CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED 31 MARCH 2014

NOTES

CONTENTS

(figures in millions of euros unless otherwise indicated)

Declaration of compliance:

The interim condensed consolidated financial statements of Bouygues and its subsidiaries (the "Group") for the three months ended 31 March 2014 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 2013.

They were prepared in accordance with the standards issued by the IASB as endorsed by the European Union and applicable as of 31 March 2014. 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 31 March 2014 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, the statement of recognised income and expense, the statement of changes in shareholders' equity, the cash flow statement, and the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2013, and from the interim condensed consolidated financial statements for the three months ended 31 March 2013.

NOTE 1 SIGNIFICANT EVENTS OF THE PERIOD

1.1 Scope of consolidation as at 31 March 2014

1,064 entities were consolidated as of 31 March 2014, compared with 1,126 as of 31 December 2013. The net reduction of 62 entities includes the deconsolidation of entities set up for property co-promotion programmes (*Sociétés Civiles Immobilières – SCIs*) and construction project companies (*Sociétés en Participation – SEPs*) on project completion (mainly in the construction segment).

	31 March 2014	31 December 2013
Companies controlled by the Group	785	822
Joint operations	177	202
Joint ventures and associates	102	102
	1,064	**1,126**

1.2 Significant events

1.2.1 Significant events of the first quarter of 2014

The principal acquisitions and corporate actions of the first quarter of 2014 are presented below in chronological order:

- On 21 January 2014, Discovery Communications and the TF1 group signed an agreement whereby Discovery Communications is to acquire a controlling interest in the Eurosport International group (the Eurosport group excluding Eurosport France) via a deepening of the broad strategic partnership between the two groups that began in December 2012. The deal, which will enable Discovery Communications to increase its interest in the capital of Eurosport SAS (the parent company of the Eurosport group) by raising its stake from 20% to 51%, is taking place nearly a year earlier than the date envisaged in the initial agreement of December 2012. TF1 is to retain its 80% interest in Eurosport France at least until 1 January 2015.

  Final clearance was obtained from the competent authorities in April 2014, and completion of the sale of an additional 31% interest in Eurosport SAS to Discovery Communications is expected in the coming weeks.

  The acquisition by Discovery Communications of the additional 31% interest is based on an enterprise value of €902 million for the Eurosport group, from which the valuation of Eurosport France (€85 million) is to be deducted. These valuations will be increased by the amount of net surplus cash held by the entities at the transaction closing date.

  In addition, TF1 retains the possibility of exercising its put option over its residual 49% stake, which could increase the interest held by Discovery Communications to 100%.

  For accounting purposes, the assets and liabilities of Eurosport International are presented in the balance sheet as of 31 December 2013 and 31 March 2014 in the line items “Held-for-sale assets and operations” and “Liabilities related to held-for-sale operations”, in accordance with the policies described in Note 2.2. However, the results of Eurosport International are not reported as being from a held-for-sale operation because Eurosport International does not meet the definition of (i) a cash generating unit for goodwill impairment testing purposes or (ii) an operation that is material to the Group.

- On 31 January 2014, Colas sold its financial interest of 16.67% in the capital of Cofiroute to Vinci Autoroutes. The transaction price of €780 million was received during the first quarter. The net gain on disposal amounted to €253 million, and was recognised during the first quarter in "Share of profits/losses from investments in joint ventures and associates".

- In March 2014, Bouygues Telecom signed an out-of-court settlement under which it is to receive €300 million, of which €100 million had been received as of 31 March 2014, to settle a series of disputes described in the Registration Document for the year ended 31 December 2013.

1.2.2 Reminder of significant events of the first quarter of 2013

The principal acquisitions and corporate actions of the first quarter of 2013 are presented 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 refarm the 1800 MHz frequencies from 1 October 2013 for the roll-out of 4G, on condition that Bouygues Telecom returns part of its frequencies.

1.3 Consolidated sales for the first quarter of 2014

Consolidated sales for the first quarter of 2014 were €6,841 million, 3% higher than the figure for the first quarter of 2013 (€6,645 million).

1.4 Significant events and changes in scope of consolidation subsequent to 31 March 2014

The Annual General Meeting approved the distribution of a dividend of €1.60 for each of the 319,264,996 shares in issue, representing a total payout of €511 million. The payment date for the dividend, which shareholders may elect to take in shares or in cash, is 4 June 2014.

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 businesses are organised into a number of sectors of activity:

- Construction:
  - Bouygues Construction (building and civil works, energies and services)
  - Bouygues Immobilier (property)
  - Colas (roads)
- Telecoms/media
  - TF1 (television)
  - Bouygues Telecom (mobile, fixed, TV and internet services).
- The Bouygues group also holds a 29.3% interest in the Alstom group (Alstom Thermal Power, Alstom Renewable Power, Alstom Transport, Alstom Grid).

2.2 Basis of preparation of the financial statements

The financial statements of the Bouygues group include the financial statements of Bouygues SA and its subsidiaries, its investments in associates and joint ventures, and its joint operations. The financial statements are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated, and take account of the recommendations on the presentation of financial statements (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 15 May 2014.

The interim condensed consolidated financial statements for the three months ended 31 March 2014 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 2013 and the three months ended 31 March 2013.

The Bouygues group applied the same standards, interpretations and accounting policies for the three months ended 31 March 2014 as applied in its financial statements for the year ended 31 December 2013, except for changes required to meet new IFRS requirements applicable from 1 January 2014 as described below.

- Principal new standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption with effect from 1 January 2014:

- **IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosures of Interests in Other Entities”, IAS 27 “Separate Financial Statements” (as amended in 2011), IAS 28 “Investments in Associates and Joint Ventures” (as amended in 2011):** These standards were endorsed by the European Union on 29 December 2012 and are mandatorily applicable from 1 January 2014. The principal changes and impacts of these standards 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, are 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 (income and expenses) of the joint operation are accounted for in accordance with the interests held in the joint operation.

  IFRS 11 applies principally to Bouygues group joint arrangements set up for various property co-promotion programmes (*Sociétés Civiles Immobilières – SCIs*); various contracts carried out by construction project companies in the form of *Sociétés en Participation – SEPs* (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. This standard will apply to the Group for the first time in the preparation of the consolidated financial statements for the year ended 31 December 2014, and will require new disclosures in the notes to the financial statements. Some of the information required under IFRS 12 is disclosed in the interim condensed consolidated financial statements for the three months ended 31 March 2014 in order to enable users to interpret the consolidated financial statements correctly.

  The main impacts identified arise from the first-time application of IFRS 10, “Consolidated Financial Statements” and 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.

  The joint ventures affected by the first-time application of these new standards are mainly those relating to contracting and industrial companies held jointly by Colas and a partner, which will be accounted for by the equity method from 1 January 2014. The impact of the retrospective application of these standards as of 1 January 2013, for the year ended

31 December 2013 and for the first quarter of 2013, is presented in Note 13 to the consolidated financial statements.

A number of difficulties relating to the application of IFRS 11 have been referred to the IFRS Interpretations Committee. The Group does not expect that any future clarifications will have a material impact on its consolidated financial statements.

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

  - **IFRIC 21: Levies**

    This interpretation, which had not yet endorsed by the European Union as of 31 March 2014, has not been early adopted by the Bouygues group with effect from 1 January 2014. The main effects of IFRIC 21 will relate to the timing of the recognition of certain levies (such as C3S and IFER) during interim accounting periods.

- Seasonal fluctuations

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

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

  Preparing consolidated 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 equity investments, 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 consolidated 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.

- Held-for-sale assets and discontinued or held-for-sale operations:

  A non-current asset, or a group of directly-associated assets and liabilities, is regarded as being held for sale if its carrying amount will be recovered primarily through a sale rather than through continuing use. For this to be the case, the asset must be available for sale in its immediate condition, and its sale must be highly probable. Such held-for-sale assets or asset groups are measured at the lower of (i) carrying amount or (ii) estimated selling price less costs to sell.

  A discontinued or held-for-sale operation is one that is material to the Group (having been treated as a cash generating unit) and that has either been disposed of or has been classified as a held-for-sale asset. Income statement and cash flow information about such discontinued or held-for-sale operations is reported in separate line items in the consolidated financial statements for all periods presented.

2.3 Consolidation methods

2.3.1 Companies controlled by Bouygues

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

- Assessment of exclusive control over TF1:

  As of 31 March 2014, Bouygues held 43.5% 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 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.

2.3.2 Jointly-controlled companies

A joint venture or joint operation is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. In the case of joint operations (which give each party direct rights over the assets and obligations for the liabilities), the assets, liabilities, income and expenses of the joint operation are accounted for in accordance with the interests held in the joint operation. Joint ventures, which give the parties rights over the net assets, are accounted for using the equity method.

2.3.3 Companies over which Bouygues exercises significant influence

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 29.3% interest in the capital and its control of two seats on the Board of Directors

  As of 31 March 2014, the investment in Alstom is reported under "Investments in joint ventures and associates" and accounted for by the equity method; it is carried at net acquisition cost (including goodwill) plus Bouygues' share of Alstom's net profit since the acquisition date, giving a total carrying amount (net of a €1,404 million impairment loss as of 31 March 2014) of €3,099 million (including €1,106 million of goodwill).

  Based on the full-year results published by Alstom on 7 May 2014 for its financial year ended 31 March 2014, and given the time-lag between the financial year-ends of Alstom (31 March) and Bouygues (31 December), the contribution from Alstom (in respect of the second half of its financial year ended 31 March 2014) to the net profit of Bouygues in the first quarter of 2014 was €53 million. This compares with €58 million in the first quarter of 2013 (in respect of the final quarter of Alstom's financial year ended 31 March 2013). As of 31 December 2013, given the revised forecasts announced by Alstom, Bouygues did not recognise any profit contribution from Alstom in respect of the fourth quarter of 2013.

  Amortisation of fair value remeasurements of Alstom's identifiable intangible assets and other items had a negative impact of €3 million on net profit attributable to the Bouygues group for the three months ended 31 March 2014.

2.3.4 Concession arrangements, PPPs and investments in non-consolidated entities

- 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 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 in the sections on impairment testing in Note 2.7. 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 transferred 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.

In the event of a partial divestment of the component operations of a Cash Generating Unit (CGU), the Bouygues group usually allocates the goodwill in proportion to the value of the divested operation relative to the value of the CGU as measured at the date of divestment in accordance with the IFRS 7 hierarchy of valuation methods, unless it can be demonstrated that another method better reflects the goodwill of the divested operation; this policy complies with paragraph 86 of IAS 36.

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 is probable that sufficient taxable profits will be available against which to offset the temporary differences, and are reviewed at each balance sheet date.
- Tax losses available for carry-forward (deferred tax assets), where it is probable that these losses will be recovered in future periods.

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

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

2.7 Non-current assets

2.7.1 Impairment testing of 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:

- For TF1 and Colas, which are listed on the stock market: on the basis of the quoted share price if this exceeds the carrying amount of the assets (after allowing for a control premium where applicable), or by using the Discounted Cash Flow (DCF) method as described below, taking account of the specific characteristics of the investment.

- For Bouygues Telecom: using the DCF method, taking account of the specific characteristics of the investment.

  - The cash flows used are derived from three-year business plans which are prepared by the management of the business segment and presented to the subsidiary's Board of Directors and the Board of Directors of Bouygues SA, and where applicable incorporate the latest estimates of the subsidiary's management.

  - The discount rate is determined on the basis of a weighted average cost of capital appropriate to the sector of activity in which the business 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 assets of the CGU as determined above is then compared with their 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 carried in the balance sheet, and may not be subsequently reversed.

Information about impairment testing of goodwill as of 31 March 2014:

In the absence of any evidence of impairment since the last annual test was performed as of 31 December 2013, the goodwill recognised as of 31 March 2014 has not been subject to further impairment testing.

2.7.2 Impairment testing of the investment in Alstom

Method applied

Because goodwill included in the carrying amount of a joint venture or associate 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 in Alstom 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, which in turn are based on forecasts prepared by a panel of financial analysts.

Information about impairment testing of goodwill as of 31 March 2014:

In the absence of any evidence of impairment since the last tests were performed for the purposes of the full-year 2013 financial statements, the carrying amount of the investments as of 31 March 2014 has not been subject to further impairment testing.

2.7.3 Consolidated carrying amount of listed shares

Note 3.4 to the 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 at 31 March 2014.

2.8 Cash flow statement

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

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

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

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

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

2.9 Other financial indicators

2.9.1 EBITDA

EBITDA is defined as 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).

2.9.2 Free cash flow

Free cash flow is defined as cash flow (determined after cost of net debt and net income tax expense, 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 Bouygues 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 consolidated financial statements

Changes in the scope of consolidation during the three months ended 31 March 2014 did not have a material effect on the consolidated financial statements presented for that period, and do not impair comparisons with the consolidated financial statements for the three months ended 31 March 2013.

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
31/03/2014	**1,401**	**3,725**	**788**	**321**	**6,235**
of which finance leases	6	40	4		50
31/12/2013 Restated	**1,399**	**3,734**	**808**	**305**	**6,246**
of which finance leases	6	40	4		50

3.2 Intangible assets

	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
Net				
31/03/2014	**40**	**1,603**	**190**	**1,833**[(a)]
31/12/2013 Restated	**42**	**1,632**	**192**	**1,866**

(a) Includes €1,538 million for Bouygues Telecom (primarily UMTS licences and 4G frequency licences)

3.3 Goodwill

3.3.1 Movement in the carrying amount of goodwill in the period

(excluding goodwill on associates and joint ventures: see Note 3.5)

(€ million)	Gross	Impairment	Carrying amount
31/12/2013 Restated	**5,326**	**(81)**	**5,245**
Changes in scope of consolidation	(1)	5	4
Other movements (including translation adjustments)	(3)		(3)
Impairment losses			
31/03/2014	**5,322**	**(76)**	**5,246**

3.3.2 Split of goodwill by Cash Generating Unit (CGU)

CGU	31/03/2014		31/12/2013 Restated	
	Total	% Bouygues	Total	% Bouygues
(€ million)				
Bouygues Construction (subsidiaries) [a]	414	99.97%	414	99.97%
Colas [b]	1,141	96.60%	1,140	96.60%
TF1 [b]	1,042	43.51%	1,042	43.52%
Bouygues Telecom [b]	2,648	90.53%	2,648	90.53%
Other	1		1	
Total	**5,246**		**5,245**	

(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	Closing market price per share on 31/03/2014
TF1	13.82	12.00 [a]
Colas	95.01	150.90
Alstom	34.23	19.82

(a) €13.80 after adjustment to reflect a control premium

3.5 Investments in joint ventures and associates

31/12/2013 Restated	**3,510**
Changes in scope of consolidation	7
Share of net profit/(loss) for the period	49 [a]
Translation adjustments	(25)
Other income and expense recognised directly in equity	(11)
Net profit/(loss) and other recognised income and expense	**13**
Distribution	(8)
Other movements	4
31/03/2014	**3,526**

(a) Includes €50 million for Alstom (profit contribution of €53 million, minus €3 million for amortisation of fair value remeasurements)

The balance at 31 March 2014 comprises €145 million for joint ventures (see Note 3.6.) and €3,381 million for associates (see Note 3.7.).

3.6 Investments in joint ventures

Share of net assets of joint ventures	31/03/2014	31/12/2013
Miscellaneous investments	145	148
Total	**145**	**148**
of which: share of net profit/(loss) for the period	**1**	**13**

3.7 Investments in associates

Share of net assets of associates	31/03/2014	31/12/2013
Alstom	3,099	3,079
Other associates	282	283
Total	**3,381**	**3,362**
of which: share of net profit/(loss) for the period	**48**	**204**
of which: Alstom impairment loss	**-**	**(1,404)**

3.8 Reconciliation of information about the investment in Alstom to the carrying amount of the interest held by the Bouygues group

	31/03/2014	31/12/2013
Alstom: Shareholders' equity attributable to the Group as reported	5,044	**4,963**
Share attributable to Bouygues (29.33%)	1,479	**1,456**
Fair value remeasurements and goodwill recognised at Bouygues group level	1,620	1,623
Net assets at Bouygues group level	**3,099**	**3,079**

NOTE 4 CURRENT ASSETS

Inventories

(€ million)

	31/03/2014			31/12/2013 Restated		
	Gross	**Impairment**	**Carrying amount**	**Gross**	**Impairment**	**Carrying amount**
Property development inventories	1,498	(126)	1,372	1,545	(124)	1,421
Raw materials and finished goods	1,048	(41)	1,007	984	(43)	941
Programmes and broadcasting rights (TF1)	805	(116)	689	790	(127)	663
TOTAL	**3,351**	**(283)**	**3,068**	**3,319**	**(294)**	**3,025**

NOTE 5 CONSOLIDATED SHAREHOLDERS' EQUITY

Share capital of Bouygues SA (€)

As of 31 March 2014, the share capital of Bouygues SA consisted of 319,353,293 shares with a €1 par value.

		Movements		
	31/12/2013	Reductions	Increases	31/03/2014
Shares	319,264,996		88,297	319,353,293
NUMBER OF SHARES	**319,264,996**		**88,297**	**319,353,293**
Par value	€1			€1
SHARE CAPITAL (€)	**319,264,996**		**88,297**	**319,353,293**

NOTE 6 NON-CURRENT AND CURRENT PROVISIONS

6.1 Non-current provisions

(€ million)	**Long-term employee benefits [a]**	**Litigation and claims [b]**	**Guarantees given [c]**	**Other non-current provisions [d]**	**Total**
31/12/2013 Restated	**647**	**331**	**380**	**815**	**2,173**
Translation adjustments	(1)		(1)	(1)	(3)
Changes in scope of consolidation		(2)		(4)	(6)
Charges to provisions	12	15	18	10	55
Reversals of provisions (utilised or unutilised)	(5)	(19)	(17)	(31)	(72) [e]
Actuarial gains and losses					
Transfers and other movements		(1)	1	(1)	(1)
31/03/2014	**653**	**324**	**381**	**788**	**2,146**

(a) Long-term employee benefits	***653***	***Principal segments involved:***	
Lump-sum retirement benefits	*446*	*Bouygues Construction*	*180*
Long service awards	*140*	*Colas*	*359*
Other long-term employee benefits	*67*	*TF1*	*29*
		Bouygues Telecom	*51*
(b) Litigation and claims	***324***	*Bouygues Construction*	*165*
Provisions for customer disputes	*151*	*Bouygues Immobilier*	*47*
Subcontractor claims	*29*	*Colas*	*88*
Employee-related & other litigation and claims	*144*		
(c) Guarantees given	***381***	*Bouygues Construction*	*297*
Provisions for guarantees given	*294*	*Bouygues Immobilier*	*33*
Provisions for additional building/civil engineering/civil works guarantees	*87*	*Colas*	*51*
(d) Other non-current provisions	***788***	*Bouygues Construction*	*232*
Provisions for risks related to official inspections	*224*	*Colas*	*294*
Provisions for miscellaneous foreign risks	*76*	*Bouygues Telecom*	*182*
Provisions for subsidiaries and affiliates	*61*		
Dismantling and site rehabilitation	*238*		
Other non-current provisions	*189*		
(e) Of which: reversals of unutilised provisions in the first quarter of 2014	*(24)*		

6.2 Current provisions

Provisions related to the operating cycle *(€ million)*	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for expected losses to completion	Other current provisions	Total
31/12/2013 Restated	**55**	**330**	**174**	**233**	**792**
Translation adjustments		(2)	(1)	(1)	(4)
Changes in scope of consolidation				(1)	(1)
Charges to provisions	1	21	23	96	141
Reversals of provisions (utilised or unutilised)	(2)	(43)	(39)	(42)	(126) [a]
Transfers and other movements		(7)	7	1	1
31/03/2014	**54**	**299**	**164**	**286**	**803**

(a) Of which: reversals of unutilised provisions in the first quarter of 2014: *(30)*

NOTE 7 NON-CURRENT AND CURRENT DEBT

7.1 Breakdown of debt by maturity

(€ million)	Current debt		Non-current debt	
	Total 31/03/2014	Total 31/12/2013 Restated	Total 31/03/2014	Total 31/12/2013 Restated
Bond issues	914	927	6,137	6,131
Bank borrowings	57	54	696	400
Finance lease obligations	11	10	21	24
Other debt	14	15	43	46
TOTAL DEBT	**996**	**1,006**	**6,897**	**6,601**

7.2 Covenants and trigger events

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

The bank credit facilities contracted by Bouygues SA and its subsidiaries contain no financial covenants or trigger event clauses.

NOTE 8 MAIN COMPONENTS OF CHANGE IN NET DEBT

(€ million)	**31/12/2013 Restated**	**Movements in the period**	**31/03/2014**
Cash and cash equivalents	3,546	106	3,652
Overdrafts and short-term bank borrowings	(362)	(112)	(474)
NET CASH AND CASH EQUIVALENTS	**3,184**	**(6)** [(a)]	**3,178**
Non-current debt	(6,601)	(296)	(6,897)
Current debt	(1,006)	10	(996)
Financial instruments, net	(12)	2	(10)
TOTAL DEBT	**(7,619)**	**(284)**	**(7,903)**
NET DEBT	**(4,435)**	**(290)**	**(4,725)**

(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

(€ million)	First quarter	
	2014	2013 Restated
Sales of goods	645	584
Sales of services	2,581	2,635
Construction contracts	3,615	3,426
SALES	**6,841**	**6,645**
OTHER REVENUES FROM OPERATIONS	**19**	**25**
TOTAL REVENUES	**6,860**	**6,670**

9.2 Analysis by business segment

(€ million)	First quarter 2014				First quarter 2013 Restated			
	France	International	Total	%	France	International	Total	%
Construction	1,295	1,229	2,524	37	1,271	1,110	2,381	36
Property	516	20	536	8	500	26	526	8
Roads	1,373	775	2,148	31	1,339	696	2,035	31
Media	451	95	546	8	459	95	554	8
Telecoms	1,081		1,081	16	1,145		1,145	17
Bouygues SA & other	3	3	6	0	1	3	4	0
CONSOLIDATED SALES	**4,719**	**2,122**	**6,841**	**100**	**4,715**	**1,930**	**6,645**	**100**

	Construction	Property	Colas	Media	Telecoms	Bouygues SA & other	Total Q1 2014	Total Q1 2013 Restated
Total sales	2,596	536	2,165	556	1,085	38	6,976	6,777
Inter-segment sales	(72)		(17)	(10)	(4)	(32)	(135)	(132)
THIRD-PARTY SALES	**2,524**	**536**	**2,148**	**546**	**1,081**	**6**	**6,841**	**6,645**

NOTE 10 OPERATING PROFIT

(€ million)	First quarter 2014	First quarter 2013 Restated
CURRENT OPERATING PROFIT/(LOSS)	**(96)**	**(77)**
Other operating income	300	
Other operating expenses	(104) [a]	
OPERATING PROFIT/(LOSS)	**100**	**(77)**

(a) Relates mainly to Bouygues Telecom: other operating income of €300 million (see Note 1.2.1., "Significant events of the period") and other operating expenses of €100 million (litigation and adaptation costs)

NOTE 11 INCOME TAX EXPENSE

(€ million)	First quarter	
	2014	**2013 Restated**
Tax payable to the tax authorities	(17)	32
Deferred taxes, net	12	21
INCOME TAX GAIN/(EXPENSE)	**(5)**	**53**

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:

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total	
Income statement – First quarter of 2014								
Current operating profit/(loss)	91	31	(215)	23	(19)	(7)	(96)	
Operating profit/(loss)	91	31	(215)	23	181	(11)	100	
Share of profits/(losses) of joint ventures and associates	(5)		390	(1)	(1)	(81)	302	(a)
Net profit/(loss) attributable to the Group	65	20	236	6	100	(142)	285	
Income statement – First quarter of 2013 – Restated								
Current operating profit/(loss)	86	39	(206)	(16)	28	(8)	(77)	
Operating profit/(loss)	86	39	(206)	(16)	28	(8)	(77)	
Share of profits/(losses) of joint ventures and associates	(4)	(1)	14			56	65	
Net profit/(loss) attributable to the Group	60	20	(126)	(3)	15	(8)	(42)	
Balance sheet at 31 March 2014								
Property, plant and equipment	592	21	2,236	189	3,056	141	6,235	
Intangible assets	43	19	76	105	1,538	52	1,833	
Net surplus cash/(net debt)	2,787	157	184	254	(894)	(7,213)	(4,725)	
Balance sheet at 31 December 2013 – Restated								
Property, plant and equipment	592	21	2,273	190	3,028	142	6,246	
Intangible assets	44	18	79	107	1,566	52	1,866	
Net surplus cash/(net debt)	3,006	271	31	189	(783)	(7 149)	(4,435)	
Other financial indicators – First quarter of 2014								
Acquisitions of property, plant and equipment and intangible assets, net of disposals	40	4	46	9	180		279	
EBITDA	86	25	(156)	30	163	(12)	136	
Cash flow	119	27	(147)	41	356	(6)	390	
Free cash flow	58	14	(124)	26	108	(57)	25	
Other financial indicators – First quarter of 2013 – Restated								
Acquisitions of property, plant and equipment and intangible assets, net of disposals	24	2	53	6	213	7	305	
EBITDA	111	34	(160)	(9)	212	(10)	178	
Cash flow	136	38	(143)	(2)	189	(6)	212	
Free cash flow	92	22	(137)	4	(34)	(66)	(119)	(b)

(a) Includes €253 million gain on Cofiroute disposal: €385 million at Colas level, minus derecognition of goodwill (€132m) at Bouygues level; and Alstom: share of 2014 first-quarter profits €50 million (contribution €53 million, minus amortisation of fair value remeasurements €3m: see Note 2.3)

(b) After stripping out capitalised interest of €11 million, adjusted free cash flow for the first quarter of 2013 was a net outflow of €108 million

NOTE 13 IMPACTS OF FIRST-TIME APPLICATION OF CONSOLIDATION ACCOUNTING STANDARDS

The schedules below show the effects of the new mandatorily applicable accounting standards (IFRS 10 and IFRS 11) on the comparative periods (year ended 31 December 2013, three months ended 31 March 2013) and on the opening balance sheet as of 1 January 2013.

- Impacts on the income statement for the first quarter of 2013 and the year ended 31 December 2013

	2013 – First quarter			2013 – Full year		
(€ million)	**Published**	**Restatement**	**Restated**	**Published**	**Restatement**	**Restated**
Sales	6,698	(53)	6,645	33,345	(224)	33,121
Current operating profit/(loss)	(76)	(1)	(77)	1,344	(25)	1,319
Cost of net debt	(79)		(79)	(309)	5	(304)
Income tax expense	52	1	53	(367)	7	(360)
Share of profits/(losses) of joint ventures and associates	64	1	65	(1,199)	12	(1,187)
Net profit/(loss) for the period	(47)		(47)	(648)	(1)	(649)
Net profit/(loss) attributable to the Group	(42)		(42)	(757)		(757)
Net profit/(loss) attributable to non-controlling interests	(5)		(5)	109	(1)	108
Income and expense recognised directly in equity	19		19	(48)		(48)
Recognised income and expense	(28)		(28)	(696)	(1)	(697)

- The principal restatements arising from the first-time application of IFRS 11 relate to:
  - Colas:
    - negative impacts on sales of €204 million for the year ended 31 December 2013 and of €50 million for the first quarter of 2013;
    - negative impacts on current operating profit of €27 million for the year ended 31 December 2013 and of €3 million for the first quarter of 2013.

    These impacts arise because contracting companies and industrial companies jointly held by Colas and a partner are accounted for by the equity method with effect from 1 January 2014.
  - TF1: negative impacts on sales of €10 million for the year ended 31 December 2013 and of €3 million for the first quarter of 2013.
  - Bouygues Construction:
    - negative impacts on sales of €10 million for the year ended 31 December 2013 and of €2 million for the first quarter of 2013
    - positive impacts on current operating profit of €2 million for the year ended 31 December 2013 and of €1 million for the first quarter of 2013.

Impacts on the balance sheet as of 1 January, 31 March and 31 December 2013

	1 January 2013			31 March 2013			31 December 2013		
(€ million)	Published	Restate-ment	Restated	Published	Restate-ment	Restated	Published	Restate-ment	Restated
Non-current assets	20,170	1	20,171	20,295	(1)	20,294	17,684	6	17,690
Current assets	16,584	(98)	16,486	15,945	(104)	15,841	15,469	(95)	15,374
Total assets	36,754	(97)	36,657	36,240	(105)	36,135	34,304	(89)	34,215
Shareholders' equity	10,078	(15)	10,063	9,927	(15)	9,912	8,684	(15)	8,669
Non-current liabilities	9,845	(22)	9,823	9,869	(20)	9,849	8,959	(18)	8,941
Current liabilities	16,831	(60)	16,771	16,444	(70)	16,374	16,495	(56)	16,439
Total liabilities and equity	36,754	(97)	36,657	36,240	(105)	36,135	34,304	(89)	34,215
Net debt	(4,172)	(4)	(4,176)	(5,007)	(7)	(5,014)	(4,427)	(8)	(4,435)

Impacts on the cash flow statement for the first quarter of 2013 and the year ended 31 December 2013

	2013 – First quarter			2013 – Full year		
	Published	Restatement	Restated	Published	Restatement	Restated
Net cash generated by/(used in) operating activities	(193)	(4)	(197)	2,252	(6)	2,246
Net cash generated by/(used in) investing activities ,	(455)	2	(453)	(1,438)	(2)	(1 440)
Net cash generated by/(used in) financing activities	(83)	1	(82)	(1,776)	5	(1,771)
Effect of foreign exchange fluctuations	(11)		(11)	(60)	2	(58)
Change in net cash position	(742)	(1)	(743)	(1,022)	(1)	(1,023)
Net cash position at start of period	4,298	(22)	4,276	4,298	(22)	4,276
Net cash position at end of period	3,556	(23)	3,533	3,207	(23)	3,184

NOTE 14 PRINCIPAL EXCHANGE RATES

Convention: 1 local currency unit = X euros.

Country	Currency unit	Closing rate		Annual average rate	
		31/03/2014	31/12/2013	Q1 2014	FY 2013
EUROPE					
Denmark	Danish krone	0.133971	0.134061	0.134010	0.134086
United Kingdom	Pound sterling	1.198251	1.199472	1.208632	1.177503
Hungary	Hungarian forint	0.003201	0.003367	0.003252	0.003368
Poland	Polish zloty	0.237948	0.240714	0.238992	0.238238
Czech Republic	Czech koruna	0.036380	0.036460	0.036438	0.038492
Romania	Romanian leu	0.222544	0.223664	0.221912	0.226296
Switzerland	Swiss franc	0.820345	0.814598	0.816839	0.812309
NORTH AMERICA					
United States	US dollar	0.726639	0.725111	0.730661	0.752945
Canada	Canadian dollar	0.644870	0.681617	0.663223	0.730795
REST OF THE WORLD					
Morocco	Moroccan dirham	0.088861	0.088905	0.088963	0.089459
Thailand	Thai baht	0.022344	0.022135	0.022364	0.024492
Hong Kong	Hong Kong dollar	0.093594	0.093517	0.094152	0.097073
African Financial Community	CFA franc	0.001524	0.001524	0.001524	0.001524
South Africa	South African rand	0.066420	0.068653	0.067113	0.077924