CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED 30 SEPTEMBER 2013

NOTES

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(FIGURES IN MILLIONS OF EUROS UNLESS OTHERWISE INDICATED)

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Declaration of compliance:

The interim condensed consolidated financial statements of Bouygues and its subsidiaries (the “Group”) for the nine months ended 30 September 2013 were prepared in accordance with IAS 34, “Interim Financial Reporting”, a standard issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Because they are condensed, these financial statements do not include all the information required under the standards issued by the IASB, and should be read in conjunction with the full-year financial statements of the Bouygues group for the year ended 31 December 2012.

They were prepared in accordance with the standards issued by the IASB as endorsed by the European Union and applicable as of 30 September 2013. These standards comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the IFRS Interpretations Committee – previously the International Financial Reporting Interpretations Committee (IFRIC), itself the successor body to the Standing Interpretations Committee (SIC). The Group has not early adopted as of 30 September 2013 any standard or interpretation not endorsed by the European Union.

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

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

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2012, and from the condensed consolidated financial statements for the nine months ended 30 September 2012.

NOTE 1. SIGNIFICANT EVENTS OF THE PERIOD

1.1. SCOPE OF CONSOLIDATION AS AT 30 SEPTEMBER 2013

1,128 entities were consolidated at 30 September 2013, compared with 1,129 at 31 December 2012. The net reduction of 1 entity relates to the deconsolidation of entities set up for property co-promotion programmes (*Société Civile Immobilière – SCI*) and construction project companies (*Société en Participation – SEP*) on project completion (mainly in the construction segment), offset by newly-consolidated entities (mainly at Colas, with the acquisitions made during 2013 in Australia and Canada and the first-time consolidation of entities acquired at the end of 2012 in New Caledonia).

	30 SEPTEMBER 2013	31 DECEMBER 2012
Fully consolidated	**836**	**839**
Proportionately consolidated	**216**	**226**
Associates (equity method)	**76**	**64**
	1,128	**1,129**

1.2. SIGNIFICANT EVENTS

1.2.1. Significant events of the first nine months of 2013

The main corporate actions of the period are described below:

- On 7 January 2013, Bouygues repurchased 5,074,906 of its own shares, representing 1.57% of its share capital, for €99 million. On 26 February 2013, the Bouygues Board of Directors decided to cancel these shares.
- Arcep, the French electronic communications and postal services regulator, approved Bouygues Telecom's request to reuse the 1800 MHz frequency band from 1 October 2013 for the deployment of 4G, subject to part of the company's bandwidth being returned.
- On 25 April 2013, the Annual General Meeting approved the distribution of a dividend of €1.60 for each of the 319,077,468 shares in issue, representing a total payout of €511 million. The dividend was paid on 6 May 2013.
- On 29 May 2013, Bouygues redeemed the €709 million outstanding on its May 2006 4.5% bond issue.
- On 3 July 2013, Colas acquired 100% of the shares of Furfari Paving Co Limited (production and application of road surfaces), renamed RoadWorks Ontario, in Canada. This company, which generates annual sales in the region of €110 million, is accounted for by the full consolidation method. The excess of the consideration paid over the book value of the net assets acquired amounted to €51 million, and has been provisionally recognised as goodwill.
- On 22 July 2013, Bouygues Telecom and SFR announced that they were in exclusive talks with a view to reaching an agreement to share part of their mobile networks. This strategic agreement will be subject to prior consultation with the employee representative bodies of the two companies and to review by the French Competition Authority and by Arcep.

1.2.2. Reminder of significant events of the first nine months of 2012

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

- On 17 January 2012, Bouygues Telecom was granted, in exchange for €683 million, authorisation to use 10 MHz frequencies in the 800 MHz band in France (excluding overseas territories) to establish and operate a public mobile radio-electric network, with a commitment to open it to Mobile Virtual Network Operators (MVNOs). This authorisation, which will come into service at a future date, was awarded for a period of 20 years.

- On 27 January 2012, Bouygues raised €800 million via a ten-year bond issue bearing interest at 4.5%, with a view to refinancing debt that is approaching maturity. The issue was paid up on 9 February 2012.

- On 18 September 2012, Bouygues raised €700 million via a bond issue maturing in 2023, bearing interest at 3.625%. The issue was paid up on 2 October 2012.

- The reorganisation and adaptation measures implemented by Bouygues Telecom and TF1 had a negative impact of €95 million on the financial statements for the nine months ended 30 September 2012 (see Note 10, “Operating Profit”).

1.3. CONSOLIDATED SALES FOR THE FIRST NINE MONTHS OF 2013

Consolidated sales for the first nine months of 2013 were €24,255 million, 1% lower than for the comparable period of 2012 (€24,597 million).

1.4. SIGNIFICANT EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION SUBSEQUENT TO 30 SEPTEMBER 2013

None.

NOTE 2. GROUP ACCOUNTING POLICIES

2.1. BUSINESS AREAS

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

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

a) Construction:

- Bouygues Construction (Building & Civil Works, Energies and Services)
- Bouygues Immobilier (Property)
- Colas (Roads)

b) Telecoms/Media:

- TF1 (Television)
- Bouygues Telecom (Mobile/Fixed, TV and Internet Services)

c) The Bouygues group also holds a 29.34% interest in the Alstom group (Alstom Thermal Power, Alstom Renewable Power, Alstom Transport, Alstom Grid).

2.2. BASIS OF PREPARATION

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

They were adopted by the Board of Directors on 13 November 2013.

The condensed consolidated financial statements for the nine months ended 30 September 2013 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is a requirement under IFRS. They include comparatives as at and for the year ended 31 December 2012 and the nine months ended 30 September 2012.

The Bouygues group applied the same standards, interpretations and accounting policies for the nine months ended 30 September 2013 as applied in its consolidated financial statements for the year ended 31 December 2012, except for changes required to meet new IFRS requirements applicable from 1 January 2013 as described below; these changes had no material impact on the financial statements.

- *Principal new standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption for periods beginning on or after 1 January 2013:*

  - **Amendment to IAS 1**: Presentation of items of Other Comprehensive Income (OCI).
    Although the amendment to IAS 1 had not been adopted by the European Union as of 31 December 2011, it was early adopted by the Group from 1 January 2011 since it was not in conflict with pronouncements that had already been endorsed. This amendment became effective within the European Union on 6 June 2012 and is mandatorily applicable from 1 January 2013.

- **Amendment to IAS 19**, “Employee Benefits” (published in the Official Journal of the European Union on 6 June 2012, mandatorily applicable from 1 January 2013, early adoption permitted from 1 January 2012). This amendment was early adopted in the consolidated financial statements for the year ended 31 December 2012. Because the Group already recognised in equity actuarial gains and losses arising on employee benefits under defined-benefit plans, applying this change in accounting policy would have had an immaterial impact on net assets and net profit for the year ended 31 December 2011. The €20-million negative impact on equity (net of deferred tax assets) mainly related to the effect of a retirement plan amendment that occurred in 2005, net of the portion already amortised through profit or loss under IAS 19 as previously applied.

- **Amendments to IAS 12, “Income Taxes” (Deferred Taxes: Recovery of Underlying Assets) and to IFRS 1 “First-time Adoption of International Financial Reporting Standards” (Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters), and IFRS 13, “Fair Value Measurement”:** these pronouncements, endorsed by the European Union on 29 December 2012, are mandatorily applicable from 1 January 2013. They have no impact on the financial statements of the Bouygues group.

- **IFRS 10, “Consolidated Financial Statements”; IFRS 11, “Joint Arrangements”; IFRS 12, “Disclosure of Interests in Other Entities”; IAS 27, “Separate Financial Statements” (as revised in 2011); and IAS 28, “Investments in Associates and Joint Ventures” (as revised in 2011):** these pronouncements were endorsed by the European Union on 29 December 2012, and are mandatorily applicable from 1 January 2014. The principal changes and estimated impacts are described below.

  IFRS 10 replaces the provisions about consolidated financial statements previously included in IAS 27, “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation – Special Purpose Entities”; it also redefines the concept of control over an entity.

  IFRS 11 replaces IAS 31, “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”, and describes how joint arrangements should be treated.
  Under this new standard, joint arrangements over which two or more parties exercise joint control are accounted for on the basis of the rights and obligations of each of the parties to the arrangement, taking account of factors such as the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances:

  - Joint ventures, which give the parties rights over the net assets, must be accounted for using the equity method, the proportionate consolidation method being no longer permitted.
  - In the case of joint operations, which give each party direct rights over the assets and obligations for the liabilities, the assets and liabilities (revenue and expenses) of the joint operation must be accounted for in accordance with the interests held in the joint operation.

  IFRS 11 will apply principally to Bouygues group joint arrangements set up for various property co-promotion programmes (*Société Civile Immobilière – SCI*); various contracts carried out by construction project companies in the form of *Sociétés en Participation – SEP* (a form of silent partnership under French law) or other legal forms; and various companies that operate quarries or emulsion plants.

  IFRS 12 establishes the disclosure requirements relating to interests held in subsidiaries, joint arrangements, associates, and/or unconsolidated structured entities.

  The impact of these pronouncements, which were not early adopted by the Bouygues group as of 1 January 2013, is currently being finalised.

  Based on the analyses completed to date, the main impacts identified arise solely from implementation of IFRS 11, “Joint Arrangements”, and more specifically from the fact that the joint ventures in which the Group has an interest will be accounted for by the equity method, rather than by the proportionate consolidation method as at present.

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

  The table below shows the principal standards, amendments and interpretations that had been issued by the IASB prior to 30 September 2013 but have not yet come into effect:

Standard/Amendment/Interpretation	IASB effective date*	Expected impact on the Bouygues group
IFRIC 21: Levies	1 January 2014	Under review (this interpretation covers taxes that are outside the scope of IAS 12, such as C3S in France, etc.)
***** *Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column.*		

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

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

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

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

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

  - represent faithfully the financial position, financial performance and cash flows of the Group;

  - reflect the economic substance of the underlying transactions;

  - are neutral, prudent, and complete in all material respects.

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

2.3. CONSOLIDATION METHODS

- Full consolidation

  Companies over which Bouygues exercises control are consolidated using the full consolidation method.
  Acquisitions and divestments of non-controlling interests without loss of control are treated as transactions between shareholders, and their impact on the Group's financial statements is recognised in equity without affecting profit or loss.

  Assessment of exclusive control over TF1:

  - As at 30 September 2013, Bouygues held 43.56% of the capital and voting rights of TF1. Exclusive control by Bouygues over TF1 is demonstrated by the following:

    - Bouygues has consistently and regularly held a large majority of the voting rights exercised at TF1 general meetings, and no other shareholder directly or indirectly controls a higher share of voting rights than Bouygues.

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

    Other factors indicating the existence of exclusive control include:

    - the large number of seats on the TF1 Board of Directors allocated to Bouygues;

    - the role of Bouygues in appointing key executives of TF1.

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

- Proportionate consolidation: investments in joint ventures

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

- Investments in associates

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

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

- Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by its 29.34% interest in the capital and its control of two seats on the Board of Directors.

  The interest in Alstom is reported in "Investments in associates" in the balance sheet as of 30 September 2013, and is carried at net acquisition cost (including goodwill) plus Bouygues' share of Alstom's net profit since the acquisition date, representing a total net carrying amount of €4,487 million (including €2,510 million of goodwill).

  Based on the results published by Alstom on 6 November for the first half of its 2013/2014 financial year, and given the time-lag between the financial year-ends of Alstom (31 March) and Bouygues (31 December), the amount of Alstom's contribution to Bouygues' net profit for the third quarter was €51 million (versus €67 million for the third quarter of 2012), giving a total contribution of €168 million for the first nine months of 2013 (versus €181 million for the first nine months of 2012).
  Amortisation of fair value remeasurements of Alstom's identifiable intangible assets and other items had a negative impact of €11 million on the Group's consolidated income statement (portion attributable to the Bouygues group).

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

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

- In accordance with IAS 39, equity investments in non-consolidated companies are measured at fair value.

2.4. BUSINESS COMBINATIONS

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

In a business combination, the fair value of the consideration transferred is allocated to the identifiable assets and liabilities of the acquiree, which are measured at fair value at the acquisition date and presented in the balance sheet using the full fair value method in accordance with IFRS 3. This method involves remeasuring the assets and liabilities acquired at fair value in full (including non-controlling interests), rather than remeasuring just the percentage interest acquired.

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

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

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

Goodwill represents the excess of the cost of a business combination over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities that can be reliably measured at the acquisition date; non-controlling interests are either measured at fair value or not, depending on the option elected (see above). Goodwill is allocated to the CGU benefiting from the business combination or to the group of CGUs at the level of which return on investment is measured (business segment for the Bouygues group).

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

Negative goodwill (i.e. gain from a bargain purchase) is taken to the income statement in the period in which the acquisition is made.

Subsequently, goodwill is carried at cost net of any impairment losses identified annually using the methods described under "Impairment testing of non-current assets" in Note 2.7.1 below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

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

In the event of a change in percentage interest with no effect on control, the difference between the consideration paid or received and the carrying amount of the non-controlling interest is recognised directly in equity attributable to the Group. Consequently, no additional goodwill is recognised.

All acquisition-related costs are recognised as an expense in profit or loss for the period.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Non-controlling interests in these items are measured on the basis of the carrying amount of the items as shown in the balance sheet of the acquired entity.

2.5. Foreign currency translation

2.5.1. Transactions denominated in foreign currencies

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

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

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

2.6. ASSESSMENT OF INCOME TAXES

Income taxes of consolidated entities for interim periods are assessed in accordance with IAS 34: the income taxes of each entity are recognised on the basis of the best estimate of the average annual effective income tax rate for the financial year (except in the case of holding companies, which recognise income taxes on the basis of the actual tax position at the end of the period).

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

- Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
    - items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
    - items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes. Such assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which to offset the temporary differences, and are reviewed at each balance sheet date.
- Tax losses available for carry-forward (deferred tax assets), where it is probable that these losses will be recovered in future periods.

Deferred taxes are measured using known applicable national tax rates for the relevant country as at the balance sheet date. In the case of France, the tax rate applied to deferred taxes expected to reverse in 2013 or 2014 incorporates the exceptional 5% contribution enacted in the 2012 Finance Act.

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

2.7. NON-CURRENT ASSETS

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

Impairment tests are carried out on the carrying amount of non-current assets and investments in associates if there is objective evidence that they may have become impaired.
The carrying amounts of indefinite-lived intangible assets and goodwill are compared to their recoverable amounts at least at the end of each financial year.

Impairment testing of TF1, Bouygues Telecom and Colas

Method applied

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the Cash Generating Unit (CGU) to which they belong, or within the appropriate group of CGUs representing the lowest level at which management monitors return on investment (business segment level in the case of the Bouygues group). The recoverable amount of CGUs is measured as follows:

a) For TF1, which is listed on the stock market and has good liquidity: on the basis of the quoted share price if this exceeds the carrying amount of the assets (after allowing for a control premium); otherwise, using the Discounted Cash Flow (DCF) method as described below, taking account of the specific characteristics of TF1.

b) For other CGUs: using the DCF method, taking account of the specific characteristics of the CGU.

- The cash flows used are derived from the 3-year business plan prepared by the management of the segment and approved by the Board of Directors of the entity and (where appropriate) of Bouygues.

- The discount rate is determined using a weighted average cost of capital appropriate to the sector in which the segment operates, by reference to a panel of comparable companies. Two alternative capital structure scenarios are applied: ⅓ debt - ⅔ equity (scenario 1); ⅔ debt - ⅓ equity (scenario 2).

- The terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the business segment operates and with its competitive position in those markets.

The recoverable amount of the CGU as determined above is then compared with its carrying amount in the consolidated balance sheet. If this carrying amount is greater than the recoverable amount of the CGU, an impairment loss is recognised. Any such losses are allocated in the first instance to any goodwill recognised in the balance sheet, and may not be subsequently reversed.

Update as of 30 September 2013:

In the absence of any evidence of impairment since the most recent impairment tests were performed, the goodwill recognised in the balance sheet as of 30 September 2013 has not been subject to further impairment testing.

Impairment testing of the investment in Alstom

Method applied

Because goodwill included in the carrying amount of investments in associates is not reported separately, it is not tested separately for impairment, in line with IAS 36. An impairment loss is recognised if the carrying amount of the investment exceeds its recoverable amount; this loss is charged against the carrying amount of the investment, and may be reversed.

The investment is tested for impairment by comparing its carrying amount with its recoverable amount, determined by reference to value in use as derived from cash flow projections established by Bouygues management based on forecasts prepared by a panel of financial analysts.

Update as of 30 September 2013:

In the absence of any evidence of impairment since the most recent impairment test (performed for the purposes of the financial statements for the six months ended 30 June 2013), the carrying amount of the investment recognised in the balance sheet as of 30 September 2013 has not been subject to further impairment testing.

Conclusion

As of 30 September 2013, the recoverable amounts determined using each of the two capital structure scenarios are still greater than the carrying amount of the assets in question.

Note 3.4 to these condensed consolidated financial statements includes a table showing the consolidated carrying amount of listed shares held by Bouygues (TF1, Alstom, Colas) relative to the closing quoted share price on 30 September 2013. As of that date, there were no significant events that might call into question the carrying amounts reported for those companies.

2.8. CASH FLOW STATEMENT

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

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

The Bouygues group defines cash flow as consolidated net profit (or loss) for the period before: net depreciation and amortisation expense, net changes in provisions and impairment losses, gains and losses on asset disposals, cost of net debt (included in financing activities in the cash flow statement), and net income tax expense for the period.

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

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

2.9. OTHER FINANCIAL INDICATORS

2.9.1. EBITDA

Current operating profit (or loss) for the period excluding (i) net depreciation and amortisation expense and changes in provisions and (ii) impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

2.9.2. Free cash flow

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

2.9.3. Net debt

This represents the aggregate of:

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

2.10. STATEMENT OF RECOGNISED INCOME AND EXPENSE

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

2.11. COMPARABILITY OF THE FINANCIAL STATEMENTS

Changes in the scope of consolidation during the nine months ended 30 September 2013 did not have a material effect on the consolidated financial statements as of that date, and do not impair comparisons with the consolidated financial statements for the nine months ended 30 September 2012.

NOTE 3. NON-CURRENT ASSETS

For an analysis of the carrying amount of property, plant and equipment and intangible assets by business segment see Note 12, "Segment Information".

3.1 PROPERTY, PLANT AND EQUIPMENT

CARRYING AMOUNT	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
30 September 2013	**1,438**	**3,637**	**830**	**448**	**6,353**
of which finance leases	6	46	5		57
31 December 2012	**1,434**	**3,781**	**883**	**353**	**6,451**
of which finance leases	7	39	7		53

3.2 INTANGIBLE ASSETS

CARRYING AMOUNT	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
30 September 2013	**42**	**638**	**1,210**	**1,890** (a)
31 December 2012	**44**	**667**	**1,175**	**1,886**

(a) Includes €1,567m for Bouygues Telecom (primarily UMTS licence and 4G frequency licences).

3.3 GOODWILL

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

(excluding goodwill on associates: see Note 3.5)

	Gross value	Impairment	Carrying amount
31 December 2012	**5,717**	**(69)**	**5,648**
Changes in scope of consolidation	77 (a)		77
Other movements (including translation adjustments)	(35)	1	(34)
Net impairment losses recognised in the period		(7)	(7)
30 September 2013	**5,759**	**(75)**	**5,684**

(a) Includes €51m (provisional allocation) on the acquisition of Furfari Paving Co by Colas Canada (see Note 1.2.1).

3.3.2. Split of goodwill by Cash Generating Unit (CGU)

Segment	30 September 2013		31 December 2012	
	Total	% Bouygues	Total	% Bouygues
Bouygues Construction (subsidiaries)[a]	413	99.97%	421	99.97%
Colas [b]	1,164	96.60%	1,099	96.60%
TF1 [b]	1,458	43.56%	1,458	43.65%
Bouygues Telecom [b]	2,648	90.53%	2,669	90.53%
Other	1		1	
Total	**5,684**		**5,648**	

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

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

3.4 CONSOLIDATED CARRYING AMOUNT OF LISTED SHARES (€)

	Consolidated carrying amount per share [b]	Closing market price per share at 30 September 2013
TF1	14.01	12.87 [a]
Colas	97.02	115.85
Alstom	50.07	26.33

(a) *€14.79 after adjustment to reflect a control premium.*

(b) *See Note 2.7.*

3.5 INVESTMENTS IN ASSOCIATES

	Carrying amount
31 December 2012	**5,335**
Translation adjustments	(64)
Changes in scope of consolidation	(3)
Share of net profit/(loss) for the period	203 [a]
Payment of dividends	(132)
Other movements	22
30 September 2013	**5,361** [b]

(a) *Includes €157m (profit contribution of €168m, minus €11m for amortisation of fair value remeasurements) for Alstom, and €42m for Cofiroute.*

(b) *Includes €4,487m for Alstom (goodwill: €2,510m) and €481m for Cofiroute (Colas).*

NOTE 4. CURRENT ASSETS

INVENTORIES

	30 September 2013			31 Dec. 2012
	Gross value	Impairment	Carrying amount	Carrying amount
Property development inventories	1,480	(129)	1,351	1,380
Raw materials and finished goods	1,128	(43)	1,085	954
Programmes and broadcasting rights (TF1)	803	(134)	669	615
Total	**3,411**	**(306)**	**3,105**	**2,949**

NOTE 5. CONSOLIDATED SHAREHOLDERS' EQUITY

SHARE CAPITAL OF BOUYGUES SA (€)

As of 30 September 2013, the share capital of Bouygues SA consisted of 319,166,901 shares with a par value of €1.

		Movements in the period		
	31 December 2012	Reductions	Increases	30 September 2013
Shares	**324,232,374**	(5,074,906) (a)	9,433	**319,166,901**
Number of shares	**324,232,374**	**(5,074,906)**	**9,433**	**319,166,901**
Par value	**€1**			**€1**
Share capital (€)	**324,232,374**	**(5,074,906)**	**9,433**	**319,166,901**

(a) Cancellation of treasury shares acquired by Bouygues on 7 January 2013 (reduction of €99m in share capital and share premium).

NOTE 6. NON-CURRENT AND CURRENT PROVISIONS

6.1 NON-CURRENT PROVISIONS

	Long-term employee benefits (a)	Litigation and claims (b)	Guarantees given (c)	Other non-current provisions (d)	TOTAL
31 December 2012	**628**	**337**	**388**	**820**	**2,173**
Translation adjustments	(3)	(1)	(1)	(3)	(8)
Changes in scope of consolidation	1		(4)	(2)	(5)
Charges to provisions in the period	31	49	57	70	207
Reversals of provisions (utilised and unutilised) (e)	(17)	(58)	(53)	(101)	(229)
Actuarial gains and losses recognised directly in equity	(3)				(3)
Transfers & other movements		4	(5)	(8)	(9)
30 September 2013	**637**	**331**	**382**	**776**	**2,126**

(a) Long-term employee benefits		***637***
• Lump-sum retirement benefits and long-service awards	*579*	
• Other long-term employee benefits (mainly comprises pension funds of Colas subsidiaries in English-speaking countries)	*58*	
(b) Litigation and claims		***331***
• Provisions for customer disputes	*160*	
• Provisions for subcontractor claims	*32*	
• Other litigation and claims (including employee disputes)	*139*	
(c) Guarantees given		***382***
• Provisions for warranties	*297*	
• Provisions for additional building, civil engineering and civil works guarantees	*85*	
(d) Other non-current provisions		***776***
• Provisions for risks relating to official inspections and to subsidiaries and other equity investees	*289*	
• Provisions for site rehabilitation costs	*239*	
• Other non-current provisions	*248*	

(e) Of which reversals of unutilised provisions: (€80m)

6.2 CURRENT PROVISIONS

Provisions related to the operating cycle

	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for expected losses to completion	Other current provisions	TOTAL
31 December 2012	**56**	**292**	**176**	**279**	**803**
Translation adjustments	(1)	(2)	(7)	(5)	(15)
Changes in scope of consolidation	4	(1)		(1)	2
Charges to provisions in the period	6	61	58	53	178
Reversals of provisions (utilised and unutilised) (a)	(15)	(93)	(91)	(86)	(285)
Transfers & other movements	1	8	(1)	(9)	(1)
30 September 2013	**51**	**265**	**135**	**231**	**682**

(a) Of which reversals of unutilised provisions: (€99m).

NOTE 7. NON-CURRENT AND CURRENT DEBT

7.1 BREAKDOWN OF DEBT BY MATURITY

	Current debt		Non-current debt	
	Total 30/09/2013	Total 31/12/2012	Total 30/09/2013	Total 31/12/2012
Bond issues	**196** (a)	872 (a)	**6,881**	6,880
Bank borrowings	**98**	50	**1,047**	535
Finance lease obligations	**16**	16	**30**	26
Other debt	**15**	13	**50**	61
Total debt	**325**	**951**	**8,008**	**7,502**

(a) A €709m bond issue was redeemed in May 2013 (see Note 1.2.1).

7.2 COVENANTS AND TRIGGER EVENTS

The bond issues maturing in 2015, 2016, 2018, 2019, 2022, 2023 and 2026 contain a change of control clause relating to Bouygues SA.

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

NOTE 8. MAIN COMPONENTS OF CHANGE IN NET DEBT

	31 December 2012	Movements in the period		30 September 2013
Cash and cash equivalents	4,487	(1,321)		3,166
Overdrafts and short-term bank borrowings	(189)	(226)		(415)
Net cash and cash equivalents	**4,298**	**(1,547)**	(a)	**2,751**
Non-current debt	(7,502)	(506)		(8,008)
Current debt	(951)	626		(325)
Financial instruments, net	(17)	6		(11)
Total debt	**(8,470)**	**126**		**(8,344)**
Net debt	**(4,172)**	**(1,421)**		**(5,593)**

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

NOTE 9. ANALYSIS OF SALES AND OTHER REVENUES FROM OPERATIONS

9.1 ANALYSIS BY ACCOUNTING CLASSIFICATION

	First 9 months of	
	2013	2012
Sales of goods	2,440	2,556
Sales of services	8,219	8,636
Construction contracts	13,596	13,405
Sales	**24,255**	**24,597**
Other revenues from operations	68	71
Total	**24,323**	**24,668**

9.2 CONTRIBUTION OF BUSINESS SEGMENTS TO CONSOLIDATED SALES

SEGMENT	First 9 months of 2013				First 9 months of 2012			
	France	International	Total	%	France	International	Total	%
Construction	4,217	3,581	7,798	32%	3,987	3,600	7,587	31%
Property	1,632	78	1,710	7%	1,546	85	1,631	7%
Roads	5,467	4,119	9,586	40%	5,396	4,213	9,609	39%
Media	1,395	318	1,713	7%	1,496	328	1,824	7%
Telecoms	3,441		3,441	14%	3,939		3,939	16%
Bouygues SA & other	4	3	7	nm	3	4	7	nm
Consolidated sales	**16,156**	**8,099**	**24,255**	**100%**	**16,367**	**8,230**	**24,597**	**100%**

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL 9m 2013	TOTAL 9m 2012
Total sales	7,999	1,710	9,664	1,746	3,453	89	24,661	24,947
Inter-segment sales	(201)		(78)	(33)	(12)	(82)	(406)	(350)
Third-party sales	**7,798**	**1,710**	**9,586**	**1,713**	**3,441**	**7**	**24,255**	**24,597**

NOTE 10. OPERATING PROFIT

	First 9 months of	
	2013	2012
Current operating profit	**898**	**954**
Other operating income		
Other operating expenses		(95)[(a)]
Operating profit	**898**	**859**

(a) Comprises non-recurring costs incurred at TF1 under the optimisation plan: (€25m), and costs incurred at Bouygues Telecom on reorganisation of distribution channels to adapt to new market conditions: (€70m).

NOTE 11. INCOME TAXES

	First 9 months of	
	2013	2012
Tax payable to the tax authorities	(214)	(172)
Deferred taxes, net	(35)	(60)
Income tax gain/(expense)	**(249)**	**(232)**

The effective tax rate of the Bouygues group for the first nine months of 2013 was 37.9% (versus 35.7% for the first nine months of 2012). The difference from the standard rate of corporate income tax to which Bouygues S.A. is liable in France (36.1%) is mainly due to the effects of the second 2012 Amending Finance Act (tax of 3% on distributions of dividends, and restrictions on the tax deductibility of net financial expenses).

NOTE 12. SEGMENT INFORMATION

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

ANALYSIS BY BUSINESS SEGMENT

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL
Income statement - first nine months of 2013							
Current operating profit/(loss)	**309**	**123**	**223**	**104**	**160**	**(21)**	**898**
Operating profit/(loss)	**309**	**123**	**223**	**104**	**160**	**(21)**	**898**
Net profit/(loss) attributable to the Group	**204**	**70**	**181**	**27**	**86**	**(20)** [a]	**548**

(a) Includes €157m for Alstom (€168m profit, minus €11m amortisation of fair value remeasurements): see Note 2.3

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL
Income statement - first nine months of 2012							
Current operating profit/(loss)	**260**	**123**	**236**	**154**	**206**	**(25)**	**954**
Other operating expenses				**(25)**	**(70)**		**(95)**
Operating profit/(loss)	**260**	**123**	**236**	**129**	**136**	**(25)**	**859**
Net profit/(loss) attributable to the Group	**174**	**75**	**172**	**38**	**68**	**37** [a]	**564**

(a) Includes €157m for Alstom (€168m profit, minus €11m amortisation of fair value remeasurements)

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL
Balance sheet - 30 September 2013							
Intangible assets and property, plant and equipment	**632**	**32**	**2,430**	**336**	**4,618**	**195**	**8,243**
Net surplus cash/(net debt)	**2,697**	**155**	**(834)**	**189**	**(745)**	**(7,055)**	**(5,593)**
Balance sheet - 31 December 2012							
Intangible assets and property, plant and equipment	**677**	**29**	**2,557**	**345**	**4,551**	**178**	**8,337**
Net surplus cash/(net debt)	**3,093**	**358**	**(170)**	**237**	**(650)**	**(7,040)**	**(4,172)**

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL
Other financial indicators - first nine months of 2013							
Acquisitions of property, plant & equipment and intangible assets, net of disposals	**96**	**7**	**170**	**30**	**574**	**21**	**898**
EBITDA	**396**	**131**	**497**	**146**	**727**	**(19)**	**1,878**
Cash flow	**458**	**124**	**553**	**148**	**653**	**66**	**2,002**
Free cash flow	**260**	**78**	**296**	**85**	**21**	**(111)**	**629** (a)

(a) After stripping out the €33m impact of the capitalised interest on the acquisition of the 4G licences, adjusted free cash flow for the first nine months of 2013 was a net inflow of €662m.

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL
Other financial indicators - first nine months of 2012							
Acquisitions of property, plant & equipment and intangible assets, net of disposals	**117**	**10**	**223**	**18**	**1,279** (b)	**26**	**1,673**
EBITDA	**432**	**117**	**538**	**201**	**807**	**(24)**	**2,071**
Cash flow	**419**	**121**	**621**	**169**	**723**	**62**	**2,115**
Free cash flow	**203**	**72**	**296**	**109**	**(609)**	**(73)**	**(2)** (a)

(a) After stripping out the €683m impact of the acquisition of the 4G licences and capitalised interest of €32m, adjusted free cash flow for the first nine months of 2012 was a net inflow of €713m.

(b) Includes €683m for the acquisition of the 4G licences in January 2012.

NOTE 13. PRINCIPAL EXCHANGE RATES

Convention: 1 local currency unit = X euros

Country	Currency unit	Closing euro exchange rate (a)		Average rate for period (b)	
		30/09/2013	31/12/2012	2013: 9 months	2012: 9 months
EUROPE					
Denmark	Danish krone	0.134106	0.134030	0.134101	0.134315
United Kingdom	Pound sterling	1.185396	1.225340	1.170077	1.231635
Hungary	Hungarian forint	0.003341	0.003421	0.003354	0.003470
Poland	Polish zloty	0.236418	0.245459	0.236694	0.239940
Czech Republic	Czech koruna	0.038718	0.039760	0.038814	0.039778
Romania	Romanian leu	0.224125	0.224997	0.227079	0.224345
Switzerland	Swiss franc	0.811030	0.828363	0.813118	0.830300
NORTH AMERICA					
United States	US dollar	0.739973	0.757920	0.758431	0.773296
Canada	Canadian dollar	0.719528	0.761209	0.738171	0.774828
REST OF THE WORLD					
Morocco	Moroccan dirham	0.089329	0.089714	0.089758	0.090089
Thailand	Thai baht	0.023855	0.024785	0.024908	0.024964
Hong Kong	Hong Kong dollar	0.095448	0.097790	0.097761	0.099705
African Financial Community	CFA franc	0.001524	0.001524	0.001524	0.001524
South Africa	South African rand	0.075586	0.089504	0.079126	0.094518

(a) Translation of balance sheet items.
(b) Translation of income statement items.