



**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2007**

(in millions of euros)

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(Figures in millions of euros)

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

These standards comprise:

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

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

- The consolidated financial statements have been prepared in millions of euros, and comprise:
 - ✓ the balance sheet and income statement;
 - ✓ the statement of changes in shareholders' equity;
 - ✓ the cash flow statement;
 - ✓ the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the nine months ended 30 September 2006 and/or the year ended 31 December 2006, as appropriate.

1.1. SCOPE OF CONSOLIDATION AS AT 30 SEPTEMBER 2007

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

1,124 entities were consolidated as at 30 September 2007, against 1,083 as at 31 December 2006. The net increase of 41 relates mainly to new acquisitions by the Colas group (Colas Rail, quarries, various contracting subsidiaries), Bouygues Construction (Mibag in Switzerland, Karmar in Poland, etc), and TF1 (AB Groupe).

- **Alstom:**

Bouygues acquired a further 4.43% interest in Alstom for €842m during the first nine months of 2007, raising its total interest to 29.50% as at 30 September 2007. This amount has provisionally been allocated to goodwill under "Investments in associates" in the balance sheet. Alstom contributed €128m to the consolidated net profit of the Bouygues group in the first nine months of 2007; this amount includes the final figure for the second calendar quarter of 2007, which was recognised on the basis of an estimate in the consolidated financial statements for the six months ended 30 June 2007.

Depreciation and amortisation of asset remeasurements, together with other Group-level adjustments, had a net negative impact of €4m on the Bouygues group consolidated income statement for the first nine months of 2007.

The provisional allocation of the purchase price of acquisitions made to end June 2006 to identifiable assets and liabilities and to goodwill, as shown in the consolidated financial statements for the year ended 31 December 2006, became definitive as of 30 June 2007 on the expiry of the twelve-month purchase price allocation period. The allocation of the purchase price of the additional 4.43% interest will be completed effective 31 December 2007.

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

On 31 May 2007, the Bouygues group acquired 100% of Spie Rail (renamed Colas Rail) for €267m. The Colas Rail balance sheet has been consolidated as of 30 September 2007, as have the entity's results for the three months ended on that date.

The entire excess of the purchase price over the carrying amount of the net assets acquired, totalling €181m, has been provisionally recognised as goodwill. The allocation of this amount to identifiable assets and liabilities is ongoing, and should be completed effective 31 December 2007.

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

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

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

The investment in AB Groupe is accounted for by the equity method (in "Investments in associates") with effect from 1 April 2007. The process of remeasuring the acquired assets and liabilities at fair value was ongoing as of 30 September 2007 (and will be finalised effective 31 December 2007); no share of profit or loss has been recognised in the consolidated income statement for the nine months ended on that date.

1.2. CONSOLIDATED SALES FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

Consolidated sales for the period were €21,294m, 11.3% higher than for the comparable period of 2006.

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

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

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

Based on the final level of subscriptions, the total expense recognised under IFRS as a result of the 20% discount was €27m, including an additional charge of €12m recognised in 2007. The resulting tax saving was also recognised in income and in consolidated shareholders' equity at 30 September 2007.

- **Acquisition of an additional 6.5% interest in Bouygues Telecom**

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

Following the completion of this transaction in September 2007, Bouygues holds an interest of 89.5% in Bouygues Telecom.

In accordance with IFRS, this 6.5% interest had already been consolidated in the financial statements of the Bouygues group since June 2005. Consequently, the exercise of the put option had no impact on the balance sheet (goodwill, net debt or minority interests) as at 30 September 2007, at which date the 6.5% interest was carried at an amount of €441m in the consolidated balance sheet.

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

- **Bouygues Confiance 4: New employee share ownership plan (December 2007).**

As announced at end August 2007, the Board of Directors has decided to carry out a capital increase reserved for Bouygues group employees at end 2007 in connection with "Bouygues Confiance 4", a leveraged employee share ownership plan capped at €300m with a five-year lock-up period. To reduce the dilution arising from the plan, shares will be purchased in the market for future cancellation up to the amount of the capital increase.

The effects on net profit and shareholders' equity will be recognised in the financial statements as at 31 December 2007.

- **There have been no material changes in the scope of consolidation subsequent to 30 September 2007.**

2.1. BUSINESS ACTIVITIES

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

a) Construction:

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

b) Telecoms/Media

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

As at 30 September 2007, Bouygues also held a 29.5% interest in Alstom (Power and Transport).

The Bouygues group has operations in nearly 80 countries. In the nine months to 30 September 2007, the Group generated sales of €21,294m (up 11.3%), of which €6,376m was generated outside France.

2.2. DECLARATION OF COMPLIANCE

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

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

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

The consolidated financial statements were adopted by the Board of Directors on 4 December 2007.

2.3. BASIS OF PREPARATION

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

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

- Because of the seasonal nature of the roads business, especially in Europe and North America, sales and results for the first half of the year do not represent 50% of the full-year performance.
- The new standards and interpretations applicable as of 1 January 2007 have no material impact on the consolidated financial statements of the Bouygues group for the nine months ended 30 September 2007:
 - IFRS 7: applies as of 31 December 2007 to groups that publish condensed interim information;
 - Amendment to IAS 1 (disclosure of additional information in the notes to the financial statements);
 - IFRICs 7 to 10 (in particular, financial disclosures).
- Other standards and interpretations issued by the IASB but not yet adopted by the European Union:
 - IFRS 8 (Operating Segments); IAS 23 (Borrowing Costs); IFRIC 11 (Group and Treasury Share Transactions); IFRIC 13 (Customer Loyalty Programmes): not early adopted by the Bouygues group in the consolidated financial statements at 30 September 2007.
 - IFRIC 12: Bouygues has applied IFRIC 12 to the Portsmouth PFI contract recorded in the books of Colas. This contract is accounted for as a receivable (financial asset), since this treatment most closely reflects the underlying financial and economic reality of the contract. It is the only contract of this type held by Colas.

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

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

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

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

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

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

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

2.4. CONSOLIDATION METHODS

- Full consolidation:
 - Companies over which Bouygues exercises control are consolidated using the full consolidation method.
 - Exclusive control over TF1:
 - Bouygues holds 43.0% of the capital and voting rights of TF1.

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

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

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

Bouygues has clearly had exclusive power to determine decisions at TF1 shareholders' meetings for at least two consecutive financial years.

Other factors indicating the existence of exclusive control include:

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

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

- Proportionate consolidation – investments in joint ventures:

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

- Investments in associates:

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

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

- Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by (i) its 29.5% interest in the capital and (ii) its control of two seats on the Board of Directors. The carrying amount of the interest in Alstom (inclusive of goodwill) is reported under "Investments in associates" in the balance sheet.

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

- **Changes in scope of consolidation:**

	30 September 2007	31 December 2006
Fully consolidated	865	825
Proportionately consolidated	226	226
Equity method	33	32
	1,124	1,083

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

2.5. FINANCIAL INDICATORS

Definitions of key financial indicators:

2.5.1. EBITDA

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

2.5.2. Free cash flow

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

2.5.3. Net debt

This represents the aggregate of:

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

2.6. OTHER INFORMATION

Comparability of the IFRS financial statements:

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

3.1. PROPERTY, PLANT AND EQUIPMENT

Net	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
31 December 2006	1,113	3,067	590	269	5,039
of which finance leases	16	39	25		80
30 September 2007	1,191	3,110	651	319	5,271
of which finance leases	21	34	20		75

Analyses by business segment of the carrying amount of property, plant and equipment, and of capital expenditure net of disposals, are provided in note 13, "Segment Information".

3.2. INTANGIBLE ASSETS

Net	Concessions, patents and similar rights	Other intangible assets	Total
31 December 2006	710	312	1,022
30 September 2007	697⁽¹⁾	316	1,013

⁽¹⁾ This item mainly comprises software and licences held by Bouygues Telecom.

3.3. GOODWILL

3.3.1. Movement in the carrying amount of goodwill in the nine months ended 30 September 2007

	Gross value	Impairment	Carrying amount
1 January 2007	4,820	(39)	4,781
Change in scope of consolidation	316 ⁽¹⁾		316
Impairment losses		(1)	(1)
Translation and other movements	(14)	4	(10)
30 September 2007	5,122	(36)	5,086

⁽¹⁾ The main movements during the nine months ended 30 September 2007 relate to acquisitions made by Colas and Bouygues Construction: acquisition of the Spie Rail group (renamed Colas Rail) by Colas, and of the Mibag group (Switzerland) by Bouygues Construction. In the case of the Spie Rail acquisition, the entire excess of the purchase price over the carrying amount of the net assets acquired has provisionally been recognised as goodwill (€181m), pending allocation of the purchase price to the identifiable assets and liabilities acquired (to be finalised effective 31 December 2007).

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

(excluding goodwill on associates)

Segment (1)	30 September 2007		31 December 2006	
	Total	% Bouygues SA	Total	% Bouygues SA
Bouygues Construction	307	99.97%	224	99.97%
Colas	1,039	96.44%	827	96.49%
TF1	1,089	43.01%	1,085	42.92%
Bouygues Telecom	2,651	89.55%	2,645	89.55%
TOTAL	5,086		4,781	

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

3.4. INVESTMENTS IN ASSOCIATES

	Carrying amount
1 January 2007	2,940
Change in scope of consolidation, translation effects	1,032
Share of net profit/loss for the period	183
Other movements	(12)
30 September 2007	4,143⁽¹⁾

⁽¹⁾ Includes:

- Alstom (29.50%) €3,355m, including goodwill of €2,440m
- AB Groupe (33.5%) €230m, formed from the AB SAS and WB Télévision SA groups, acquired 2 April 2007 (provisional valuation)
- Cofiroute (16.7%) €434m

3.5. OTHER NON-CURRENT ASSETS

Net	Investments in non- consolidated companies	Other non-current assets (1)	Total	Non-current tax assets (2)
31 December 2006	114	973	1,087	271
30 September 2007	197	1,040	1,237	268

⁽¹⁾ Includes:

- Alstom Hydro Holding: Alstom has exclusive control over Alstom Hydro Holding. This interest was recognised as a non-current financial asset as at 30 September 2007, amounting to €158m. The same treatment was applied as at 31 December 2006. Because of the long-term industrial strategy underpinning relations between Bouygues and Alstom, the Bouygues group does not account for the call option entitling it to exchange this asset for Alstom shares as a financial instrument. If this item had been accounted for as a financial instrument, the resulting volatility would have had an estimated favourable impact of €50m on the financial statements as at 31 December 2006, increasing by €52m during the nine months ended 30 September 2007 (total impact: €102m), corresponding to the intrinsic after-tax value of the put option as at 30 September 2007.
- Canal+ France financial asset (TF1): 657

⁽²⁾ See note 6 for details.

3.6. CONSOLIDATED PURCHASE PRICE OF LISTED SHARES

	Consolidated purchase price per share ⁽¹⁾	Closing market price 30 September 2007
TF1	12.26	25.67
Colas	75.52	332.01
Alstom	79.76	124.22

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

4.1. SHARE CAPITAL OF BOUYGUES SA (IN EUROS)

€344,806,216

As at 30 September 2007, the share capital of Bouygues SA consisted of 344,806,216 shares with a par value of €1. Movements in the nine months ended 30 September 2007 were as follows:

	1 January 2007	Movements during the period		30 September 2007
		Reductions	Increases	
Shares	334,777,583		10,028,633 ⁽¹⁾	344,806,216
Investment certificates				
Number of shares	334,777,583		10,028,633	344,806,216
Par value	€ 1			€ 1
Share capital (in euros)	334,777,583		10,028,633	344,806,216

⁽¹⁾ Includes:

- Capital increase on exercise of options: 3,657,113 shares
- Capital increase under Bouygues Partage employee share ownership plan: 6,371,520 shares

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

Position at 30 September 2007	Share capital and share premium	Reserves related to capital/retained earnings	Translation reserve	Consolidated reserves and profit for the period	Treasury shares	Items recognised directly in equity	Total 30/09/07
Attributable to the Group	2,440	1,244	(8)	2,835	(254)	47	6,304
Minority interests				1,152		1	1,153
Total shareholders' equity	2,440	1,244	(8)	3,987	(254)	48	7,457

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

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

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

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

	See details:	31/12/06	Movements	30/09/07
Translation reserve	4.3.1.	8	(16)	(8)
Fair value remeasurement reserve (financial instruments)		84	19	103

4.3.1. Translation reserve

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

	31/12/06	Movements	30/09/07
US Dollar	(11)	(23)	(34)
Canadian dollar	2	11	13
Other currencies	17	(4)	13
Total	8	(16)	(8)

5.1. NON-CURRENT PROVISIONS = 1 411

	Long-term employee benefits	Litigation and claims	Guarantees given	Other non- current provisions	TOTAL
	(1)	(2)	(3)	(4)	
1 January 2007	397	333	268	434	1,432
Translation adjustments	(1)		(1)		(2)
Transfers between items and other	1	1	(2)	(8)	(8)
Changes in scope of consolidation	15	5	2	7	29
Charges to provisions	38	27	49	41	155
Provisions utilised	(13)	(75)	(30)	(18)	(136)
Provisions no longer required	(5)	(36)	(12)	(6)	(59)
30 September 2007	432	255	274	450	1,411

(1) Long-term employee benefits:

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

307
97
28

432**Principal segments involved:**

- Bouygues Construction 103
- Colas 228
- TF1 35

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

(2) Litigation and claims

- Provisions for customer disputes
- Provisions for subcontractor claims
- Employee-related litigation and claims
- Other litigation and claims

119
34
18
84

255

- Bouygues Construction 120
- Bouygues Immobilier 41
- Colas 84

(3) Guarantees given

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

197
77

274

- Bouygues Construction 184
- Bouygues Immobilier 16
- Colas 74

(4) Other non-current provisions

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

145
24
88
193

450

- Bouygues Construction 138
- Colas 162
- Bouygues Telecom 50

5.2. CURRENT PROVISIONS = 710

- Provisions related to the operating cycle

	Customer warranties	Construction project risks and project completion	Losses to completion	Customer loyalty programmes (Bouygues Telecom)	Other current provisions	Total
1 January 2007	36	165	112	177	200	690
Translation adjustments		(1)	(2)			(3)
Transfers between items and other	3	(2)	1	(1)	6	7
Changes in scope of consolidation	1	2	14		7	24
Charges to provisions	13	36	46	141	53	289
Provisions utilised	(12)	(25)	(44)	(123)	(62)	(266)
Provisions no longer required	(2)	(13)	(8)		(8)	(31)
30 September 2007	39	162	⁽¹⁾ 119	⁽²⁾ 194	196 ⁽³⁾	710

⁽¹⁾ Including:

- provisions for risks on completed projects
- provisions for final settlement on projects

76
86

Principal segments involved:

- Bouygues Construction
- Colas

123
39

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

(Individual project provisions are not disclosed for confidentiality reasons)

⁽³⁾ Including:

- reinsurance costs
- other current provisions

21
175

- Challenger Reassurance
- Bouygues Construction
- Colas
- TF1

21
45
36
50

6.1. NON-CURRENT TAX ASSETS = 268

	31/12/06	Movements	30/09/07
Deferred tax assets	250	18	268
- Bouygues Telecom	64	4	68 ⁽¹⁾
- Bouygues Construction	66	5	71
- Colas	69	14	83
- Other business segments	51	(5)	46
Other non-current tax assets	21	(21) ⁽²⁾	0
Total non-current tax assets	271	(3)	268

⁽¹⁾ Deferred tax assets recognised in the balance sheet relate primarily to temporary differences.

⁽²⁾ Reclassified as a current tax asset.

6.2. NON-CURRENT TAX LIABILITIES = 78

	31/12/06	Movements	30/09/07
Deferred tax liabilities	75	3	78
Other non-current tax liabilities	0	0	0
Total non-current tax liabilities	75	3	78

7.1. INTEREST-BEARING DEBT BY MATURITY

	Current debt (less than 1 year)	Non-current debt							Total non-current debt 30/09/07	Total non-current debt 31/12/06
		1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 6 years	6 years or more	Other		
- Bond issues	149	1,002		1,242		1,147	3,163		6,554	6,564
- Bank borrowings	254	82	57	20	10	12	56		237	177
- Finance lease obligations	18	16	14	8	7	1	6		52	56
- Other debt	12	51	26	3	7	1	6		94	47
Total interest-bearing debt, 30/09/07	433	1,151	97	1,273	24	1,161	3,231		6,937	6,844
Total interest-bearing debt, 31/12/06	411	60	1,105	536	771	13	4,359			6,844
<i>Call option over 6.5% of Bouygues Telecom (1)</i>	456									
Total at 31/12/06 (including Bouygues Telecom call option)	867	60	1,105	536	771	13	4,359			6,844

⁽¹⁾ The call option over 6.5% of Bouygues Telecom was exercised on 10 September 2007.

7.2. COVENANTS AND TRIGGER EVENTS

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

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

8.1. CHANGE IN NET DEBT

	31/12/06	Movement in the period	30/09/07
Cash and equivalents	3,776	(1,144)	2,632
Overdrafts and short-term bank borrowings	(247)	(139)	(386)
Net cash and equivalents	3,529	(1,283) ⁽¹⁾	2,246
Non-current debt	(6,844)	(93)	(6,937)
Current debt	(867)	434	(433)
Financial instruments, net	6	(6)	0
Gross debt	(7,705)	335	(7,370)
Net debt	(4,176)	(948)	(5,124)

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

8.2. PRINCIPAL TRANSACTIONS IN THE PERIOD

Net debt at 31 December 2006	(4,176)
Acquisition of an additional 4.43% interest in Alstom	(760)
Bouygues SA capital increase (incl. €231m for Bouygues Partage employee share ownership plan)	363
Dividends paid (Bouygues SA/Minorities, etc)	(568)
Purchase of treasury shares	(180)
Principal acquisitions (Spie Rail, Mibag, AB Groupe, etc)	(498)
Operating and other items	695
Net debt at 30 September 2007	(5,124)

9.1. ANALYSIS BY ACCOUNTING CLASSIFICATION

	9 months ended 30/09/07	9 months ended 30/09/06
Sales of goods	1,835	1,802
Sales of services	8,172	7,350
Construction contracts	11,287	9,975
Sales	21,294	19,127
Other revenues from operations	126	125
Total	21,420	19,252

9.2. ANALYSIS BY BUSINESS SEGMENT

BUSINESS SEGMENT	2007 9-month sales				2006 9-month sales			
	France	International	Total	%	France	International	Total	%
Construction	3,448	2,363	5,811	27	2,957	1,844	4,801	25
Property	1,196	96	1,292	6	924	152	1,076	6
Roads	5,010	3,487	8,497	40	4,513	3,310	7,823	41
Media	1,739	220	1,959	9	1,669	206	1,875	10
Telecoms	3,521		3,521	17	3,349		3,349	17
Bouygues SA & other activities	4	210	214	1	3	200	203	1
Consolidated sales	14,918	6,376	21,294	100	13,415	5,712	19,127	100
% year-on-year change	11%	12%	11%					

9.3. ANALYSIS BY GEOGRAPHICAL SEGMENT

	2007 9-month sales		2006 9-month sales	
	Total	%	Total	%
France	14,918	70	13,415	70
European Union	2,495 ⁽¹⁾	12	1,981	10
Rest of Europe	595	3	718 ⁽¹⁾	4
Africa	944	4	759	4
Middle East	95		39	
United States and Canada	1,599	8	1,600	8
Central and South America	161	1	112	1
Asia-Pacific	487	2	503	3
Total	21,294	100	19,127	100

⁽¹⁾ Includes Bulgaria and Romania: €169m in the first 9 months of 2007, €105m in the first 9 months of 2006

Operating profit rose by 19% (Bouygues Telecom up 40%, TF1 up 20% and Colas up 23%); see note 13 for details.

	9 months ended 30/09/07	9 months ended 30/09/06
Sales	21,294	19,127
Other revenues from operations	126	125
Purchases used in production and external charges	(14,580)	(13,002)
Taxes other than income tax	(452)	(437)
Personnel costs	(4,394)	(3,881)
Net depreciation, amortisation, provisions and impairment losses		
- Depreciation and amortisation expense	(909)	(881)
- Net charges to provisions and impairment losses (1)	(169)	(139)
Changes in production and property development inventories	395	203
Other income and expenses from operations	422	341
- Reversals of unused provisions and impairment losses	139	136
- Gains on disposals of non-current assets	46	86
- Other income and expenses	237	119
Current operating profit	1,733	1,456
Non-current operating income and expenses	21 ⁽²⁾	14
Operating profit	1,754	1,470

⁽¹⁾ Including reversals of utilised provisions

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

ANALYSIS OF COST OF NET DEBT

	09/2007	09/2006
- Net debt	(171)	(137)
- Finance leases	(2)	(4)
- Financial instruments used for hedging purposes	12	(3)
Total	(161)⁽¹⁾	(144)

See Note 13 ("Segment information") for a breakdown by business segment for the nine months ended 30 September 2007.

⁽¹⁾ Increase of €17m due partly to interest expense on new bond issues made in 2006.

ANALYSIS OF INCOME TAX EXPENSE

	09/2007			09/2006		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(408) ⁽²⁾	(113)	(521)	(196)	(103)	(299)
Change in deferred tax liabilities	(6)		(6)	12	3	15
Change in deferred tax assets ⁽¹⁾	3	1	4	(151)	1	(150)
Total	(411)	(112)	(523)	(335)	(99)	(434)
⁽¹⁾ incl. reversal of Bouygues Telecom deferred tax assets:	4			(161)		
⁽²⁾ incl. Bouygues Telecom tax payable:	(243)			6		

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

ANALYSIS BY BUSINESS SEGMENT: NINE MONTHS ENDED 30 SEPTEMBER 2007

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other activities	TOTAL	TOTAL	
							2007 9 months	2006 9 months	
Income statement for the nine months ended 30 September 2007									
Total sales	5,978	1,293	8,516	1,970	3,533	318	21,608	19,576	
Inter-segment sales	(167)	(1)	(19)	(11)	(12)	(104)	(314)	(449)	
Third-party sales	5,811	1,292	8,497	1,959	3,521	214	21,294	19,127	
Operating profit	232	126	474	234	694	(6)	1,754	1,470	
Cost of net debt	59	(8)	(11)	(14)	1	(188)	(161)	(144)	
Income tax expense	(90)	(40)	(151)	(75)	(239)	72	(523)	(434)	
Share of profits and losses of associates	8		50	(1)		126	183	59	
Net profit attributable to the Group	220	69	348	72	408	(6) ⁽¹⁾	1,111	923	
Balance sheet as at 30 September 2007								09/2007	12/2006
Property, plant and equipment ⁽²⁾	473	12	1,986	153	2,262	385	5,271	5,039	
Intangible assets	41	3	63	162	737	7	1,013	1,022	
Goodwill ⁽³⁾	307		1,039	1,089	2,651		5,086	4,781	
Investments in associates	77		467	244		3,355 ⁽⁴⁾	4,143	2,940	
Trade receivables	2,017	62	3,709	586	707	408	7,489	6,252	
Cash and equivalents	349	93	251	48	12	1,879	2,632	3,776	
Non-current debt	330	72	166	497	18	5,854	6,937	6,844	
Non-current provisions	545	87	548	49	88	94	1,411	1,432	
Current debt	4	119	46	109	4	151	433	867	
Trade payables	2,173	500	2,791	675	877	378	7,394	6,744	
Cash flow statement for the nine months ended 30 September 2007								2007 9 months	2006 9 months
Capital expenditure, net of disposals	218	4	341	55	382	19	1,019	1,020	
Net acquisitions of investments in consolidated companies and other investments	50	28	298 ⁽⁵⁾	220 ⁽⁶⁾	15	1,274 ⁽⁷⁾	1,885	2,317	
Other indicators for the nine months ended 30 September 2007								2007 9 months	2006 9 months
EBITDA	299	115	767	334	1,130	27	2,672	2,339	

⁽¹⁾ Includes contribution from Alstom of €125m (after adjustments booked at Bouygues group level).

⁽²⁾ See Note 3 for a breakdown by type of asset.

⁽³⁾ Goodwill arising on acquisitions made by Bouygues SA is allocated to the acquired business (see note 3.3.2).

⁽⁴⁾ Relates solely to Alstom, see note 3.4.

⁽⁵⁾ Includes acquisition of Spie Rail (Colas) = €267m

⁽⁶⁾ Includes acquisition of AB Groupe (TF1) = €230m

⁽⁷⁾ Includes acquisitions of shares in Alstom = €842m and Bouygues Telecom = €441m (on exercise of 6.5% call option) - see note 1, "Significant events of the period".

NOTE 14**PRINCIPAL EXCHANGE RATES**

Convention : 1 local currency unit = x euros

Country	Currency	Closing rate		Average rate for the period	
		30/09/07	31/12/06	First 9 months of 2007	Full year 2006
<u>EUROPE</u>					
Denmark	Danish krone	0.134149	0.134120	0.134239	0.134066
United Kingdom	Pound sterling	1.435132	1.489203	1.474878	1.466482
Hungary	Hungarian forint	0.003989	0.003972	0.003985	0.003786
Poland	Polish zloty	0.265041	0.261028	0.261215	0.256439
Czech Republic	Czech koruna	0.036321	0.036383	0.035583	0.035379
Romania	Romanian leu	0.299034	0.295552	0.303422	0.284694
Switzerland	Swiss franc	0.602373	0.622316	0.609525	0.634213
<u>NORTH AMERICA</u>					
United States	US dollar	0.705268	0.759301	0.739907	0.791771
Canada	Canadian dollar	0.708115	0.654407	0.676498	0.700939
<u>REST OF THE WORLD</u>					
Morocco	Moroccan dirham	0.088582	0.089759	0.089356	0.090474
Thailand	Thai baht	0.022191	0.021381	0.022784	0.021037
Hong Kong	Hong Kong dollar	0.090864	0.097648	0.094777	0.101914
African Financial Community	CFA franc	0.001524	0.001524	0.001524	0.001524
South Africa	South African rand	0.102499	0.108549	0.103763	0.115831