas exercised its put option over shares representing 6.5% of the capital of Bouygues Telecom.

As a result of this transaction, due to be completed in early September 2007, Bouygues will (subject to the exercise of pre-emptive rights by the other shareholders), directly or indirectly hold an 89.5% interest in the capital of Bouygues Telecom.

In accordance with IFRS, the acquisition price has already been recognised in the Bouygues financial statements.

NOTE 2	ACCOUNTING POLICIES

2.1. BUSINESS ACTIVITIES

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

a) Construction:

- Bouygues Construction (Building & Civil works, Electrical Contracting)
- Bouygues Immobilier (Property)
- Colas (Roads)

b) Telecoms/Media

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

As at 30 June 2007, the Bouygues group also held a 25.35% interest in Alstom (Power and Transport).

The Bouygues group has operations in nearly 80 countries. In the six months ended 30 June 2007, the Group generated sales of €13,298m (up 10.3%), of which €3,599m was generated outside France.

2.2. DECLARATION OF COMPLIANCE

- The Bouygues group consolidated financial statements for the six months ended 30 June 2007 have been prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union and applicable on 30 June 2007. These standards, collectively referred to as International Financial Reporting Standards (IFRS), also include International Accounting Standards (IAS) and interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

  The Bouygues group does not early adopt standards or interpretations that have not yet been adopted by the European Union (for IFRIC 12, see comments below).

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

  The consolidated financial statements were adopted by the Board of Directors on 30 August 2007.

2.3. BASIS OF PREPARATION

The consolidated financial statements for the six months ended 30 June 2007 have been prepared in accordance with IAS 34 ("Interim Financial Reporting") using the historical cost convention, except for certain financial assets and liabilities measured at fair value. They do not include all the information required to be disclosed in the full annual financial statements (in particular, detailed disclosures of accounting policies), and hence should be read in conjunction with the consolidated financial statements for the year ended 31 December 2006.

The accounting policies applied by the Bouygues group in its consolidated financial statements for the six months ended 30 June 2007 are the same as those applied in the consolidated financial statements for the year ended 31 December 2006.

- Because of the seasonal nature of the roads business, especially in Europe and North America, sales and results for the first half of the year do not represent 50% of the full-year performance.

- The new standards and interpretations applicable as of 1 January 2007 have no material impact on the Bouygues group consolidated financial statements for the six months ended 30 June 2007:

  - IFRS 7: applies as of 31 December 2007 to groups that publish condensed interim information;
  - Amendment to IAS 1 (disclosure of additional information in the notes to the financial statements);
  - IFRICs 7 to 10 (in particular, financial disclosures).

- Other standards and interpretations issued by the IASB but not yet adopted by the European Union:

  - IFRS 8 (Operating Segments); IAS 23 (Borrowing Costs); IFRIC 11 (Group and Treasury Share Transactions); IFRIC 13 (Customer Loyalty Programmes): not early adopted by the Bouygues group in the consolidated financial statements at 30 June 2007.
  - IFRIC 12: Bouygues has applied IFRIC 12 to the Portsmouth PFI contract recorded in the books of Colas. This contract is accounted for as a receivable (financial asset), since this treatment most closely reflects the underlying financial and economic reality of the contract. It is the only contract of this type held by Colas.

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

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

Preparing financial statements to comply with IFRS requires the use of estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the balance sheet date, and the amounts of income and expenses reported for the accounting 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 goodwill impairment, share-based payment (stock options), employee benefits (such as lump-sum retirement benefits), the fair value of unlisted financial instruments, other miscellaneous provisions, and deferred tax assets.

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

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

2.4. Consolidation methods

- Full consolidation:

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

  - Exclusive control over TF1:

    - Bouygues holds 42.8% of the capital and voting rights of TF1.

  The exercise of exclusive control by Bouygues is demonstrated by the fact that:

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

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

    Bouygues has clearly had exclusive power to determine decisions at TF1 shareholders' meetings for 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 applies in particular to Bouygues Construction and Colas construction project joint ventures.

- Investments in associates:

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

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

  - Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by (i) its 25.35% interest in the capital and (ii) its control of two seats on the Board of Directors. The carrying amount of the interest in Alstom (inclusive of goodwill) is reported under "Investments in associates" in the balance sheet.

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

- **Changes in scope of consolidation:**

	30 June 2007	31 December 2006
Fully consolidated	845	825
Proportionately consolidated	221	226
Equity method	33	32
	1,099	1,083

The main changes during the period are described in the “Significant Events” section.

2.5. Financial indicators

Definitions of key financial indicators:

2.5.1. EBITDA

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

2.5.2. Free cash flow

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

2.5.3. Net debt

This represents the aggregate of:

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

2.6. Other information

Comparability of the IFRS financial statements:

- The accounting policies applied under IFRS as at 30 June 2007 are the same as those applied as at 31 December 2006. The consolidated financial statements presented for 2006 exclude TPS and BTC (sold or held for sale) in order to provide valid comparatives with 2007.

3.1. PROPERTY, PLANT AND EQUIPMENT

Net	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
31 December 2006	**1,113**	**3,067**	**590**	**269**	**5,039**
of which finance leases	16	39	25		**80**
30 June 2007	**1,173**	**3,085**	**632**	**261**	**5,151**
of which finance leases	17	37	19		**73**

Analyses by business segment of the carrying amount of property, plant and equipment, and of net acquisitions of intangible assets and property, plant and equipment, are provided in note 13, "Segment information".

3.2. INTANGIBLE ASSETS

Net	Concessions, patents and similar rights	Other intangible assets	Total
31 December 2006	**710**	**312**	**1,022**
30 June 2007	**691**	**323**	**1,014**

This item mainly comprises software and licences held by Bouygues Telecom.

3.3. GOODWILL

3.3.1. Movement in the carrying amount of goodwill in the six months ended 30 June 2007

	Gross value	Impairment	Carrying amount
1 January 2007	**4,820**	**(39)**	**4,781**
Change in scope of consolidation	285 (1)		285
Impairment losses		(1)	(1)
Translation and other movements	(6)		(6)
30 June 2007	**5,099**	**(40)**	**5,059**

(1) The main movements during the first half of 2007 relate to acquisitions made by Colas and Bouygues Construction: acquisition of the Spie Rail group (renamed Colas Rail) by Colas, and of the Mibag group (Switzerland) by Bouygues Construction. In the case of the Spie Rail acquisition, the entire excess of the purchase price over the carrying amount of the net assets acquired has provisionally been recognised as goodwill (€181m), pending allocation of the purchase price to the identifiable assets and liabilities acquired.

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

(excluding goodwill on associates)

Segment (1)	30 June 2007		31 December 2006	
	Total	% Bouygues SA	Total	% Bouygues SA
Bouygues Construction	305	99.97%	224	99.97%
Colas	1,026	96.44%	827	96.49%
TF1	1,084	42.84%	1,085	42.92%
Bouygues Telecom	2,644	89.55%	2,645	89.55%
TOTAL	**5,059**		**4,781**	

(1) Includes goodwill generated by the segment on acquisitions of subsidiaries.

3.4. INVESTMENTS IN ASSOCIATES

	Carrying amount
1 January 2007	**2,940**
Changes in scope of consolidation, translation effects	251
Share of net profit/loss for the period	103
Other movements	(26)
30 June 2007	**3,268** (1)

(1) Includes:
- Alstom (25.35%) €2,498m, including goodwill of €1,655m
- AB Groupe (33.5%) €230m, formed from the AB SAS and WB Télévision SA groups
- Cofiroute (16.7%) €414m

3.5. OTHER NON-CURRENT ASSETS

Carrying amount	Investments in non-consolidated companies	Other non-current assets (1)	Total	Non-current tax assets (2)
31 December 2006	**114**	**973**	**1,087**	**271**
30 June 2007	**120**	**1,014**	**1,134**	**271**

(1) Includes:

- Alstom Hydro Holding: Alstom has exclusive control over Alstom Hydro holding. This interest was recognised as a non-current financial asset as at 30 June 2007, amounting to €156m. The same treatment was applied as at 31 December 2006. Because of the long-term industrial strategy underpinning relations between Bouygues and Alstom, the Bouygues group does not account for the call option entitling it to exchange this asset for Alstom shares as a financial instrument. If this item had been accounted for as a financial instrument, the resulting volatility would have had an estimated favourable impact of €50m on the financial statements as at 31 December 2006, increasing by €27m during the first half of 2007 (total impact: €77m), corresponding to the intrinsic after-tax value of the put option as at 30 June 2007.

- Canal + France financial asset (TF1): €647m

(2) See note 6 for details.

3.6. CONSOLIDATED PURCHASE PRICE OF LISTED SHARES

	Consolidated purchase price per share *(1)*	Closing market price 30 June 2007
TF1	12.28	25.67
Colas	72.66	332.01
Alstom	71.15	124.22

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

NOTE 4	CONSOLIDATED SHAREHOLDERS' EQUITY	7,032

4.1. SHARE CAPITAL OF BOUYGUES SA (IN EUROS)

€343,492,160

As at 30 June 2007, the share capital of Bouygues SA consisted of 343,492,160 shares with a par value of €1.
Movements in the six months ended 30 June 2007 were as follows:

	1 January 2007	Movements during the period Reductions	Movements during the period Increases	30 June 2007
Shares	334,777,583		8,714,577 (1)	343,492,160
Investment certificates				
Number of shares	**334,777,583**		**8,714,577**	**343,492,160**
Par value	€1			1 €
Share capital (in euros)	**334,777,583**		**8,714,577**	**343,492,160**

(1) Includes:
- Capital increase on exercise of options: 2,343,057 shares
- Capital increase under Bouygues Partage employee share ownership plan: 6,371,520 shares

4.2. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP AND TO MINORITY INTERESTS AS AT 30 JUNE 2007

Position at 30 June 2007	Share capital and share premium	Reserves related to capital/ retained earnings	Translation reserve	Consolidated reserves and profit for the period	Treasury shares	Items recognised directly in equity	Total 30 June 2007
Attributable to the Group	2,390	1,245	12	2,356	(156)	52	**5,899**
Minority interests				1,131		2	**1,133**
Total shareholders' equity	**2,390**	**1,245**	**12**	**3,487**	**(156)**	**54**	**7,032**

4.2.1. Changes in shareholders' equity attributable to the Group and to minority interests

A statement of changes in consolidated shareholders' equity is included in the financial statements as at 30 June 2007.

4.3. ANALYSIS OF SELECTED COMPONENTS OF SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP

(included in "Translation reserve" and "Items recognised directly in equity")

	See details:	31/12/06	Movements	30/06/07
Translation reserve	*4.3.1.*	**8**	**4**	**12**
Fair value remeasurement reserve (financial instruments)		**84**	**30**	**114**

4.3.1. Translation reserve

- Principal translation differences as at 30 June 2007 on companies reporting in:

	31/12/06	Movements	30/06/07
US Dollar	(11)	(8)	(19)
Canadian dollar	2	9	11
Other currencies	17	3	20
Total	**8**	**4**	**12**

NOTE 5	NON-CURRENT AND CURRENT PROVISIONS	1,418
		702

5.1. NON-CURRENT PROVISIONS = 1,418

	Long-term employee benefits (1)	Litigation and claims (2)	Guarantees given (3)	Other non-current provisions (4)	TOTAL
1 January 2007	**397**	**333**	**268**	**434**	**1,432**
Translation adjustments					
Transfers between items and other				(2)	**(2)**
Changes in scope of consolidation	14	5	2	8	**29**
Charges to provisions	32	16	31	20	**99**
Provisions utilised	(10)	(67)	(20)	(13)	**(110)**
Provisions no longer required	(3)	(17)	(7)	(3)	**(30)**
30 June 2007	**430**	**270**	**274**	**444**	**1,418**

(1) **Long-term employee benefits:** **430**

- Lump-sum retirement benefits 301
- Long-service awards 101
- Other long-term employee benefits 28

Principal segments involved:

- *Bouygues Construction* *104*
- *Colas* *227*
- *TF1* *35*

NB: The Bouygues group makes only limited use of defined-benefit plans, in France and other countries (Colas/USA-UK, etc)

(2) **Litigation and claims** **270**

- Provisions for customer disputes 120
- Provisions for subcontractor claims 45
- Employee-related litigation and claims 17
- Other litigation and claims 88

- *Bouygues Construction* *120*
- *Bouygues Immobilier* *40*
- *Colas* *84*

(3) **Guarantees given** **274**

- Provisions for customer warranties 193
- Provisions for additional building and civil works guarantees 81

- *Bouygues Construction* *180*
- *Bouygues Immobilier* *16*
- *Colas* *76*

(4) **Other non-current provisions** **444**

- Risks related to official inspections 139
- Provisions for subsidiaries and associates 23
- Provisions for site remediation costs 90
- Other non-current provisions 192

- *Bouygues Construction* *130*
- *Colas* *164*
- *Bouygues Telecom* *48*

5.2. CURRENT PROVISIONS = 702

- Provisions related to the operating cycle

	Customer warranties	Construction project risks and project completion	Losses to completion	Customer loyalty programmes (Bouygues Telecom)	Other current provisions	Total
1 January 2007	**36**	**165**	**112**	**177**	**200**	**690**
Translation adjustments						
Transfers between items and other		(1)			6	**5**
Changes in scope of consolidation	1	1	14		6	**22**
Charges to provisions	8	24	37	92	36	**197**
Provisions utilised	(7)	(15)	(28)	(83)	(56)	**(189)**
Provisions no longer required	(1)	(10)	(5)		(7)	**(23)**
30 June 2007	**37**	**164** [1]	**130** [2]	**186**	**185** [3]	**702**

[1] Including:

		Principal segments involved:	
- provisions for risks on completed projects	80	*- Bouygues Construction*	*123*
- provisions for final settlement on projects	84	*- Colas*	*41*

[2] Provisions for losses to completion relate to the Construction segment (Bouygues Construction, Bouygues Immobilier and Colas).

(Individual project provisions are not disclosed for confidentiality reasons)

[3] Including:

- reinsurance costs	20	*- Challenger Reassurance*	*20*
- other current provisions	165	*- Bouygues Construction*	*44*
		- Colas	*36*
		- TF1	*53*

NOTE 6	NON-CURRENT TAX ASSETS AND LIABILITIES	271 / 76

6.1. NON-CURRENT TAX ASSETS = 271

	31/12/06	Movements	30/06/07
Deferred tax assets	250	21	271
- Bouygues Telecom	64	4	68 (1)
- Bouygues Construction	66	2	68
- Colas	69	13	82
- Other business segments	51	2	53
Other non-current tax assets	21	(21) (2)	0
Total non-current tax assets	**271**	**0**	**271**

(1) Bouygues Telecom: deferred tax assets relate to temporary differences
(2) Reclassified as a current tax asset

6.2. NON-CURRENT TAX LIABILITIES = 76

	31/12/06	Movements	30/06/07
Deferred tax liabilities	75	1	76
Other non-current tax liabilities	0	0	0
Total non-current tax liabilities	**75**	**1**	**76**

NOTE 7	NON-CURRENT AND CURRENT DEBT	6,895 / 1,001

7.1. INTEREST-BEARING DEBT BY MATURITY

	Current debt (less than 1 year)	Non-current debt							Total non-current debt	*Total non-current debt*
		1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 6 years	6 years or more	Other	30/06/07	*31/12/06*
- Bond issues	118	1,000		1,238		1,149	3,163		**6,550**	*6,564*
- Bank borrowings	404	61	83	23	10	6	50		**233**	*177*
- Finance lease obligations	20	16	14	8	7	1	6		**52**	*56*
- Other debt	22	12	33	3	6	2	4		**60**	*47*
Total interest-bearing debt	**564**	**1,089**	**130**	**1,272**	**23**	**1,158**	**3,223**		**6,895**	***6,844***
Call option over 6.5% of Bouygues Telecom	437									
Total incl. Bouygues Telecom option	**1,001**	**1,089**	**130**	**1,272**	**23**	**1,158**	**3,223**		**6,895**	***6,844***
Comparative at 31 December 2006	*867*	*60*	*1,105*	*536*	*771*	*13*	*4,359*			

7.2. COVENANTS AND TRIGGER EVENTS

The bank loans contracted by Bouygues and its subsidiaries do not include any covenants or trigger events.

The 10-year bond issue maturing May 2016, the 7-year bond issue maturing May 2013 and the 20-year sterling bond issue maturing 2026 all contain a change of control clause relating to Bouygues SA.

NOTE 8	MAIN COMPONENTS OF CHANGE IN NET DEBT	(5,115)

8.1. CHANGE IN NET DEBT

	31/12/06	Movement in the period	30/06/07
Cash and equivalents	3,776	(610)	3,166
Overdrafts and short-term bank borrowings	(247)	(134)	(381)
Net cash and equivalents	**3,529**	**(744)** (1)	**2,785**
Non-current debt	(6,844)	(51)	(6,895)
Current debt	(867)	(134)	(1,001)
Financial instruments, net	6	(10)	(4)
Gross debt	**(7,705)**	**(195)**	**(7,900)**
Net debt	**(4,176)**	**(939)**	**(5,115)**

(1) Cash flows as analysed in the consolidated cash flow statement for the period.

8.2. PRINCIPAL TRANSACTIONS IN THE PERIOD:

Net debt at 31 December 2006	**(4,176)**
Acquisition of an additional 0.28% interest in Alstom	**(43)**
Capital increase under Bouygues Partage employee share ownership plan (May 2007)	**232**
Dividends paid (Bouygues SA/Minorities, etc)	**(581)**
Purchase of treasury shares	**(81)**
Principal acquisitions of investments (Spie Rail, Mibag, AB Groupe, etc)	**(464)**
Operating and other items	**(2)**
Net debt at 30 June 2007	**(5,115)**

NOTE 9	ANALYSIS OF SALES AND OTHER REVENUES FROM OPERATIONS	13,298 / 84

9.1. ANALYSIS BY ACCOUNTING CLASSIFICATION

	First half of 2007	First half of 2006
Sales of goods	1,175	1,125
Sales of services	5,335	4,865
Construction contracts	6,788	6,062
Sales	**13,298**	**12,052**
Other revenues from operations	84	89
Total	**13,382**	**12,141**

9.2. ANALYSIS BY BUSINESS SEGMENT

BUSINESS SEGMENT	2007 first-half sales France	International	Total	%	2006 first-half sales France	International	Total	%
Construction	2,266	1,446	3,712	28	1,989	1,166	3,155	26
Property	741	67	808	6	636	85	721	6
Roads	3,117	1,797	4,914	37	2,821	1,675	4,496	37
Media	1,279	144	1,423	11	1,241	136	1,377	12
Telecoms	2,293		2,293	17	2,175		2,175	18
Bouygues SA & other activities	3	145	148	1	3	125	128	1
Consolidated sales	**9,699**	**3,599**	**13,298**	**100**	**8,865**	**3,187**	**12,052**	**100**
% year-on-year change	**9%**	**13%**	**10%**					

9.3. ANALYSIS BY GEOGRAPHICAL SEGMENT

	2007 first-half sales Total	%	2006 first-half sales Total	%
France	9,699	73	8,865	73
European Union	1,463 (1)	11	1,123	9
Rest of Europe	356	3	440 (1)	4
Africa	599	5	473	4
Middle East	63		25	
United States and Canada	712	5	703	6
Central and South America	96	1	76	1
Asia-Pacific	310	2	347	3
Total	**13,298**	**100**	**12,052**	**100**

(1) Includes Bulgaria and Romania:€90m in H1 2007, €43m in H1 2006

NOTE 10	OPERATING PROFIT	1,055

First-half operating profit increased by 22% (Bouygues Telecom up 48%, TF1 up 26% and Colas up 84%), see note 13 for details.

		First half of 2007	First half of 2006
Sales		13,298	12,052
Other revenues from operations		84	89
Purchases used in production and external charges		(9,073)	(8,146)
Taxes other than income tax		(315)	(282)
Personnel costs		(2,883)	(2,555)
Net depreciation, amortisation, provisions and impairment losses			
- Depreciation and amortisation expense		(584)	(575)
- Net charges to provisions and impairment losses (1)		(98)	(108)
Changes in production and property development inventories		313	125
Other income and expenses from operations		292	248
- Reversals of unused provisions and impairment losses	90		109
- Gains on disposals of non-current assets	33		62
- Other income and expenses	169		77
Current operating profit		**1,034**	**848**
Other operating income and expenses		21 (2)	14
Operating profit		**1,055**	**862**

(1) Including reversals of utilised provisions

(2) Material non-current operating income and expenses.
Amounts for 2007 and 2006 consist solely of competition fines incurred by the Construction segment.

NOTE 11	COST OF NET DEBT	(95)

ANALYSIS OF COST OF NET DEBT

	06/2007	06/2006
- Net debt	(109)	(70)
- Finance leases	(1)	(2)
- Financial instruments used for hedging purposes	15	(5)
Total	**(95)** (1)	**(77)**

See Note 13 ("Segment information") for a breakdown by business segment.

(1) Increase of €18m due partly to new bond issues made in 2006.

NOTE 12	INCOME TAX EXPENSE	(284)

ANALYSIS OF INCOME TAX EXPENSE

	First half of 2007			First half of 2006		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(254) [2]	(35)	(289)	(123)	(41)	(164)
Change in deferred tax liabilities	5	2	7	11	1	12
Change in deferred tax assets [1]	(1)	(1)	(2)	(97)		(97)
Total	**(250)**	**(34)**	**(284)**	**(209)**	**(40)**	**(249)**
[1] incl. reversal of Bouygues Telecom deferred tax assets:	5			(107)		
[2] incl. Bouygues Telecom tax payable:	(157)			7		

NOTE 13	SEGMENT INFORMATION

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

ANALYSIS BY BUSINESS SEGMENT: SIX MONTHS ENDED 30 JUNE 2007

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	TOTAL	TOTAL
income statement for the six months ended 30 June 2007							H1 2007	H1 2006
Total sales	3,818	809	4,925	1,431	2,300	219	13,502	12,391
Inter-segment sales	(106)	(1)	(11)	(8)	(7)	(71)	(204)	(339)
Third-party sales	3,712	808	4,914	1,423	2,293	148	13,298	12,052
Operating profit	150	72	136	264	440	(7)	1,055	862
Cost of net debt	37	(4)	(6)	(8)	1	(115)	(95)	(77)
Income tax expense	(54)	(22)	(43)	(86)	(152)	73	(284)	(249)
Share of profits and losses of associates	5		28	(1)		71	103	39
Net profit attributable to the Group	148	42	113	80	258	14 (1)	655	565
Balance sheet as at 30 June 2007							30/06/07	31/12/06
Property, plant and equipment (2)	429	11	1,938	152	2,234	387	5,151	5,039
Intangible assets	33	3	65	161	745	7	1,014	1,022
Goodwill	305		1,026	1,084	2,644	(3)	5,059	4,781
Investments in associates	79		447	244		2,498 (4)	3,268	2,940
Trade receivables	1,994	55	3,434	684	617	381	7,165	6,252
Cash and equivalents	346	101	229	93	15	2,382	3,166	3,776
Non-current debt	315	53	186	494	42	5,805	6,895	6,844
Non-current provisions	534	86	551	48	101	98	1,418	1,432
Current debt	7	128	137	166	5	558	1,001	867
Trade payables	2,104	530	2,552	675	925	346	7,132	6,744
Cash flow statement for the six months ended 30 June 2007							H1 2007	H1 2006
Net acquisitions of property, plant and equipment and intangible assets	133	3	216	36	215	10	613	699
Net acquisitions of investments in consolidated companies and other investments	49		301 (5)	214 (6)		34	598	2,109
Other indicators for the six months ended 30 June 2007							H1 2007	H1 2006
Ebitda	184	56	316	330	732	8	1,626	1,422

(1) Includes contribution from Alstom of €64m (excluding consolidation adjustments of €6m booked at Bouygues group level).
(2) See Note 3 for a breakdown by type of asset.
(3) Goodwill arising on acquisitions made by Bouygues SA is allocated to the acquired business (see Note 3.3.2).
(4) Relates solely to Alstom, see Note 3.4.
(5) Includes acquisition of Spie Rail (Colas) = €267m
(6) Includes acquisition of AB Groupe (TF1) = €230m

NOTE 14	PRINCIPAL EXCHANGE RATES

Convention: 1 local currency unit = x euros

Country	Currency	Closing rate		Average rate for the period	
		30 June 2007	31 Dec. 2006	First half of 2007	Full year 2006
EUROPE					
Denmark	Danish krone	0.134369	0.134120	0.134227	0.134066
United Kingdom	Pound sterling	1.483680	1.489203	1.480221	1.466482
Hungary	Hungarian forint	0.004063	0.003972	0.003991	0.003786
Poland	Polish zloty	0.265414	0.261028	0.260008	0.256439
Czech Republic	Czech koruna	0.034821	0.036383	0.035370	0.035379
Romania	Romanian leu	0.319081	0.295552	0.301629	0.284694
Switzerland	Swiss franc	0.604120	0.622316	0.611714	0.634213
NORTH AMERICA					
United States	US dollar	0.740466	0.759301	0.749569	0.791771
Canada	Canadian dollar	0.702001	0.654407	0.667186	0.700939
REST OF THE WORLD					
Morocco	Moroccan dirham	0.089350	0.089759	0.089546	0.090474
Thailand	Thai baht	0.023466	0.021381	0.022701	0.021037
Hong Kong	Hong Kong dollar	0.094725	0.097648	0.095936	0.101914
African Financial Community	CFA franc	0.001524	0.001524	0.001524	0.001524
South Africa	South African rand	0.104678	0.108549	0.104419	0.115831

CERTIFICATE OF RESPONSIBILITY

I certify that to the best of my knowledge the financial statements 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 half-year review provides an accurate representation of significant events in the first six months of the year and of their impact on the interim financial statements, of the main related-party transactions and of the main risks and uncertainties for the remaining six months.

Done at Paris,
30 August 2007

Chairman and CEO

Martin Bouygues

AUDITORS' REPORT
ON THE INTERIM FINANCIAL STATEMENTS

Ladies and gentlemen,

In our capacity as statutory auditors and in accordance with Article L. 232-7 of the Commercial Code, we have:

- performed a limited review of Bouygues' condensed consolidated interim financial statements for the period from 1 January to 30 June as attached to this review;

- verified the information contained in the half-year review.

These condensed consolidated interim financial statements have been prepared under the responsibility of the Board of Directors. Our responsibility is to express a conclusion on them based on our limited review.

We have performed our limited review in accordance with the professional standards applicable in France. A limited review of interim financial statements involves obtaining the information deemed necessary, principally from the persons responsible for accounting and financial matters, and implementing analytical and any other appropriate procedures. A review of this type does not include all the procedures specific to an audit performed in accordance with the professional standards applicable in France. It does not therefore provide assurance that all significant items which could have been identified during an audit have been identified. Consequently, we do not express an audit opinion.

On the basis of our limited review, no significant misstatements have come to our attention which would cause us to question the compliance, in all significant respects, of the condensed consolidated interim financial statements with IAS 34, the standard relating to interim financial reporting forming part of IFRS as adopted in the European Union.

We have also verified, in accordance with the professional standards applicable in France, the information contained in the half-year review commenting on the condensed consolidated interim financial statements which were the subject of our limited review.

We have no observations to make with regard to the fairness of this information and its consistency with the condensed consolidated interim financial statements.

Done at Paris La Défense and Courbevoie, on 30 August 2007

The Auditors,

ERNST & YOUNG AUDIT
Jean-Claude Lomberget

MAZARS & GUERARD
Gilles Rainaut