Consolidated financial statements

2016

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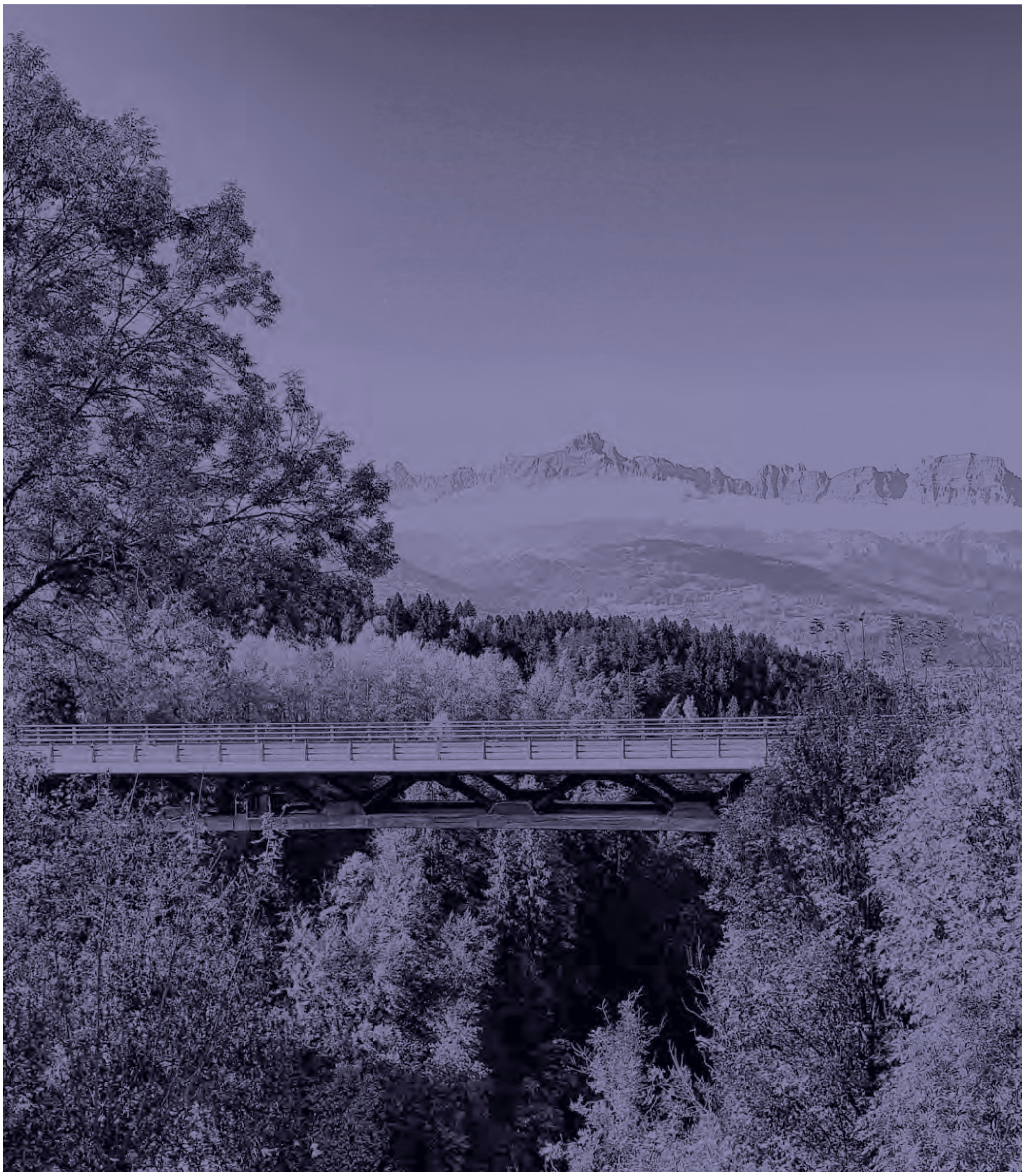

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CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2016

Consolidated financial statements at December 31, 2016

(in thousands of euros)	*Notes*	**December 31, 2016**	**December 31, 2015 restated [(a)]**
ASSETS			
Non-current assets			
Goodwill	*3*	1,048,954	1,040,307
Other intangible assets	*4*	106,465	114,459
Property, plant and equipment	*5*	1,992,508	2,121,011
Investment properties	*7*	17,839	17,766
Investments in associated companies	*8*	41,070	49,854
Deferred tax assets	*25*	150,918	150,292
Receivables and other non-current financial assets	*9*	110,941	122,672
TOTAL NON-CURRENT ASSETS		3,468,695	3,616,361
Current assets			
Inventories and work-in-progress	*10*	385,770	407,192
Trade and other receivables	*11*	389,504	376,627
Current tax assets		53,447	53,716
Others receivables	*11*	188,721	150,725
Cash and cash equivalents	*12*	242,770	254,371
TOTAL CURRENT ASSETS		1,260,212	1,242,631
TOTAL ASSETS		**4,728,907**	**4,858,992**
LIABILITIES			
Shareholders' equity			
Share capital	*13*	179,600	179,600
Additional paid-in capital		11,207	11,207
Consolidated reserves		2,022,313	2,046,737
Shareholders' equity		**2,213,120**	**2,237,544**
Minority interests		**257,054**	**292,160**
SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		2,470,174	2,529,704
Non-current liabilities			
Provisions for pensions and other post-employment benefits	*14*	142,353	134,729
Other provisions	*15*	107,101	95,938
Financial debts and put options	*16*	980,017	1,225,391
Deferred tax liabilities	*25*	197,980	220,665
Other non-current liabilities		2,228	5,369
TOTAL NON-CURRENT LIABILITIES		1,429,679	1,682,092
Current liabilities			
Provisions	*15*	10,757	13,204
Debts and put options at less than 1 year	*16*	250,266	114,884
Trade and other accounts payable		316,345	283,734
Current taxes payable		46,835	37,274
Other liabilities	*18*	204,851	198,100
TOTAL CURRENT LIABILITIES		829,054	647,196
TOTAL LIABILITIES		2,258,733	2,329,288
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,728,907**	**4,858,992**

(a) The 2015 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 35.

Consolidated income statement for the 2016 fiscal year

(in thousands of euros)	*Notes*	December 31, 2016	December 31, 2015 restated [(a)]
Sales	*19*	**2,453,771**	**2,457,903**
Goods and services purchased		(1,554,840)	(1,580,500)
Added value	*1.22*	**898,931**	**877,403**
Personnel costs	*20*	(409,406)	(407,395)
Taxes		(56,466)	(53,814)
Gross operating income	*1.22 & 23*	**433,059**	**416,194**
Depreciation, amortization and provisions	*21*	(198,856)	(195,331)
Other income and expenses	*22*	21,745	23,961
Operating income	*23*	**255,948**	**244,824**
Cost of net financial debt	*24*	(30,475)	(36,991)
Other financial income	*24*	12,371	23,148
Other financial expenses	*24*	(20,007)	(34,353)
Financial Income/(expense)	*24*	**(38,111)**	**(48,196)**
Earnings from associated companies	*8*	13,695	4,876
Profit (loss) before tax		**231,532**	**201,504**
Income tax	*25*	(66,727)	(62,013)
Consolidated net income		**164,805**	**139,491**
Portion attributable to minority interests		25,740	21,219
Portion attributable to the Group		**139,065**	**118,272**
EBITDA	*1.22 & 23*	**457,813**	**443,701**
EBIT	*1.22 & 23*	**257,832**	**245,593**
Cash flows from operating activities	*1.22*	**352,942**	**341,579**
EARNINGS PER SHARE *(in euros)*			
Basic and diluted Group share of net earnings per share	*13*	3.10	2.63

(a) The 2015 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 35

Consolidated statement of comprehensive incomes for the 2016 fiscal year

(in thousands of euros)	December 31, 2016	December 31, 2015 restated [(a)]
Consolidated net income	**164,805**	**139,491**
Other comprehensive income		
Items not recycled to profit or loss:		
Remeasurement of the net defined benefit liability	3,548	269
Tax on non-recycled items	(1,848)	670
Items recycled to profit or loss:		
Translation adjustments	(143,748)	9,138
Cash flow hedge instruments	(3,082)	11,482
Tax on recycled items	(194)	(3,997)
Other comprehensive income (after tax)	**(145,324)**	**17,562**
TOTAL COMPREHENSIVE INCOME	**19,481**	**157,053**
Portion attributable to minority interests	(21,274)	22,278
Portion attributable to the Group	**40,755**	**134,775**

(a) The 2015 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 35.

Consolidated cash flow statement for the 2016 fiscal year

(in thousands of euros)	Notes	December 31, 2016	December 31, 2015 restated [(a)]
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**164,805**	**139,491**
Earnings from associated companies		(13,695)	(4,876)
Dividends received from associated companies		4,596	1,131
Elimination of non-cash and non-operating items:			
■ depreciation, amortization and provisions		208,706	202,655
■ deferred taxes		(9,707)	(11,811)
■ net (gain) loss from disposal of assets		(3,966)	(3,933)
■ unrealized fair value gains and losses		486	64
■ other		1,717	18,858
Cash flows from operating activities	1.22	**352,942**	**341,579**
Change in working capital requirement		33,332	(46,661)
Net cash flows from operating activities [(1)]	27	**386,274**	**294,918**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of non-current assets:			
■ property, plant and equipment and intangible assets		(139,304)	(169,415)
■ financial investments		(37,582)	(19,526)
Inflows linked to disposals of non-current assets:			
■ property, plant and equipment and intangible assets		7,567	7,295
■ financial investments		7,170	3,680
Impact of changes in consolidation scope		(25,907)	(55)
Net cash flows from investing activities	28	**(188,056)**	**(178,021)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(80,239)	(78,405)
Increases in share capital			
Proceeds from borrowings		1,570	301,486
Repayments of borrowings		(129,405)	(356,698)
Acquisitions of treasury shares		(25,749)	(30,765)
Disposals or allocations of treasury shares		27,935	32,899
Net cash flows from financing activities		**(205,888)**	**(131,483)**
Impact of changes in foreign exchange rates		(8,517)	(3,308)
Change in cash position		**(16,187)**	**(17,894)**
Net cash and cash equivalents – opening balance	29	225,096	242,991
Net cash and cash equivalents – closing balance	29	208,909	225,096

(a) The 2015 financial statements have been restated in accordance with the new accounting method applied to the greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 35.

(1) Including cash flows from income taxes: € (49,846) thousand in 2016 and € (77,620) thousand in 2015.
Including cash flows from interests paid and received: € (28,708) thousand in 2016 and € (40,774) thousand in 2015.

Statement of changes in consolidated equity for the 2016 fiscal year

(in thousands of euros)	Share capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Shareholders' equity and minority interests
AT JANUARY 1, 2015 restated [a]	179,600	11,207	(70,133)	2,195,649	(149,698)	2,166,625	281,870	2,448,495
Restated annual income [a]				118,272		118,272	21,219	139,491
Other comprehensive income [1]				(39,392)	55,894	16,502	1,060	17,562
Total comprehensive income [a]				**78,880**	**55,894**	**134,774**	**22,279**	**157,053**
Dividends paid				(66,111)		(66,111)	(11,969)	(78,080)
Net change in treasury shares			3,125	(677)		2,448		2,448
Changes in consolidation scope and additional acquisitions								
Increases in share capital								
Other changes				(193)		(193)	(20)	(213)
AT DECEMBER 31, 2015 restated [a]	179,600	11,207	(67,008)	2,207,548	(93,804)	2,237,543	292,160	2,529,703
Consolidated net income				139,065		139,065	25,740	164,805
Other comprehensive income [1]				(2,185)	(96,125)	(98,310)	(47,014)	(145,324)
Total comprehensive income				**136,880**	**(96,125)**	**40,755**	**(21,274)**	**19,481**
Dividends paid				(66,292)		(66,292)	(13,880)	(80,172)
Net change in treasury shares			3,399	(1,213)		2,186		2,186
Changes in consolidation scope and additional acquisitions								
Increases in share capital								
Other changes				(1,072)		(1,072)	48	(1,024)
AT DECEMBER 31, 2016	**179,600**	**11,207**	**(63,609)**	**2,275,851**	**(189,929)**	**2,213,120**	**257,054**	**2,470,174**

(a) The 2015 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 35.

(1) Inventory by nature of other comprehensive income:
Other comprehensive income includes mainly cumulative conversion differences from end 2003 as at end December 2016. To recap, applying the option offered by IFRS 1, the conversion differences accumulated before the transition date to IFRS were reclassified by allocating them to retained earnings as at that date.

Group translation differences are broken down by currency as follows (in thousands of euros), at December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
US dollar:	63,948	52,291
Swiss franc:	208,982	203,395
Turkish new lira:	(178,330)	(144,915)
Egyptian pound:	(128,268)	(50,157)
Kazakh tenge:	(85,609)	(85,450)
Mauritanian Ouguiya:	(3,262)	2,812
Indian rupee:	(67,390)	(71,780)
	(189 929)	**(93 804)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING POLICIES AND VALUATION METHODS

1.1. Statement of compliance

In compliance with European Regulation (EC) 1606/2002 issued by the European Parliament on July 19, 2002 on the enforcement of International Accounting Standards, Vicat's consolidated financial statements have been prepared since January 1, 2005 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Vicat Group has adopted those standards in force on December 31, 2016 for its benchmark accounting policies.

Standards and interpretations published by the IASB but not yet in effect as at December 31, 2016 were not applied early in the Group's consolidated financial statements at the closing date.

The consolidated financial statements for the year ended December 31, 2016 present comparative data for the previous year prepared under these same IFRSs. As the mandatory standards starting from January 1, 2016 are not applicable to the Group, nor do they have any significant impact in the Group's consolidated financial statements, the accounting methods and calculation procedures adopted in the consolidated financial statements as at December 31, 2016 are consistent with those used in the annual financial statements for 2015, with the exception of the accounting treatment of greenhouse gas emission rights. Starting from January 1, 2016, the Group decided to adopt the method recommended by the ANC since 2013, compatible with the IFRS standards in force (Regulation No. 2012-03 of October 4, 2012, approved January 7, 2013), which provides more reliable and relevant financial information to reflect the 'quotas' economic model, in particular eliminating the impacts associated with the volatility of the price of quotas. The financial statements for year 2015 have been restated in accordance with the new method for comparison purposes. The detailed impacts of this change in method on the 2015 financial statements are presented in notes 1.7 and 35.

This year, the Group also initiated the planned implementations of IFRS 9, "Financial Instruments" and IFRS 15 "revenue recognition" standards, mandatory as from January 1, 2018, as well as that relating to the implementation of IFRS 16 "leases", mandatory as from January 1, 2019, to assess the potential impact on the Group's financial statements.

Regarding IFRS 15, a questionnaire for identification of the main differences between the current accounting policies – IAS 18 – and those of the IFRS 15 standard was deployed with the entities of the Group to identify flows and transactions that may be impacted by the implementation of this new standard, as well as any necessary changes to be made to the accounting charts. At this stage, almost all the questionnaires have been completed and are being used. From the analyses conducted so far, the Group believes that implementation of this standard should not have a significant impact on its financial statements, given the nature of its business.

Regarding IFRS 16, the Company has set up the necessary resources (training, project team, collection matrix) to identify all of the leases concerned and quantify the estimated impact of the application of this standard. At this time, still remains to finalize the transition method to apply (full retrospective or modified approach) when the effective implementation of this standard, as well as the technical options to be used to quantify the impact of application of the IFRS 16 standard.

Regarding IFRS 9, the Group is currently evaluating the impact that this standard could have on the financial statements.

These financial statements were finalized and approved by the Board of Directors at its meeting of February 24, 2017 and will be submitted to the General Meeting of April 18, 2017 for approval.

1.2. Basis of preparation of financial statements

The financial statements are presented in thousands of euros.

The consolidated statement of comprehensive income is presented by type in two separate statements: the consolidated income statement and the consolidated statement of other comprehensive income.

The consolidated statement of financial position segregates current and non-current asset and liability accounts and splits them according to their maturity (divided, generally speaking, into maturities of less than and more than one year).

The statement of cash flows is presented according to the indirect method.

The financial statements are prepared using the historical cost method, except for the following assets and liabilities, which are recognized at fair value: derivatives, assets held for trading, assets available for sale, and the portion of assets and liabilities covered by hedging transactions.

The accounting policies and valuation methods described hereinafter have been applied on a permanent basis to all of the financial years presented in the consolidated financial statements.

The establishment of consolidated financial statements under IFRS requires the Group's management to make a number of estimates and assumptions, which have a direct impact on the financial statements. These estimates are based on the going concern principle and are established on the basis of the information available at the date they are carried out. They concern mainly the assumptions used to:

- value provisions (notes 1.17. and 15), in particular those for pensions and other post-employment benefits (notes 1.15. and 14);
- value the put options granted to third parties on shares in consolidated subsidiaries (notes 1.16. and 16),
- measure financial instruments at their fair value (notes 1.14. and 17);

- perform the valuations adopted for impairment tests (notes 1.4. 1.11. and 3);
- define the accounting principle to be applied in the absence of a definitive standard (notes 1.7 and 4 concerning emission quotas).

The estimates and assumptions are reviewed regularly, whenever justified by the circumstances, at least at the end of each year, and the pertinent items in the financial statements are updated accordingly.

1.3. Consolidation principles

When a company is acquired, its assets and liabilities are measured at their fair value at the acquisition date.

The earnings of the companies acquired or disposed of during the year are recorded in the consolidated income statement for the period subsequent or previous to the date of the acquisition or disposal, as appropriate.

The annual statutory financial statements of the companies at December 31 are consolidated, and any necessary adjusting entries are made to restate them in accordance with the Group accounting policies. All intercompany balances and transactions are eliminated during the preparation of the consolidated financial statements.

Subsidiaries

Companies that are controlled exclusively by Vicat, directly or indirectly, are fully consolidated.

Joint ventures and associated companies

Joint ventures, which are jointly controlled and operated by a limited number of shareholders and associated companies, investments over which Vicat exercises notable control are reported using the equity method. Any goodwill generated on the acquisition of these investments is presented on the line "Investments in associated companies" (equity method).

The list of the main companies included in the consolidation scope as at December 31, 2016 is provided in note 34.

1.4. Business combinations – goodwill

With effect from January 1, 2010, business combinations are reported in accordance with IFRS 3 "Business Combinations" (revised) and IAS 27 "Consolidated and Separate Financial Statements" (revised). As these revised standards apply prospectively, they do not affect business combinations carried out before January 1, 2010.

Business combinations carried out before January 1, 2010

These are reported using the acquisition method. Goodwill corresponds to the difference between the acquisition cost of the shares in the acquired company and the purchaser's *pro-rata* share in the fair value of all identified assets, liabilities and contingent liabilities at the acquisition date. Goodwill on business combinations carried out after January 1, 2004 is reported in the currency of the company acquired. Applying the option offered by IFRS 1, business combinations completed before the transition date of January 1, 2004 have not been restated, and the goodwill arising from them has been maintained at its net value as shown in the balance sheet prepared according to French GAAP as at December 31, 2003.

In the event that the *pro-rata* share of interests in the fair value of net assets, liabilities and contingent liabilities acquired exceeds their cost ("negative goodwill"), the full amount of this negative goodwill is recognized in the income statement of the reporting period in which the acquisition was made, except for acquisitions of minority interests in a company already fully consolidated, in which case this amount is recognized in the consolidated shareholders' equity.

The values of assets and liabilities acquired through a business combination must be definitively determined within 12 months of the acquisition date. These values may thus be adjusted at any closing date within that time frame.

Minority interests are valued on the basis of their *pro-rata* share in the fair value of the net assets acquired.

If the business combination takes place through successive purchases, each material transaction is treated separately, and the assets and liabilities acquired are so valued and goodwill thus determined.

Business combinations carried out on or after January 1, 2010

IFRS 3 "Business Combinations" (revised), which is mandatory for business combinations carried out on or after January 1, 2010, introduced the following main changes compared with the previous IFRS 3 (before revision):

- goodwill is determined once, on the date the acquirer obtains control.

  The Group then has the option, in the case of each business combination, upon obtaining control, to value the minority interests:
  - either at their pro-rata share in the identifiable net assets of the company acquired ("partial" goodwill option),
  - or at their fair value ("full" goodwill option).

Measurement of minority interests at fair value has the effect of increasing the goodwill by the amount attributable to such minority interests, resulting in the recognition of a "full" goodwill;

- any adjustment in the acquisition price at fair value from the date of acquisition is to be reported, with any subsequent adjustment occurring after the 12-month appropriation period from the date of acquisition to be recorded in the income statement;
- the costs associated with the business combination are to be recognized in the expenses for the period in which they were incurred;
- in the case of combinations carried out in stages, upon obtaining control, the previous holding in the company acquired is to be revalued at fair value on the date of acquisition and any gain or loss which results is to be recorded in the income statement.

In compliance with IAS 36 (see note 1.11.), at the end of each year, and in the event of any evidence of impairment, goodwill is subjected to an impairment test, consisting of a comparison of its net carrying cost with its value in use as calculated on a discounted projected cash flow basis. When the latter is below carrying cost, an impairment loss is recognized for the corresponding loss of value.

1.5. Foreign currencies

Transactions in foreign currencies

Transactions in foreign currencies are translated into the operating currency at the exchange rates in effect on the transaction dates. At the end of the year, all monetary assets and liabilities denominated in foreign currencies are translated into the operating currency at the year-end exchange rates, and the resulting exchange rate differences are recorded in the income statement.

Translation of financial statements of foreign companies

All assets and liabilities of Group companies denominated in foreign currencies that are not hedged are translated into euros at the year-end exchange rates, while income, expense and cash flow statement items are translated at average exchange rates for the year. The ensuing translation differences are recorded directly in shareholders' equity.

In the event of a later sale, the cumulative amount of translation differences relating to the net investment sold and denominated in foreign currency is recorded in the income statement. Applying the option offered by IFRS 1, translation differences accumulated before the transition date were zeroed out by allocating them to consolidated reserves at that date. They will not be recorded in the income statement in the event of a later sale of these investments which are denominated in foreign currency.

The following foreign exchange rates were used:

	Closing rate		Average rate	
	December 31, 2016	**December 31, 2015**	**December 31, 2016**	**December 31, 2015**
US Dollar (USD)	1.0541	1.0887	1.1066	1.1096
Swiss franc (CHF)	1.0739	1.0835	1.0902	1.0676
Egyptian pound (EGP)	19.0735	8.5036	11.0412	8.5442
Turkish lira (TRL)	3.7072	3.1765	3.3428	3.0219
Kazakh tenge (KZT)	351.3200	369.5800	380.5355	246.1933
Mauritanian ouguiya (MRO)	378.8711	339.0667	385.4958	343.4900
CFA Franc (XOF)	655.9570	655.9570	655.9570	655.9570
India rupee (INR)	71.5935	72.0215	74.3553	71.1765

1.6. Other intangible assets

Intangible assets (mainly patents, rights and software) are recorded in the consolidated statement of financial position at historical cost less accumulated amortization and any impairment losses. This cost includes acquisition or production costs and all other directly attributable costs incurred for the acquisition or production of the asset and for its commissioning.

Assets with finite lives are amortized on a straight-line basis over their useful lives (generally not exceeding 15 years).

Research costs are recognized as expenses in the period in which they are incurred. Development costs meeting the criteria defined by IAS 38 are capitalized.

1.7. Emission quotas

In the IFRS standards, there is as yet no standard or interpretation dealing specifically with greenhouse gas emission rights. As of January 1, 2016, the Group decided to adopt the method recommended by the ANC since 2013, compatible with the IFRS standards in force (Regulation No. 2012-03 of October 4, 2012, approved January 7, 2013), that provides more reliable and relevant financial information to reflect the quotas economic model, in particular eliminating the impacts associated with the volatility of the prices of quotas.

According to this method, once the quotas are intended to fulfill the obligations related to emissions (production model):

- quotas are posted as inventories at the time of their acquisition (free of charge or chargeable). They are drawn down as and when necessary to cover greenhouse gas emissions, as part of the restitution procedure, or at the time of their sale, and are not revalued at closing;

- a debt is posted at closing if there is a quota shortfall.

Since the Group today has only those quotas allocated free of charge by the State under National Quotas Allocation Plans, applying these rules means they are posted as inventories for a zero value. Moreover, as the Group has recorded surpluses to date, no debt is posted to the balance sheet and, if they are not sold, no amount is posted to the income statement.

Before January 1, 2016, quotas held above the aggregated actual emissions were posted under assets as other intangible assets at closing and surpluses, sales of quotas and quota swap (EUA) against Emission Reduction Certificates (CER) were posted under income for the year. Thus, the Group had posted income of € 4.7 million in the 2015 income statement under surpluses recorded during the prior year.

The financial statements for year 2015 have been restated in accordance with the new method for comparison purposes. The detailed impacts of this change on the 2015 financial statements are presented in note 35.

1.8. Property, plant and equipment

Property, plant and equipment are reported in the consolidated statement of financial position at historical cost less accumulated depreciation and any impairment losses, using the component approach provided for in IAS 16. When an article of property, plant and equipment comprises several significant components with different useful lives, each component is amortized on a straight-line basis over its respective useful life, starting at commissioning.

The main amortization periods are presented below depending on the assets category:

	Cement assets	Concrete & Aggregates assets
Civil engineering:	15 to 30 years	15 years
Major installations:	15 to 30 years	10 to 15 years
Other industrial equipment:	8 years	5 to 10 years
Electricity:	15 years	5 to 10 years
Controls and instruments:	5 years	5 years

Quarries are amortized on the basis of tonnage extracted during the year as a ratio of total estimated reserves.

Certain parcels of land owned by French companies acquired prior to December 31, 1976 were revalued, and the adjusted value was recognized in the financial statements, but without a significant impact on the lines concerned.

Interest expenses on borrowings incurred to finance the construction of facilities during the period prior to their commissioning are capitalized. Exchange rate differences arising from foreign currency borrowings are also capitalized inasmuch as they are treated as an adjustment to interest costs and within the limit of the interest charge which would have been paid on borrowings in local currency.

1.9. Leases

In compliance with IAS 17, leases on which nearly all of the risks and benefits inherent in ownership are transferred by the lessor to the lessee are classified as finance leases. All other contracts are classified as operating leases.

Assets held under finance leases are recorded in property, plant and equipment at the lower of their fair value and the current value of the minimum rent payments at the starting date of the lease and amortized over the shortest duration of the lease and its useful life, with the corresponding debt recorded as a liability.

1.10. Investment properties

The Group recognizes its investment properties at historical cost less accumulated depreciation and any impairment losses. They are depreciated on a straight-line basis over their useful life (10 to 25 years). The fair value of its investment properties is calculated by the Group's specialist departments, assisted by an external consultant, primarily by reference to market prices observed on transactions involving comparable assets or published by local notary chambers. It is presented in the notes at each year-end.

1.11. Impairment

In accordance with IAS 36, the book values of assets with indefinite lives are reviewed at each year-end, and during the year, whenever there is an indication that the asset may be impaired. Those with finite lives are only reviewed if impairment indicators show that a loss is likely.

An impairment loss has to be recorded as an expense on the income statement when the carrying cost of the asset is higher than its recoverable value. The latter is the higher of the fair value less the costs of sale and the value in use. The value in use is calculated primarily on a discounted projected cash flow basis over ten years, plus the terminal value calculated on the basis of a projection to infinity of the cash flow from operations in the last year. This time period corresponds to the Group's capital-intensive nature and the longevity of its industrial plant.

The projected cash flows are calculated on the basis of the following components that have been inflated and then discounted:

- the EBITDA from the Long Term Plan over the first five years, then projected to year ten;
- the sustaining capital expenditure;
- the change in the working capital requirement.

The assumptions used in calculating impairment tests are derived from forecasts made by operational staff reflecting as closely as possible their knowledge of the market, the commercial position of the businesses, and the performance of the industrial plant. Such forecasts include the impact of foreseeable developments in cement consumption based on macroeconomic and industry sector data, changes likely to affect the competitive position, technical improvements in the manufacturing process, and expected developments in the cost of the main production factors contributing to the cost price of the products.

In the case of countries subject to social tensions and security concerns, the assumptions used also include the potential improvement resulting from the progressive and partial easing of some of these tensions and concerns, based on recent data and an examination of the effect of these tensions on current business conditions.

Projected cash flows are discounted at the weighted average capital cost (WACC) before tax, in accordance with IAS 36 requirements. This calculation is made per country, taking into account the cost of risk-free long-term money, market risk weighted by a sector volatility factor, and a country premium reflecting the specific risks of the market in which the cash generating unit in question operates.

If it is not possible to estimate the fair value of an isolated asset, it is assessed at the level of the cash generating unit that the asset is part of (defined by IAS 36 as the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets) insofar as the industrial installations, products and markets form a coherent whole. The analysis was thus carried out for each geographical area/market/business, and the cash generating units were determined depending on the existence or not of vertical integration between the Group's activities in the area concerned.

The value of the assets thus tested, at least annually using this method for each cash generating unit comprises the intangible and tangible non-current assets plus the goodwill attributable to non-controlling interests.

These impairment tests are sensitive to the assumptions held for each cash generating unit, mainly in terms of:

- the discount rate as previously defined;
- the inflation rate, which must reflect sales prices and expected future costs;
- the growth rate to infinity.

Tests are conducted at each year-end on the sensitivity to an increase or decrease of one point in the discount rate and growth rate to infinity applied, in order to assess the effect on the value of goodwill and other intangible and tangible assets included in the Group's consolidated financial statements. Moreover, the discount rate includes a country risk premium and an industry sector risk premium reflecting the cyclical nature of certain factors inherent in the business sector, enabling an understanding of the volatility of certain elements of production costs, which are sensitive in particular to energy costs.

Recognized impairments can be reversed and are recovered in the event of a decrease, except for those corresponding to goodwill, which are definitive.

1.12. Inventories

Inventories are valued using the weighted average unit cost method, at the lower of purchase price or production cost, and net market value (sales price less completion and sales costs).

The gross value of goods and supplies includes both the purchase price and all related costs.

Manufactured goods are valued at production cost, including the cost of goods, direct and indirect production costs and the depreciation on all consolidated fixed assets used in the production process.

In the case of inventories of manufactured products and work in progress, the cost includes an appropriate share of fixed costs based on the standard conditions of use of the production plant.

Inventory impairments are recorded when necessary to take into account any probable losses identified at year-end.

1.13. Cash and cash equivalents

Cash and cash equivalents include both cash and short-term investments of less than three months' maturity, that do not present any risk of a change in value. The latter are marked to market at the end of the period. Net cash, the change in which is presented in the statement of cash flows, consists of cash and cash equivalents less any bank overdrafts.

1.14. Financial instruments

Financial assets

The Group classifies its non-derivative financial assets, when they are first entered in the financial statements, in one of the following four categories of financial instruments in accordance with IAS 39, depending on the reasons for which they were originally acquired:

- long-term loans and receivables, financial assets not quoted on an active market, the payment of which is determined or can be determined; these are valued at their amortized cost;

- assets available for sale which include in particular, in accordance with the standard, investments in non-consolidated affiliates; these are valued at the lower of their carrying value and their fair value less the cost of sale as at the end of the period, which takes into account profitability prospects, share prices or market prices;
- financial assets valued at their fair value through the income, since they are held for transaction purposes (acquired and held for the purpose of selling in the short term);
- investments held to term, including securities quoted on an active market associated with defined payments at fixed deadlines; the Group does not own such assets at the year-end of the reporting periods in question.

All acquisitions and disposals of financial assets are reported at the transaction date. Financial assets are reviewed at the end of each year in order to identify any evidence of impairment.

Financial liabilities

The Group classifies its non-derivative financial assets, when they are first entered in the financial statements, as financial liabilities valued at amortized cost. These comprise mainly borrowings, other financings, bank overdrafts, etc. The Group does not have financial liabilities at fair value through the income statement.

Treasury shares

In compliance with IAS 32, Vicat's treasury shares are recognized net of shareholders' equity.

Derivatives and hedging

The Group uses hedging instruments to reduce its exposure to changes in interest and foreign currency exchange rates resulting from its business, financing and investment operations. These hedging transactions use financial derivatives. The Group uses interest rate swaps and caps to manage its exposure to interest rate risks. Forward FX contracts and currency swaps are used to hedge exchange rate risks.

The Group uses derivatives solely for economic hedging purposes and no instrument is held for speculative ends. Under IAS 39, however, certain derivatives used are not, not yet or no longer, eligible for hedge accounting at the closing date.

Financial derivatives are valued at their fair value in the balance sheet. Except for the cases detailed below, the change in fair value of derivatives is recorded as an offset in the income statement of the financial statement ("Change in fair value of financial assets and liabilities"). The fair values of derivatives are estimated by means of the following valuation models:

- the market value of interest rate swaps, exchange rate swaps and forward purchase/sale transactions is calculated by discounting the future cash flows on the basis of the "zero coupon" interest rate curves applicable at the end of the preceding reporting periods, restated if applicable to reflect accrued interest not yet payable;
- interest rate options are revalued on the basis of the Black and Scholes model incorporating the market parameters as at year-end.

Derivative instruments may be designated as hedging instruments, depending on the type of hedging relationship:

- fair value hedging is hedging against exposure to changes in the fair value of a booked asset or liability, or of an identified part of that asset or liability, attributable to a particular risk, in particular interest and exchange rate risks, which would affect the net income presented;
- cash flow hedging is hedging against exposure to changes in cash flow attributable to a particular risk, associated with a booked asset or liability or with a planned transaction (e.g. expected sale or purchase or "highly probable" future transaction), which would affect the net income presented.

Hedge accounting for an asset/liability/firm commitment or cash flow is applicable if:

- the hedging relationship is formally designated and documented at its date of inception;
- the effectiveness of the hedging relationship is demonstrated at the inception and then by the regular assessment and correlation between the changes in the market value of the hedging instrument and that of the hedged item. The ineffective portion of the hedging instrument is always recognized in the income statement.

The application of hedge accounting results as follows:

- in the event of a documented fair value hedging relationship, the change in the fair value of the hedging derivative is recognized in the income statement as an offset to the change in the fair value of the underlying financial instrument hedged. Income is affected solely by the ineffective portion of the hedging instrument;
- in the event of a documented cash flow hedging relationship, the change in the fair value of the effective portion of the hedging derivative is recorded initially in shareholders' equity, and that of the ineffective portion is recognized directly in the income statement. The accumulated changes in the fair value of the hedging instrument previously recorded in shareholders' equity are transferred to the income statement at the same rate as the hedged cash flows.

1.15. Employee benefits

The Group recognizes the entire amount of its commitments relating to post-employment benefits in accordance with IAS 19 (revised).

Regulations, standard practices and agreements in force in countries where the Group's consolidated companies have operations provide for various types of post-employment benefits: lump-sum payments on retirement, supplemental pension benefits, guaranteed supplemental pension benefits specifically for executives, etc. and other long-term benefits (such as medical coverage for retirees, etc.).

Defined contribution plans are those for which the Group's commitment is limited only to the payment of contributions, recognized as expenses when they are incurred.

Defined benefit plans include all post-employment benefit programs, other than those under defined contribution plans, and represent a future liability for the Group. The corresponding liabilities are calculated on an actuarial basis (wage inflation, mortality, employee turnover, etc.) using the projected unit credit method, in accordance with the clauses provided for in the collective bargaining agreements and with standard practices.

Dedicated financial assets, which are mainly equities and bonds, are used to cover all or a part of these liabilities, principally in the United States and Switzerland. The net position of each pension plan is fully provided for in the statement of financial position less, where applicable, the fair value of these invested assets, within the limit of the asset ceiling cap. Any surplus (in the case of overfunded pension plans) is only recognized in the statement of financial position to the extent that it represents a future economic benefit that will be effectively available to the Group, within the limits defined by the standard.

Actuarial variances arise due to changes in actuarial assumptions and/or variances observed between these assumptions and the actual figures. Actuarial gains and losses on post-employment benefits are recognized under "Other comprehensive income" and are not recycled to profit or loss.

The Group has chosen to apply the IFRS 1 option and to zero the actuarial variances linked to employee benefits not yet recognized on the transition balance sheet by allocating them to shareholders' equity.

1.16. Put options granted on shares in consolidated subsidiaries

Under IAS 27 and IAS 32, put options granted to minority third parties in fully consolidated subsidiaries are reported in the financial liabilities at the present value of their estimated price with an offset in the form of a reduction in the corresponding minority interests.

The difference between the value of the option and the amount of the minority interests is recognized:

- in goodwill, in the case of options issued before January 1, 2010;
- as a reduction in the equity - Group share - for options issued after January 1, 2010.

The liability is estimated based on the contract information available (price, formula, etc.) and any other factor relevant to its valuation. Its value is reviewed at each year-end and the subsequent changes in the liability are recognized:

- either as an offset to goodwill (options granted before January 1, 2010);
- or as an offset to the Group shareholders' equity (options issued after January 1, 2010).

No impact is reported in the income statement other than the impact of the annual discounting of the liability recognized in the financial income; the income share of the Group is calculated on the basis of the percentage held in the subsidiaries in question, without taking into account the percentage holding attached to the put options.

1.17. Provisions

In accordance with IAS 37, a provision is recognized when the Group has a current commitment, whether statutory or implicit, resulting from a significant event prior to the closing date which would lead to a use of resources without offset after the closing date, which can be reliably estimated.

These include, notably, provisions for site reinstatement, which are set aside progressively as quarries are used and include the projected costs related to the Group's obligation to reinstate such sites.

In accordance with IAS 37, provisions whose maturities are longer than one year are discounted when the impact is significant. The effects of this discounting are recorded under net financial income.

1.18. Sales

In accordance with IAS 18, sales are reported at the fair value of the consideration received or due, net of commercial discounts and rebates and after deduction of excise duties collected by the Group under its business activities. Sales figures include transport and handling costs invoiced to customers.

Sales are recorded at the time of transfer of the risk and significant benefits associated with ownership to the purchaser, which generally corresponds to the date of transfer of ownership of the product or performance of the service.

1.19. Other income and expenses

Other income and expenses are those arising from the Group's operating activities that are not received or incurred as part of the direct production process or sales activity. These other income and expenses consist mainly of insurance payments, patent royalties, sales of surplus CO_2, and certain charges relating to losses or claims.

1.20. Income taxes

Deferred taxes are calculated at the tax rates passed or virtually passed at the year-end and expected to apply to the period when assets are sold or liabilities are settled.

Deferred taxes are calculated, based on an analysis of the balance sheet, on timing differences identified in the Group's subsidiaries between the values recognized in the consolidated statement of financial position and the values of assets and liabilities for tax purposes.

Deferred taxes are recognized for all timing differences, including those on restatement of finance leases, except when the timing difference results from goodwill.

Deferred tax assets and liabilities are netted out at the level of each company. When the net amount represents a receivable, a deferred tax asset is recognized if it is probable that the Company will generate future taxable income against which to allocate the deferred tax assets.

1.21. Segment information

In accordance with IFRS 8 "Operating Segments", the segment information provided in note 26 is based on information taken from the internal reporting. This information is used internally by the Group Management responsible for implementing the strategy defined by the Chairman of the Board of Directors for measuring the Group's operating performance and for allocating capital expenditure and resources to business segments and geographical areas.

The operating segments defined pursuant to IFRS 8 comprise the three segments in which the Vicat Group operates: Cement, Concrete & Aggregates and Other Products & Services.

The management indicators presented were adapted in order to be consistent with those used by the Group Management, while complying with IFRS 8 disclosure requirements: Operating and consolidated sales, EBITDA and EBIT (see note 1.22), total non-current assets, net capital employed (see note 26), industrial investments, depreciation and amortization and number of employees.

The management indicators used for internal reporting are identical for all the operating segments and geographical areas defined above and are determined in accordance with the IFRS principles applied by the Group in its consolidated financial statements.

1.22. Financial indicators

The following financial performance indicators are used by the Group, as by other industrial players and notably in the building materials sector, and presented with the income statement:

Added value: the value of production less the cost of goods and services purchased.

Gross operating income: added value less personnel costs, taxes and duties (except income taxes and deferred taxes), plus grants and subsidies.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): gross operating income plus other ordinary income and expenses.

EBIT (Earnings Before Interest and Tax): EBITDA less depreciation, amortization and operating provisions.

Cash flows from operating activities: net income before adjusting for non-cash charges (mainly depreciation, amortization and provisions, deferred taxes, gains or losses on asset disposals and changes in fair value).

1.23. Seasonality

Demand in the Cement, Ready-mixed Concrete & Aggregates businesses is seasonal and tends to decrease in winter in temperate countries and during the rainy season in tropical countries. The Group therefore generally records lower sales in the first and fourth quarters, *i.e.* the winter season in its main markets in Western Europe and North America. In the second and third quarters, in contrast, sales are higher, due to the summer season being more favorable for construction work.

NOTE 2 CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

Macroeconomic environment and performance

In 2016, the Vicat Group posted almost unchanged consolidated sales (-0.2%) on a reported basis, but posted solid growth of 4.1% at constant scope and exchange rates. This change reflected a slight improvement in the macroeconomic environment in the countries in which the Group operates, with an increase of its turnover at constant scope and exchange rates on all markets, except the Swiss market and the West African area, which recorded a slight drop in their activity in 2016.

In France, sales grew in a macroeconomic and sectorial environment in which the recovery, which began late in 2015, was confirmed in 2016.

In Europe, excluding France, sales were down on a reported basis and at constant scope and exchange rates. While the Group's business in Italy grew very slightly, sales generated in Switzerland recorded a decrease over the full year owing to a sharp decline in the Prefabrication business, affected by an adverse competitive environment due to an unfavorable exchange rate as well as delays in delivery in the rail sector and, but to a lesser extent, a slight contraction of the Cement business due to the sharp fall in prices observed at the end of 2015.

In the USA, the Group enjoyed solid business growth in a still-favorable macroeconomic environment. However, the situation was very different between the two regions in which the Group operates; Alabama experienced a sharp increase in its Cement and Concrete activities, whereas California has been affected by weather conditions and an unfavorable comparison base effect, due to the end of a major infrastructure project at the end of 2015. In this context, the volumes are up overall in the Cement business but down in the Concrete business. Average selling prices recorded solid growth over both regions and in both the Group's activities.

In Turkey, business is down on a reported basis, but is progressing at constant scope and exchange rates, supported by solid growth in sales volumes that has offset the decline in average selling prices. Despite an environment marked by political events during the month of July and an unfavorable geopolitical context, the market remained on track in 2016. However, it is important to note that this year has seen a gradual slowdown in growth.

In India, the strategy put in place by the Group since the end of year 2015 to seize the opportunities offered by the improvement observed in the macro-economic environment and in the segment with, in particular, the start-up of a number of large projects, resulted in a surge of sales volumes, in a price context that was nonetheless unfavorable. It is important to note that, following the implementation of a demonetization policy by the Government during the 4th quarter, business remained steady during that period. On this basis, the Group's consolidated sales in that country show solid growth both on a reported basis and at constant scope and exchange rates.

In Kazakhstan, Vicat recorded a significant drop in its consolidated sales on a reported basis due to the very strong devaluation that occurred in the second half of 2015. At constant scope and exchange rates, sales are increasing. This increase in activity, excluding currency effects, has generated a slight rise in sale volumes and average selling prices.

In Egypt, in a still volatile security climate, the Group recorded an increase in its consolidated sales on a reported basis. At constant scope and exchange rates, the increase in activity is appreciable, marked by a sharp increase in sales volumes, as well as a slight improvement in the average selling prices. Note that the launch of two coal crushers at the end of the third quarter of 2015 made for a significant reduction in production costs over the whole of 2016. Finally, the country was affected strongly by a very significant devaluation of the Egyptian pound in the 4th quarter of 2016, the negative effects of which on operating conditions will be fully felt in 2017.

In West Africa, consolidated sales were slightly down over the full year. Growth in Senegal in both cement and aggregates, failed to offset the sharp fall in activity in Mauritania in an adverse macroeconomic and competitive environment.

Early repayment in July 2015 of the Indian debt taken out with development financing institutions

In July 2015, Kalburgi Cement (formerly Vicat Sagar Cement) made early repayment of the debt taken out with development financing institutions in exchange for a strengthening of its equity by Parficim. This repayment of a net € 166 million did not result in significant transaction costs and led Kalburgi to an early cancellation of the foreign exchange and interest rate hedging instruments (cross currency swap) set up in 2011. This repayment, financed through use of the Vicat SA lines of credit, significantly reduced the interest expenses incurred by Kalburgi and by the Group since the end of July 2015.

Exchange rate volatility and impact on the income statement

The income statement for 2016 has been strongly impacted by the change in the majority of foreign currencies against the euro, in particular by the devaluation of the Egyptian pound and the gradual fall in the Turkish lira. This resulted in a negative exchange rate effect of €-104 million on consolidated sales and €-21 million on EBITDA.

Consolidated equity showed negative conversion differences in 2016 for a total net amount of €-143 million, mainly stemming from the devaluation of the Egyptian pound.

Reinforcing the regional coverage in the Concrete & Aggregates business in France

In the second half of 2016 the Group continued to improve its reach in the Concrete & Aggregates business in France, through partnership agreements and/or redemptions of holdings. These operations resulted in a total net cash outflow of € (26) million and the recording of goodwill in the amount of € 18 million.

Tax assessment in Senegal

In the second half of 2016, Sococim Industries, the Group's Senegal subsidiary, underwent a tax assessment. The first conclusions were delivered at the end of the year and are currently being discussed between the company and the Senegal tax authorities.

NOTE 3 GOODWILL

The change in the net goodwill by business sector is analyzed in the table below:

(in thousands of euros)	Cement	Concrete & Aggregates	Other Products & Services	Net total
AT DECEMBER 31, 2014	720,430	265,797	21,621	1,007,848
Acquisitions/Additions	5,588		16	5,604
Disposal/Decreases		(124)		(124)
Change in foreign exchange rates	7,475	17,573	1,932	26,980
Other movements	(74)	(1)	74	(1)
AT DECEMBER 31, 2015	733,419	283,245	23,643	1,040,307
Acquisitions/Additions		20,422		20,422
Disposal/Decreases		(300)		(300)
Change in foreign exchange rates	(15,874)	4,386	175	(11,313)
Other movements		1,891	(2,053)	(162)
AT DECEMBER 31, 2016	**717,545**	**309,644**	**21,765**	**1,048,954**

Impairment test on goodwill :

In accordance with IFRS 3 and IAS 36, at the end of each year and in the event of any evidence of impairment, goodwill is subject to an impairment test using the method described in notes 1.4. and 1.11.

Goodwill is distributed as follows by cash generating unit (CGU):

	Goodwill *(in thousands of euros)*		Discount rate used for the impairment tests *(in %)*		Growth rate to infinity used for the impairment tests *(in %)*		Impairment which would result from a change of +1% in the discount rate		Impairment which would result from a change of -1% in the growth rate to infinity	
	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015
India CGU	259,883	258,400	10.29	10.26	6	6	-	-	-	-
West Africa Cement CGU	152,320	156,359	11.29	10.16	3 to 5	3	-	-	-	-
France-Italy CGU	204,592	185,092	6.36	6.55	0	0	-	-	-	-
Switzerland CGU	143,167	142,531	6.36	7.4	0	0	-	-	-	-
Other CGUs total	288,992	297,925	9.75 to 11.98	9.34 to 10.16	2 to 3	2 to 3	-	-	-	-
TOTAL	**1,048,954**	**1,040,307**					**0**	**0**	**0**	**0**

The impairment tests carried out in 2016 and 2015 did not result in the recognition of any impairment of goodwill.

NOTE 4 OTHER INTANGIBLE ASSETS

Gross value *(in thousands of euros)*	**Concessions, patents and similar rights**	**Software**	**Other intangible assets**	**Intangible assets in progress**	**Net total**
AT DECEMBER 31, 2014 restated	75,385	32,611	57,265	12,844	178,105
Acquisitions	304	6,873	754	8,081	16,012
Disposals		(4)	(1,714)		(1,718)
Changes in consolidation scope					0
Change in foreign exchange rates	(2,318)	670	3,827	228	2,407
Other movements	1,076	8,914	7,598	(15,407)	2,181
AT DECEMBER 31, 2015 restated	74,447	49,064	67,730	5,746	196,987
Acquisitions	1,791	924	176	3,640	6,531
Disposals		(2,066)	(284)		(2,350)
Changes in consolidation scope	1,502	29			1,531
Change in foreign exchange rates	(7,152)	92	(42)	34	(7,068)
Other movements	(764)	1,967	2,597	(3,139)	661
AT DECEMBER 31, 2016	**69,824**	**50,010**	**70,177**	**6,281**	**196,292**

Depreciation and impairment *(in thousands of euros)*	**Concessions, patents and similar rights**	**Software**	**Other intangible assets**	**Intangible assets in progress**	**Total**
AT DECEMBER 31, 2014 restated	(20,801)	(21,858)	(28,929)	0	(71,588)
Increase	(2,905)	(4,189)	(3,613)		(10,707)
Decrease		2	1,917		1,919
Changes in consolidation scope					0
Change in foreign exchange rates	93	(541)	(1,705)		(2,153)
Other movements	(55)	2	54		1
AT DECEMBER 31, 2015 restated	(23,668)	(26,584)	(32,276)	0	(82,528)
Increase	(2,440)	(4,573)	(3,716)		(10,729)
Decrease		1,789	34		1,823
Changes in consolidation scope		(29)			(29)
Change in foreign exchange rates	1,620	(83)	302		1,839
Other movements		(244)	41		(203)
AT DECEMBER 31, 2016	**(24,488)**	**(29,724)**	**(35,615)**	**0**	**(89,827)**
Net book value at December 31, 2015 restated	50,779	22,480	35,454	5,746	114,459
NET BOOK VALUE AT DECEMBER 31, 2016	**45,336**	**20,286**	**34,562**	**6,281**	**106,465**

No development costs were capitalized in 2016 and 2015.

Research and development costs recognized as expenses in 2016 amounted to € 3,804 thousand (€ 3,664 thousand in 2015).

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Gross value *(in thousands of euros)*	**Land & buildings**	**Industrial equipment**	**Other property plant & equipment**	**Non-current assets in progress and advances/down payments**	**Total**
AT DECEMBER 31, 2014	1,149,195	2,946,270	152,144	99,945	4,347,554
Acquisitions	12,070	21,055	3,546	108,565	145,236
Disposals	(1,480)	(36,948)	(8,480)	(728)	(47,636)
Changes in consolidation scope	(2,335)	6,046	(2,109)	8	1,610
Change in foreign exchange rates	22,875	36,863	7,760	(2,112)	65,386
Other movements	21,295	85,071	(195)	(106,924)	(753)
AT DECEMBER 31, 2015	1,201,620	3,058,357	152,666	98,754	4,511,397
Acquisitions	12,136	27,249	4,698	84,062	128,145
Disposals	(3,214)	(26,016)	(8,439)	(10)	(37,679)
Changes in consolidation scope	1,869	17,547	174	85	19,675
Change in foreign exchange rates	(32,629)	(120,299)	(1,755)	(10,983)	(165,666)
Other movements	17,707	95,521	1,685	(105,577)	9,336
AT DECEMBER 31, 2016	**1,197,489**	**3,052,359**	**149,029**	**66,331**	**4,465,208**

Depreciation and impairment *(in thousands of euros)*	**Land & Buildings**	**Industrial equipment**	**Other property plant & equipment**	**Non-current assets in progress and advances/down payments**	**Total**
AT DECEMBER 31, 2014	(448,248)	(1,646,130)	(103,673)	(764)	(2,198,815)
Increase	(36,009)	(139,650)	(10,817)	(198)	(186,674)
Decrease	4,390	32,763	8,096	703	45,952
Changes in consolidation scope	(306)	(3,002)	1,808		(1,500)
Change in foreign exchange rates	(12,042)	(32,142)	(4,666)	(2)	(48,852)
Other movements	(494)	(351)	351	(3)	(497)
AT DECEMBER 31, 2015	(492,709)	(1,788,512)	(108,901)	(264)	(2,390,386)
Increase	(36,400)	(130,259)	(9,443)		(176,102)
Decrease	2,101	24,307	8,310	104	34,822
Changes in consolidation scope	1,086	(812)	(67)		207
Change in foreign exchange rates	9,626	52,271	1,535	3	63,435
Other movements	2,839	(7,926)	403	8	(4,676)
AT DECEMBER 31, 2016	**(513,457)**	**(1,850,931)**	**(108,163)**	**(149)**	**(2,472,700)**
Net book value at December 31, 2015	708,911	1,269,845	43,765	98,490	2,121,011
NET BOOK VALUE AT DECEMBER 31, 2016	**684,032**	**1,201,428**	**40,866**	**66,182**	**1,992,508**

Property, plant and equipment under construction amounted to € 61 million as at December 31, 2016 (€ 77 million as at December 31, 2015) and advances/down payments on property, plant and equipment represented € 6 million as at December 31, 2016 (€ 22 million as at December 31, 2015).

Contractual commitments to acquire tangible and intangible assets amounted to € 21 million as at December 31, 2016 (€ 20 million as at December 31, 2015).

The total amount of interest capitalized in 2016 was € 0.7 million (€ 0.7 million in 2015), determined on the basis of local interest rates ranging from 3.97% to 12.75%, depending on the country in question.

NOTE 6 LEASES

Lease contracts are recorded in compliance with IAS 17.

The Group's rental commitments relate mainly to transport equipment, real estate, and other hardware and equipment.

Finance and operating leases

Net book value by category of assets *(in thousands of euros)*	**December 31, 2016**	**December 31, 2015**
Industrial equipment	315	1,365
Other intangible assets and property, plant and equipment	343	402
PROPERTY, PLANT AND EQUIPMENT	**658**	**1,767**

Minimum payment schedule *(in thousands of euros)*	**December 31, 2016**	**December 31, 2015**
Less than 1 year	606	1,214
1 to 5 years	530	418
More than 5 years	0	24
TOTAL	**1,136**	**1,656**

The minimum payments for finance leases are broken down according to IAS 17 between a financial expense and debt amortization.

Leases within the scope of IFRS 16 (effective from January 1, 2019)

Based on actual collection, future minimum payments under leases covered by IFRS 16 are analyzed as follows from December 31, 2016 (short duration agreements (< 12 months) and low value assets (< USD 5K) being excluded from the scope of IFRS 16, do not appear in the amounts shown below):

Minimum estimated payment schedule *(in thousands of euros)*	**December 31, 2016**
Less than 1 year	54,584
1 to 5 years	137,578
More than 5 years	76,242
TOTAL	**268,404**

Minimum leases payments are posted in accordance with IAS 17 as expenses on a straight-line basis over the term of the agreements. The rent charge posted in 2016 under these agreements was € 57 million.

NOTE 7 INVESTMENT PROPERTIES

(in thousands of euros)	**Gross values**	**Depreciation & Impairment**	**Net values**
AT DECEMBER 31, 2014	**40,060**	**(21,306)**	**18,754**
Acquisitions	599	(803)	(204)
Disposals	(470)	48	(422)
Depreciation			0
Change in foreign exchange rates	1,222	(366)	856
Changes in consolidation scope and other	(1,185)	(33)	(1,218)
AT DECEMBER 31, 2015	**40,226**	**(22,460)**	**17,766**
Acquisitions	875	(836)	39
Disposals	(228)	109	(119)
Depreciation			0
Change in foreign exchange rates	109	(35)	74
Changes in consolidation scope and other	184	(105)	79
AT DECEMBER 31, 2016	**41,166**	**(23,327)**	**17,839**
Fair value of investment properties at December 31, 2015			78,334
FAIR VALUE OF INVESTMENT PROPERTIES AT DECEMBER 31, 2016			**78,765**

Rental income from investment properties amounted to € 3.7 million at December 31, 2016 and € 3 million at December 31, 2015.

NOTE 8 INVESTMENTS IN ASSOCIATED COMPANIES

Dividends received from holdings in associated companies *(in thousands of euros)*	**2016**	**2015**
AT JANUARY 1	49,854	43,815
Earnings from associated companies	13,695	4,876
Dividends received from investments in associated companies	(4,596)	(1,131)
Changes in consolidation scope	50	(14)
Change in foreign exchange rates and other	(17,933)	2,308
AT DECEMBER 31	**41,070**	**49,854**

NOTE 9 RECEIVABLES AND OTHER NON-CURRENT ASSETS

(in thousands of euros)	**Gross values**	**Impairment**	**Net values**
AT DECEMBER 31, 2014	100,932	(2,041)	98,891
Acquisitions/Additions	6,047	(60)	5,987
Disposal/Decreases	(3,825)	320	(3,505)
Changes in consolidation scope	(5,917)		(5,917)
Change in foreign exchange rates	4,001	(93)	3,908
Change recorded in other comprehensive income	57,780		57,780
Other	(34,472)		(34,472)
AT DECEMBER 31, 2015	124,546	(1,874)	122,672
Acquisitions/Additions	14,331	(98)	14,233
Disposal/Decreases	(9,296)	457	(8,839)
Changes in consolidation scope	32		32
Change in foreign exchange rates	(6,895)	(8)	(6,903)
Change recorded in other comprehensive income	8,298		8,298
Other	(18,552)		(18,552)
AT DECEMBER 31, 2016	**112,464**	**(1,523)**	**110,941**
Including:			
▪ investments in affiliated companies	22,116	(616)	21,500
▪ long-term investments	1,311	(223)	1,088
▪ loans and receivables	36,032	(684)	35,348
▪ employee benefit plan assets	0		0
▪ financial instruments (see note 16)	53,005		53,005
AT DECEMBER 31, 2016	**112,464**	**(1,523)**	**110,941**

NOTE 10 INVENTORIES AND WORK-IN-PROGRESS

(in thousands of euros)	December 31, 2016			December 31, 2015		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials and consumables	247,000	(13,438)	233,562	263,570	(12,524)	251,046
Work-in-progress, finished goods and goods for sale	161,109	(8,901)	152,208	162,878	(6,732)	156,146
TOTAL	**408,109**	**(22,339)**	**385,770**	**426,448**	**(19,256)**	**407,192**

Surplus of greenhouse gaz emission quotas are recorded under inventories at a zero value (corresponding to 3,674 thousand tonnes at year-end 2016 and 2,992 thousand tonnes at year-end 2015).

NOTE 11 RECEIVABLES

(in thousands of euros)	Customers and other receivables	Provisions Customers and other receivables	Customers and other receivables Net	Other Receivables tax	Receivables Corporate	Other receivables (1)	Provisions Other receivables	Total Other Receivables Net
AT DECEMBER 31, 2014	378,145	(21,740)	356,405	45,878	4,251	93,016	(1,945)	141,200
Acquisitions		(5,640)	(5,640)				(376)	(376)
Uses		5,348	5,348				1,679	1,679
Change in foreign exchange rates	5,991	(329)	5,662	(2,593)	124	2,688	4	223
Changes in consolidation scope	2,996	(124)	2,872	18		237		255
Other movements	11,942	38	11,980	4,154	(427)	4,019	(2)	7,744
AT DECEMBER 31, 2015	399,074	(22,447)	376,627	47,457	3,948	99,960	(640)	150,725
Acquisitions		(5,999)	(5,999)			1	(492)	(491)
Uses		6,892	6,892				46	46
Change in foreign exchange rates	(9,334)	387	(8,947)	(2,419)	(591)	(6,833)	(42)	(9,885)
Changes in consolidation scope	23,880	(380)	23,500	747		21,025		21,772
Other movements	(2,384)	(185)	(2,569)	2,585	(1,308)	26,279	(1,002)	26,554
AT DECEMBER 31, 2016	**411,236**	**(21,732)**	**389,504**	**48,370**	**2,049**	**140,432**	**(2,130)**	**188,721**
including matured at December 31, 2016:								
▪ for less than 3 months	180,128	(4,805)	175,323	12,790	1,200	24,855	(1,073)	37,772
▪ for more than 3 months	21,765	(8,850)	12,915	6,414	10	23,117	(543)	28,998
including outstanding at December 31, 2016:								
▪ less than 1 year	194,224	(4,518)	189,706	27,506	568	80,309		108,383
▪ more than 1 year	15,119	(3,559)	11,560	1,660	271	12,151	(514)	13,568

(1) Including € 36 million at December 31, 2016 subject to a precautionary seizure on a bank account of an Indian company of the Group, Bharathi Cement, as part of a preliminary investigation carried out by the administrative and judicial authorities on facts prior to Vicat's taking a share of its capital.

NOTE 12 CASH AND CASH EQUIVALENTS

(in thousands of euros)	December 31, 2016	December 31, 2015
Cash	90,033	84,932
Marketable securities and term deposits < 3 months	152,737	169,439
CASH AND CASH EQUIVALENTS	**242,770**	**254,371**

NOTE 13 SHARE CAPITAL

Vicat share capital is composed of 44,900,000 fully paid-up ordinary shares with a nominal value of € 4 each, including 723,471 treasury shares as at December 31, 2016 (762,286 as at December 31, 2015) acquired under the share buy-back programs approved by the Ordinary General Meetings, and through Heidelberg Cement's disposal of its 35% stake in Vicat in 2007.

These are registered shares or bearer shares, at the shareholder's option. Voting rights attached to shares are proportional to the share of the capital which they represent and each share gives the right to one vote, except in the case of fully paid-up shares registered for at least four years in the name of the same shareholder, to which two votes are assigned.

The dividend paid in 2016 in respect of 2015 amounted to € 1.50 per share, amounted to a total of € 67,350 thousand, equal to €1.50 per share paid in 2015 in respect of 2014 and amounted to a total of € 67,350 thousand. The dividend proposed by the Board of Directors to the Ordinary General Meeting for 2016 amounts to € 1.50 per share, totaling € 67,350 thousand.

In the absence of any dilutive instrument, diluted earnings per share are identical to basic earnings per share, and are obtained by dividing the Group's net income by the weighted average number of Vicat ordinary shares outstanding during the year.

Since January 4, 2010, for a period of 12 months renewable by tacit agreement, Vicat has engaged Natixis Securities to implement a liquidity agreement in accordance with the AMAFI (French financial markets professional association) Code of Ethics of September 20, 2008.

The following amounts were allocated to the liquidity agreement for its implementation: 20,000 Vicat shares and € 3 million in cash.

As at December 31, 2016, the liquidity account is composed of 11,488 Vicat shares and € 3,345 thousand in cash.

NOTE 14 EMPLOYEE BENEFITS

(in thousands of euros)	December 31, 2016	December 31, 2015
Pension plans and termination benefits (TB)	76,441	68,201
Other post-employment benefits	65,912	66,528
Total pension and other post-employment benefit provisions	**142,353**	**134,729**
Plan assets (note 9)	-	-
NET LIABILITIES	**142,353**	**134,729**

Main plans in force within the Group: The Group's main defined benefit pension plans are found in Switzerland, the United States and France. Most of these plans are pre-funded through insurance policies or investments in pension funds. Funding approaches used comply with local law, particularly with respect to the minimum funding requirements for past entitlements. Given the material nature of these commitments, the Group updates its actuarial analysis each year in order to reflect the cost of these plans in its financial statements.

Assets and liabilities recognized in the balance sheet

	December 31, 2016			December 31, 2015		
(in thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Present value of funded liabilities	488,296	65,912	554,208	461,481	66,528	528,009
Fair value of plan assets	(411,855)		(411,855)	(393,280)		(393,280)
Net value	**76,441**	**65,912**	**142,353**	**68,201**	**66,528**	**134,729**
Limit on recognition of plan assets (asset ceiling)			0			0
NET LIABILITIES	**76,441**	**65,912**	**142,353**	**68,201**	**66,528**	**134,729**

Analysis of net annual expense

	December 31, 2016			December 31, 2015		
(in thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Current service costs	(13,416)	(1,361)	(14,777)	(12,694)	(1,436)	(14,130)
Financial cost	(7,245)	(2,702)	(9,947)	(7,397)	(2,524)	(9,921)
Interest income on assets	4,908		4,908	5,378	18	5,396
Recognized past service costs			0	9,238		9,238
Curtailments and settlements	(534)		(534)	596	(159)	437
TOTAL CHARGE WITH INCOME STATEMENT IMPACT	(16,287)	(4,063)	(20,350)	(4,879)	(4,101)	(8,980)
Actuarial gains and losses on plan assets	11,009	(107)	10,902	(719)		(719)
Experience adjustments	975	5,745	6,720	4,250	(1,171)	3,079
Adjustments related to demographic assumptions	2,493	2,527	5,020	(2,682)	(1,265)	(3,947)
Adjustments related to financial assumptions	(16,209)	(3,003)	(19,212)	(710)	2,581	1,871
TOTAL CHARGE WITH IMPACT ON OTHER COMPREHENSIVE INCOME	(1,732)	5,162	3,430	139	145	284
TOTAL CHARGE FOR THE YEAR	**(18,019)**	**1,099**	**(16,920)**	**(4,740)**	**(3,956)**	**(8,696)**

Change in financial assets used to hedge the plans

(in thousands of euros)	December 31, 2016			December 31, 2015		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
FAIR VALUE OF ASSETS AT JANUARY 1	393,009	271	393,280	363,938	0	363,938
Interest income on assets	4,888	20	4,908	5,378	18	5,396
Contributions paid in	9,064	51	9,115	14,550	77	14,627
Translation differences	4,681	3	4,684	39,437	(2)	39,435
Benefits paid	(11,144)	(19)	(11,163)	(29,381)	(16)	(29,397)
Changes in consolidation scope and other	121	8	129	(194)	194	0
Actuarial gains (losses)	10,902		10,902	(719)		(719)
FAIR VALUE OF ASSETS AT DECEMBER 31	**411,521**	**334**	**411,855**	**393,009**	**271**	**393,280**

Analysis of plan assets by type and country at December 31, 2016

Analysis of plan assets	France	Switzerland	USA	India	Total
Cash and cash equivalents		1.9%	5.5%		2.3%
Equity instruments	2.2%	25.7%	64.5%		29.6%
Debt instruments		26.7%	30.0%		26.8%
Real estate assets		26.1%			23.1%
Assets held by insurers	97.8%			100.0%	1.0%
Other		19.6%			17.3%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
PLAN ASSETS *(in thousands of euros)*	**3,780**	**363,997**	**43,587**	**491**	**411,855**

Change in net liability

(in thousands of euros)	December 31, 2016			December 31, 2015		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
NET LIABILITY AT JANUARY 1	68,201	66,528	134,729	68,155	57,707	125,862
Expense for the period	18,019	(1,099)	16,920	4,740	3,956	8,696
Contributions paid in	(7,233)		(7,233)	(6,106)	(77)	(6,183)
Translation differences	(1,017)	2,030	1,013	3,404	6,695	10,099
Benefits paid by the employer	(1,593)	(1,842)	(3,435)	(1,735)	(2,108)	(3,843)
Change in consolidation scope	359		359			0
Other	(295)	295	0	(257)	355	98
NET LIABILITY AT DECEMBER 31	**76,441**	**65,912**	**142,353**	**68,201**	**66,528**	**134,729**

Principal actuarial assumptions	France	Europe (excluding France)	USA	Turkey and India	West Africa and the Middle East
Discount rate					
2016	1.3%	0.6% to 1.25%	4.0%	6.8% to 10.0%	4.75% to 13.0%
2015	2.0%	0.9% to 2.0%	4.3%	7.6% to 11.1%	6.0% to 15.0%
Rate of increase in medical costs					
2016			5.5%		
2015			5.8%		

Discount rate

Discount rates are determined in accordance with the principles set out in IAS 19 (Revised), namely with reference to a market rate at year-end, based on the yields of high-quality corporate bonds issued in the monetary zone in question. They are determined on the basis of yield curves derived by outside experts from AA-rated public bonds.

When the corporate bond market in a zone is not sufficiently liquid, IAS 19 (Revised) recommends using government bonds as a benchmark.

In any event, the benchmarks used must have a maturity comparable to the commitments.

Sensitivity analysis

The main factors contributing to the volatility of the balance sheet are the discount rate and the rate of increase in medical costs.

The sensitivity of the defined benefit obligation as at December 31, 2016 corresponding to a variation of +/-50 basis points in the discount rate is € (35,1) million and € 37,8 million, respectively.

The sensitivity of the defined benefit obligation as at December 31, 2016 corresponding to a variation of +/-1% in the rate of increase of medical costs is € 8,7 million and € (12,4) million, respectively.

Average duration of benefits

The average duration of benefits under all plans within the Group is 13 years.

It is expected that € 14,7 million in contributions will be paid into the plans over the coming year.

NOTE 15 OTHER PROVISIONS

(in thousands of euros)	Restoration of sites	Demolitions	Other risks (1)	Other expenses	Total
AT DECEMBER 31, 2014	**44,394**	**1,184**	**27,206**	**23,884**	**96,667**
Acquisitions	4,910		10,255	11,557	26,722
Uses	(4,835)	(357)	(10,342)	(1,199)	(16,733)
Reversal of unused provisions	(287)		(1,787)	(151)	(2,225)
Change in foreign exchange rates	3,282	128	1,246	120	4,776
Changes in consolidation scope					0
Other movements	(459)	459	(3)	(62)	(65)
AT DECEMBER 31, 2015	**47,005**	**1,414**	**26,575**	**34,149**	**109,142**
Acquisitions	3,261	79	6,718	10,971	21,029
Uses	(2,930)	(3)	(5,024)	(352)	(8,309)
Reversal of unused provisions			(717)	(183)	(900)
Change in foreign exchange rates	304	14	(1,962)	(1,394)	(3,038)
Changes in consolidation scope			54		54
Other movements			9	(129)	(120)
AT DECEMBER 31, 2016	**47,640**	**1,504**	**25,653**	**43,062**	**117,858**
Of which less than one year	*77*		*8,842*	*1,838*	*10,757*
Of which more than one year	*47,563*	*1,504*	*16,811*	*41,224*	*107,101*

Impact (net of expenses incurred) on the 2016 income statement:	Allocations	Reversals unused
Operating income:	11,210	(664)
Non-operating income (expense):	9,819	(236)

(1) At December 31, 2016, other risks included:

- *an amount of € 2.3 million (€ 2.4 million as at December 31, 2015) corresponding to the current estimate of gross expected costs for repair of damage that occurred in 2006 following deliveries of concrete mixtures and concrete made in 2004 whose sulfate content exceeded applicable standards. This amount corresponds to the current estimate of the Group's pro-rata share of liability for repair of identified damage before the residual insurance indemnity of € 1.8 million recognized under non-current assets in the balance sheet as at December 31, 2016 and December 31, 2015 (note 9);*
- *an amount of € 11.4 million (€ 10.7 million as at December 31, 2015) corresponding to the estimated amount of the deductible at year-end relating to claims in the United States in the context of work-related accidents and which will be covered by the Group;*
- *the remaining amount of other provisions amounting to about € 12.0 million as at 31 December, 2016 (€ 13.5 million as at December 31, 2015) corresponds to the sum of other provisions that, taken individually, are not material.*

NOTE 16 DEBTS AND PUT OPTIONS

Financial liabilities as at December 31, 2016 break down as follows:

(in thousands of euros)	December 31, 2016	December 31, 2015
Financial debts at more than 1 year	976,660	1,221,784
Put options at more than 1 year	3,357	3,607
Debts and put options at more than 1 year	**980,017**	**1,225,391**
Financial instrument assets at more than 1 year (1)	(53,005)	(64,050)
TOTAL FINANCIAL DEBTS NET OF FINANCIAL INSTRUMENT ASSETS AT MORE THAN 1 YEAR	927,012	1,161,341
Financial debts at less than 1 year	250,266	114,884
Put options at less than 1 year	0	0
Debts and put options at less than 1 year	**250,266**	**114,884**
Financial instrument assets at less than 1 year (1)	(19,466)	(115)
TOTAL FINANCIAL DEBTS NET OF FINANCIAL INSTRUMENT ASSETS AT LESS THAN 1 YEAR	230,800	114,769
Total financial debts net of financial instrument assets (1)	1,154,455	1,272,503
Total put options	3,357	3,607
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENT ASSETS	**1,157,812**	**1,276,110**

(1) As at December 31, 2016, financial instrument assets (€ 72.5 million) are presented under non-current assets (see note 9) for the part at more than 1 year (€ 53.0 million) and under other receivables for the part at less than one year (€ 19.5 million). They totaled € 64.2 million as at December 31, 2015.

16.1. Debts

Analysis of debts by category and maturity

December 31, 2016

in thousands of euros)	Total	2017	2018	2019	2020	2021	More than 5 years
Bank borrowings and financial liabilities	1,110,509	190,749	21,895	470,295	323,642	3,031	100,897
Of which financial instrument assets	*(72,471)*	*(19,466)*			*(36,823)*		*(16,182)*
Of which financial instrument liabilities	*2,904*	*1,235*	*238*	*241*	*1,190*		
Miscellaneous borrowings and financial liabilities	6,952	4,621	1,046	170	168	187	760
Debts on non-current assets under finance leases	2,371	807	1,090	221	149	70	34
Current bank lines and overdrafts	34,623	34,623					
DEBTS	**1,154,455**	**230,800**	**24,031**	**470,686**	**323,959**	**3,288**	**101,691**
Of which commercial paper	*450,000*			*450,000*			

Financial debts at less than one year are mainly comprised of the first USPP installment, Sococim Industries bilateral credit lines, a tranche of the Jambyl Cement, Sinaï Cement Company and Vigier Holding loans and of bank overdrafts.

December 31, 2015

(in thousands of euros)	Total	2016	2017	2018	2019	2020	More than 5 years
Bank borrowings and financial liabilities	1,226,591	71,965	153,729	25,759	553,399	320,497	101,242
Of which financial instrument assets	*(64,165)*	*(115)*	*(16,574)*			*(32,275)*	*(15,201)*
Of which financial instrument liabilities	*4,454*	*3,047*	*12*	*133*	*273*	*989*	
Miscellaneous borrowings and financial liabilities	6,994	5,158	1,028	230	169	165	244
Debts on non-current assets under finance leases	2,388	1,116	1,205	19	12	12	24
Current bank lines and overdrafts	36,530	36,530					
DEBTS	**1,272,503**	**114,769**	**155,962**	**26,008**	**553,580**	**320,674**	**101,510**
Of which commercial paper	*420,000*				*420,000*		

Analysis of loans and debts (currency and interest rate)

By currency (net of currency swaps)

	December 31, 2016	December 31, 2015
Euro	877,976	898,131
US dollar	56,812	177,082
Turkish new lira	1,093	1,157
CFA franc	36,638	58,754
Swiss franc	148,324	83,176
Mauritanian ouguiya	-	-
Egyptian pound	19,752	40,034
Indian rupee	13,860	14,169
Kazakh tenge	-	-
TOTAL	**1,154,455**	**1,272,503**

By interest rate

	December 31, 2016	December 31, 2015
Fixed rate	477,845	637,492
Floating rate	676,610	635,011
TOTAL	**1,154,455**	**1,272,503**

The average interest rate for gross debt as at December 31, 2016 was 3.37%. It was 3.59% as at December 31, 2015.

16.2. Put options granted to the minority shareholders on shares in consolidated subsidiaries

Agreements were concluded between Vicat and the International Finance Corporation in order to organize their relations as shareholders of Mynaral Tas, under which the Group granted put options to its partner on its shareholding in Mynaral Tas.

The put option granted to the International Finance Corporation was exercisable at the earliest in December 2013. Booking of this option resulted in the recognition of a liability of € 3.4 million at more than one year as at December 31, 2016 (€ 4 million as at December 31, 2015). This liability corresponds to the present value of the exercise price for the option granted to the International Finance Corporation.

NOTE 17 FINANCIAL INSTRUMENTS

Foreign exchange risk

The Group's activities are carried out by subsidiaries operating almost entirely in their own country and local currency. This limits the Group's exposure to foreign exchange risk. These companies' imports and exports denominated in currencies other than their own local currency are generally hedged by forward currency purchases and sales. The foreign exchange risk on intercompany loans is hedged, where possible, by the companies when the borrowing is denominated in a currency other than their operating currency.

The table below sets out the breakdown of the total amount of Group's assets and liabilities denominated in foreign currencies as at December 31, 2016:

(in millions of euros)	USD	EUR	CHF
Assets	95	22	0
Liabilities and off-balance sheet commitments	(535)	(42)	(76)
Net position before risk management	**(441)**	**(19)**	**(76)**
Hedging instruments	452	10	0
Net position after risk management	**11**	**(10)**	**(76)**

The net position after "risk management" in Swiss francs corresponds mainly to the debts of the Kazakh subsidiaries to financing institutions and the Group, not swapped in the operating currency, in the absence of a sufficiently structured and liquid hedge market (CHF 75.5 million).

The risk of a foreign exchange loss on the net currency position assuming an unfavorable and uniform change of one percent in the operating currencies against the US dollar, would amount, in euro equivalent, to a loss of € 0.78 million (including € 0.70 million for the Kazakhstan loan).

Moreover, the principal and interest due on loans originally issued by the Group in US dollars (US$ 450 million for Vicat) was translated into euros through a series of Cross Currency Swaps, included in the portfolio presented below (see point a).

Interest rate risk

Floating rate debt is hedged through the use of caps on original maturities of 3, 4 and 5 years.

The Group is exposed to an interest rate risk on its financial assets and liabilities and its cash. This exposure corresponds to the price risk for fixed-rate assets and liabilities, and cash flow risk related to floating-rate assets and liabilities.

The Group estimates that a uniform change in interest rates of 100 basis points would not have a material impact on its earnings, or on the Group's net position as illustrated in the table below:

(In thousands of euros)	Impact on earnings before tax (1)	Impact on equity (excluding impact on earnings) before tax (2)
Impact of a change of +100 bps in the interest rate	(5,602)	667
Impact of a change of -100 bps in the interest rate	(793)	(3,850)

(1) A positive figure corresponds to a lowering of financial interest.
(2) A negative figure corresponds to a lowering of debt.

Liquidity risk

As at December 31, 2016, the Group had € 359 million in unutilized confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€ 259 million as at December 31, 2015).

The Group also has a € 450 million commercial paper issue program. At December 31, 2016, the amount of commercial paper issued stood at € 450 million. Commercial paper consists of short-term debt instruments backed by confirmed lines of credit in the amounts issued and classified as medium-term borrowings in the consolidated balance sheet.

Unused confirmed lines of credit are used to cover the risk of the Group finding itself unable to issue its commercial paper through market transactions. As at December 31, 2016, these lines matched the short term notes they covered, at € 450 million.

Some medium-term or long-term loan agreements contain specific covenants especially as regards compliance with financial ratios, reported each half year, which can lead to an anticipated repayment (acceleration clause) in the event of non-compliance. These covenants are based on a profitability ratio (leverage: net debt/consolidated EBITDA) and on a capital structure ratio (gearing: net debt/consolidated equity) of the Group or its subsidiaries concerned. For the purposes of calculating these covenants, the net debt is determined excluding put options granted to minority shareholders. Furthermore, the margin applied to some financing operations depends on the level reached on one of these ratios.

Considering the small number of companies concerned, essentially Vicat SA, the parent company of the Group, the low level of gearing (36.91%) and of leverage (1.99) and the liquidity of the Group's balance sheet, the existence of these covenants does not constitute a risk for the Group's financial position. As at December 31, 2016, the Group is compliant with all ratios required by covenants included in financing agreements.

Analysis of the portfolio of derivatives as at December 31, 2016:

(in thousands of currency units)	**Nominal value** *(currency)*	**Nominal value** *(euro)*	**Market value** *(euro)*	**Current maturity**		
				< 1 year (euro)	**1 - 5 years (euro)**	**> 5 years (euro)**
CASH FLOW HEDGES [1]						
Composite instruments						
▪ *Cross* Currency Swap $ fixed/€ fixed	450,000 $	426,904	72,348 [1]	19,343	36,823	16,182
OTHER DERIVATIVES						
Interest rate instruments						
▪ Euro Caps	400,000 €	400,000	(1,515)		(1,515)	
▪ US Dollar caps	35,000 $	33,204	(184)	(30)	(154)	
FOREIGN EXCHANGE INSTRUMENTS [a]						
Hedging for foreign exchange risk on intra-group loans						
▪ Forward Sale $	39,000 $	36,998	123	123		
▪ Forward Purchase €	10,737 €	10,737	(1,205)	(1,205)		
TOTAL			**69,567**			

(1) The difference between the value of the liability at the hedged rate and at amortized cost comes to € 86.2 million.

In accordance with IFRS 13, counterparty risks were taken into account. This mainly relates to derivatives (cross currency swaps) used to hedge the foreign exchange risk of debts in US dollars, which is not the Group's operating currency. The impact of the Credit Value Adjustment (CVA, or the Group's exposure in the event of counterparty default) and of the Debit Value Adjustment (DVA, or the counterparty's exposure in the event of Group default) on the measurement of derivatives was determined by assuming an exposure at default calculated using the add-on method, a 40% loss given default, and a probability of default based on the credit ratings of banks or the estimated credit rating of the Group. The impact on fair value was not material and was not included in the market value of financial instruments as presented above.

In application of IFRS 7, the breakdown of financial instruments measured at fair value by hierarchical level of fair value in the consolidated statement of financial position is as follows as at December 31, 2016:

(in millions of euros)	**December 31, 2016**	
Level 1: instruments quoted on an active market	0.0	
Level 2: valuation based on observable market information	69.6	See above
Level 3: valuation based on non-observable market information	21.5	Note 9

NOTE 18 OTHER LIABILITIES

(in thousands of euros)	December 31, 2016	December 31, 2015
Employee liabilities	64,164	62,072
Tax liabilities	34,971	30,156
Other liabilities and accruals	105,716	105,872
TOTAL	**204,851**	**198,100**

NOTE 19 SALES

(in thousands of euros)	December 31, 2016	December 31, 2015
Sales of goods	2,165,170	2,191,223
Sales of services	288,601	266,680
SALES	**2,453,771**	**2,457,903**

Change in sales on a like-for-like basis

(in thousands of euros)	December 31, 2016	Changes in consolidation scope	Change in foreign exchange rates	December 31, 2016 Constant structure and exchange rates	December 31, 2015
Sales	2,453,771		(104,122)	2,557,893	2,457,903

NOTE 20 PERSONNEL COSTS AND NUMBER OF EMPLOYEES

(in thousands of euros)	December 31, 2016	December 31, 2015
Wages and salaries	303,153	299,613
Payroll taxes	102,243	104,421
Employee profit sharing (French companies)	4,010	3,361
PERSONNEL COSTS	**409,406**	**407,395**
Average number of employees of the consolidated companies	8,009	7,852

Profit sharing is granted to employees of the Group's French companies in the form of either cash or shares, at the employee's option. The allocation price is determined on the basis of the average of the last 20 closing prices for the defined period preceding its payment.

NOTE 21 DEPRECIATION, AMORTIZATION AND PROVISIONS

(in thousands of euros)	December 31, 2016	December 31, 2015
Net charges to amortization of fixed assets	(187,569)	(196,510)
Net provisions	(7,456)	4,657
Net charges to other assets depreciation	(4,956)	(6,255)
NET CHARGES TO OPERATING DEPRECIATION, AMORTIZATION AND PROVISIONS	**(199,981)**	**(198,108)**
Other net charges to non-operating depreciation, amortization and provisions (1)	1,125	2,777
NET DEPRECIATION AND PROVISIONS	**(198,856)**	**(195,331)**

(1) Including a net reversal of € 2.3 million at December 31, 2015 (reversal of € 42 thousand at December 31, 2016) related to the updating of the Group's estimated share of liability exceeding compensation from insurers, for an incident that occurred in 2006 and described in note 15.

NOTE 22 OTHER INCOME AND EXPENSES

(in thousands of euros)	December 31, 2016	December 31, 2015 restated
Net income from disposals of assets	4,099	4,250
Income from investment properties	3,688	2,920
Other	16,967	20,337
Other operating income (expense)	**24,754**	**27,507**
Other non-operating income (expense) (1)	**(3,009)**	**(3,546)**
TOTAL	**21,745**	**23,961**

(1) Including as at December 31, 2016 a charge of € 0.3 million (€ 2.4 million as at December 31, 2015) posted by the Group, corresponding to claims recorded as charges in 2016, connected with the incident that occurred in 2006 as described in note 15.

NOTE 23 PERFORMANCE INDICATORS

The rationalization of the transition between gross operating income, EBITDA, EBIT and operating income is as follows:

(in thousands of euros)	December 31, 2016	December 31, 2015 restated
Gross operating income	**433,059**	**416,194**
Other operating income (expense)	24,754	27,507
EBITDA	**457,813**	**443,701**
Net charges to operating depreciation, amortization and provisions	(199,981)	(198,108)
EBIT	**257,832**	**245,593**
Other non-operating income (expense)	(3,009)	(3,546)
Net charges to non-operating depreciation, amortization and provisions	1,125	2,777
OPERATING INCOME	**255,948**	**244,824**

NOTE 24 FINANCIAL INCOME (EXPENSE)

(in thousands of euros)	December 31, 2016	December 31, 2015
Interest income from financing and cash management activities	13,467	18,833
Interest expense from financing and cash management activities	(43,942)	(55,824)
Cost of net financial debt	**(30,475)**	**(36,991)**
Dividends	1,792	2,096
Foreign exchange gains	10,159	19,486
Fair value adjustments to financial assets and liabilities		
Net income from disposal of financial assets		
Write-back of impairment of financial assets	420	1,566
Other income		
Other financial income	**12,371**	**23,148**
Foreign exchange losses	(14,047)	(32,076)
Fair value adjustments to financial assets and liabilities	(486)	(64)
Impairment on financial assets		(29)
Net expense from disposal of financial assets	(132)	(316)
Discounting expenses	(5,287)	(1,739)
Other expenses	(55)	(129)
Other financial expenses	**(20,007)**	**(34,353)**
FINANCIAL INCOME/(EXPENSE) [(1)]	**(38,111)**	**(48,196)**

(1) Including in 2016 a € 0.2 million of net exchange gain due to the devaluation of the Kazakh tenge (€ -10.0 million in 2015).

NOTE 25 INCOME TAX

Income tax expense

Analysis of income tax expense

(in thousands of euros)	December 31, 2016	December 31, 2015 restated
Current taxes	(76,434)	(73,824)
Deferred taxes	9,707	11,811
TOTAL	**(66,727)**	**(62,013)**

Reconciliation between the computed and the effective tax charge

The difference between the amount of income tax theoretically due at the standard rate and the actual amount due is analyzed as follows:

(in thousands of euros)	December 31, 2016	December 31, 2015 restated
Net earnings from consolidated companies	151,108	134,615
Income tax	66,727	62,013
Profit (loss) before tax	217,835	196,628
Standard tax rate	34.4%	38.0%
Theoretical income tax at the parent company rate	**(75,001)**	**(74,719)**
Reconciliation:		
Differences between French and foreign tax rates (1)	12,687	19,812
Transactions taxed at specific rates	721	945
Changes in tax rates (2)	4,810	(338)
Permanent differences	158	(2,902)
Tax credits	273	(805)
Other	(10,375)	(4,006)
ACTUAL INCOME TAX EXPENSE	**(66,727)**	**(62,013)**

(1) Differences between French and foreign tax rates relate mainly to Switzerland and Turkey.
(2) Concern mainly France (€ 2.8 million) whose deferred tax rate went from 34.43% to 28.92% following the 2016 reform of the tax rate that progressively lowers this rate to bring it to 28.92%, for all companies, by January 1, 2020, and Egypt (€ 1.6 million) whose tax rate went from 25% to 22.50% in 2016.

Deferred taxes

Change in deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
(in thousands of euros)	December 31, 2016	December 31, 2015 restated	December 31, 2016	December 31, 2015 restated
DEFERRED TAX AT JANUARY 1:	150,292	135,437	220,665	219,656
Expense/income for the year	(7,238)	3,615	(16,945)	(8,196)
Deferred tax recognized in other comprehensive income	(61)	(520)	1,954	2,807
Translation and other changes	7,671	11,760	(7,935)	6,398
Changes in consolidation scope	254	-	241	-
DEFERRED TAX AT DECEMBER 31:	**150,918**	**150,292**	**197,980**	**220,665**

Analysis of net deferred tax (expense)/income by principal category of timing difference

(in thousands of euros)	December 31, 2016	December 31, 2015 restated
Non-current assets and finance leases	5,980	1,949
Financial instruments	151	(2,493)
Pensions and other post-employment benefits	(1,218)	902
Accelerated depreciation, regulated provisions and other provisions	7,592	(2,248)
Other timing differences, tax loss carry-forwards and miscellaneous	(4,813)	10,372
NET DEFERRED TAX (EXPENSE)/INCOME	**7,692**	**8,484**

Source of deferred tax assets and liabilities

(in thousands of euros)	December 31, 2016	December 31, 2015 restated
Non-current assets and finance leases	131,650	152,055
Financial instruments	(4,109)	(3,996)
Pensions	(48,866)	(48,602)
Provisions for risks and contingencies, regulated provisions	4,334	(118)
Special tax depreciation	81,251	86,102
Other timing differences, tax loss carry-forwards and miscellaneous	(117,198)	(115,067)
Net deferred tax assets and liabilities	**47,062**	**70,373**
Deferred tax assets [(1)]	(150,918)	(150,292)
Deferred tax liabilities	197,980	220,665
NET BALANCE	**47,062**	**70,373**

(1) The deferred tax assets mainly originate from the tax losses carried forward by subsidiaries based in the United States, with periods of limitation ranging from 2024 to 2035.

Deferred tax assets not recognized in the financial statements

Deferred tax assets not recognized in the financial statements as at December 31, 2016, owing either to their planned imputation during the exemption periods enjoyed by the entities concerned or to the probability of their not being recovered, amounted to € 18.3 million (€ 17.6 million as at December 31, 2015). These relate essentially to two entities benefiting from a tax exemption scheme for a period of ten years.

NOTE 26 SEGMENT INFORMATION

a) Information by business segment

December 31, 2016 *(in thousands of euros excluding workforce)*	Cement	Concrete & Aggregates	Other Products & Services	Total
Income statement				
Operating sales	1,489,540	928,350	398,727	2,816,617
Inter-sector eliminations	(245,449)	(23,454)	(93,943)	(362,846)
Consolidated net sales	1,244,091	904,896	304,784	2,453,771
EBITDA (cf. 1.22 and 23)	380,334	56,994	20,484	457,812
EBIT (cf. 1.22 and 23)	239,101	15,642	3,089	257,832
Balance sheet				
Total non-current assets	2,579,101	723,197	166,397	3,468,695
Net capital employed (1)	2,489,799	722,143	175,381	3,387,323
Other disclosures				
Acquisitions of intangible and tangible assets	89,259	29,414	16,877	135,550
Net depreciation and amortization charges	(137,714)	(36,684)	(13,171)	(187,569)
Average number of employees	3,703	3,030	1,276	8,009

December 31, 2015 restated *(in thousands of euros excluding workforce)*	Cement	Concrete & Aggregates	Other Products & Services	Total
Income statement				
Operating sales	1,494,829	914,046	400,400	2,809,275
Inter-sector eliminations	(238,911)	(21,738)	(90,723)	(351,372)
Consolidated net sales	1,255,918	892,308	309,677	2,457,903
EBITDA (cf. 1.22 and 23)	357,231	61,484	24,986	443,701
EBIT (cf. 1.22 and 23)	209,007	17,709	18,877	245,593
Balance sheet				
Total non-current assets	2,765,859	687,900	162,602	3,616,361
Net capital employed (1)	2,708,905	669,361	178,590	3,556,856
Other disclosures				
Acquisitions of intangible and tangible assets	121,162	30,550	10,152	161,864
Net depreciation and amortization charges	(142,052)	(40,846)	(13,612)	(196,510)
Average number of employees	3,635	2,909	1,308	7,852

(1) Net capital employed corresponds to the sum of non-current assets, assets and liabilities held for sale, and working capital requirement, after deduction of provisions and deferred taxes.

b) Geographical sectors

Information relating to geographical areas is presented according to the geographical location of the entities concerned.

December 31, 2016 *(in thousands of euros excluding workforce)*	France	Europe (excluding France)	USA	Turkey, Kazakhstan and India	West Africa and the Middle East	Total
Income statement						
Operating sales	813,960	411,585	363,456	538,400	349,489	2,476,890
Inter-country eliminations	(18,691)	(402)	0	(752)	(3,274)	(23,119)
Consolidated net sales	795,269	411,183	363,456	537,648	346,215	2,453,771
EBITDA (cf. 1.22 and 23)	115,048	94,315	58,880	119,436	70,133	457,812
EBIT (cf. 1.22 and 23)	58,826	59,214	32,763	73,745	33,284	257,832
Balance sheet						
Total non-current assets	688,490	576,223	515,096	1,107,344	581,542	3,468,695
Net capital employed (1)	678,832	517,240	393,230	1,189,602	608,419	3,387,323
Other disclosures						
Acquisitions of intangible and tangible assets	33,417	20,630	20,111	35,881	25,511	135,550
Net depreciation and amortization charges	(52,677)	(30,000)	(26,292)	(44,367)	(34,233)	(187,569)
Average number of employees	2,440	1,110	1,088	2,226	1,145	8,009

December 31, 2015 restated *(in thousands of euros except number of employees)*	France	Europe (excluding France)	USA	Turkey, Kazakhstan and India	West Africa and the Middle East	Total
Income statement						
Operating sales	798,554	425,142	342,314	568,280	352,460	2,486,750
Inter-country eliminations	(21,209)	(420)	0	(685)	(6,533)	(28,847)
Consolidated net sales	777,345	424,722	342,314	567,595	345,927	2,457,903
EBITDA (cf. 1.22 and 23)	108,365	102,499	42,319	134,980	55,538	443,701
EBIT (cf. 1.22 and 23)	50,567	75,699	17,079	85,016	17,232	245,593
Balance sheet						
Total non-current assets	680,289	582,208	511,682	1,130,670	711,512	3,616,361
Net capital employed (1)	663,999	524,941	402,496	1,204,048	761,373	3,556,856
Other disclosures						
Acquisitions of intangible and tangible assets	33,892	21,765	16,472	45,220	44,515	161,864
Net depreciation and amortization charges	(54,307)	(32,563)	(26,149)	(49,046)	(34,445)	(196,510)
Average number of employees	2,495	1,116	1,069	2,057	1,115	7,852

(1) Net capital employed corresponds to the sum of non-current assets, assets and liabilities held for sale, and working capital requirement, after deduction of provisions and deferred taxes.

c) Information about major customers

The Group is not overly dependent on any of its major customers and no single customer accounts for more than 10% of sales.

NOTE 27 NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

Net cash flows from operating activities conducted by the Group in 2016 were € 386 million, compared with € 295 million in 2015 restated.

This increase in cash flows generated by operational activities between 2015 and 2016 resulted from an improvement in cash flows from operations of € 11 million and an improvement in the change in working capital requirement of nearly € 80 million.

The components of the working capital requirement by type are as follows:

(in thousands of euros)	WCR at Dec. 31, 2014	Change in WCR 2014	Other Change (1)	WCR at Dec. 31, 2015	Change in WCR year 2016	Other Change (1)	WCR at Dec. 31, 2016
Inventories	394,205	9,905	3,082	407,192	11,075	(32,497)	385,770
Other WCR components	35,666	36,756	511	72,933	(44,407)	908	29,434
WCR	**429,871**	**46,661**	**3,593**	**480,125**	**(33,332)**	**(31,589)**	**415,204**

(1) Exchange rate, consolidation scope and miscellaneous.

NOTE 28 NET CASH FLOWS FROM INVESTING ACTIVITIES

Net cash flows from investing activities conducted by the Group in 2016 were € (188) million, compared with € (178) million in 2015 restated.

Acquisitions of intangible and tangible assets

These reflect outflows for industrial investments (€ 139 million in 2016 and € 169 million in 2015) mainly corresponding to the following:

- in 2016 to investments in France, Turkey, Switzerland and the United States;
- in 2015 to investments in France, Egypt, Turkey and Switzerland.

Acquisition/disposal of shares in consolidated companies

Operations for the acquisition of consolidated companies carried out in year 2016 resulted in a total outflow of € (26) million. There were no significant acquisition or disposal of shares in consolidated companies during the 2015 financial year.

Key disbursements made by the Group during year 2016 were to improve its reach in the Concrete & Aggregates business in France, through partnership agreements and/or redemptions of holdings.

NOTE 29 ANALYSIS OF NET CASH BALANCES

(in thousands of euros)	December 31, 2016 Net	December 31, 2015 Net
Cash and cash equivalents (see note 12)	242,770	254,371
Bank overdrafts	(33,861)	(29,275)
NET CASH BALANCES	**208,909**	**225,096**

NOTE 30 COMPENSATION OF EXECUTIVES

Pursuant to the provisions of article 225.102-1 of the French Commercial Code, and in accordance with IAS 24, we hereby inform you that the total gross compensation paid to each company officer in 2016 was as follows: G. Sidos : € 817,623 and D. Petetin : € 298,178.

These amounts represent the total compensation paid by Vicat SA and any companies it controls, or is controlled by, as defined by article L. 233-16 of the French Commercial Code.

Furthermore, no stock or stock options have been granted to the above company officers with the exception of any income received under legal or contractual employee profit-sharing or incentive plans.

Lastly, the two aforementioned company officers also benefit from a supplemental pension plan as defined in article 39 of the French General Tax Code (CGI). The corresponding commitments (€ 2,195 thousand in 2016 and € 1,737 thousand in 2015) were posted as provisions in the financial statements, in the same manner as all of the Group's post-employment benefits as at December 31, 2016 (note 1.15.).

NOTE 31 TRANSACTIONS WITH RELATED COMPANIES

In addition to information required for related parties regarding the senior executives, described in note 30, related parties with which transactions are carried out include affiliated companies in which Vicat directly or indirectly holds a stake, and entities that hold a stake in Vicat.

These related party transactions were not material in 2016 and all were on an arm's length basis.

These transactions have all been recorded in compliance with IAS 24 and their impact on the Group's consolidated financial statements for 2016 and 2015 is as follows, broken down by type and by related party:

	December 31, 2016				December 31, 2015			
(in thousands of euros)	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Affiliated companies	1,186	2,941	3,720	2,078	844	1,546	6,918	1,268
Other related parties	67	2,194	6	95	56	2,203	12	135
TOTAL	**1,253**	**5,135**	**3,726**	**2,173**	**900**	**3,749**	**6,930**	**1,403**

NOTE 32 FEES PAID TO THE STATUTORY AUDITORS

Fees paid to statutory auditors and other professionals in their networks as recognized in the financial statements of Vicat SA and its fully consolidated subsidiaries for 2016 and 2015 are as follows:

	KPMG Audit				Wolff & associés				Other			
	Amount (ex. VAT)		%		Amount (ex. VAT)		%		Amount (ex. VAT)		%	
(in thousands of euros)	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015
AUDIT												
Statutory auditors, certification, examination of individual and consolidated accounts	1,168	1,150	54%	55%	389	364	18%	17%	615	587	28%	28%
■ *Vicat SA*	235	221	54%	53%	199	195	46%	47%			0%	0%
■ *Companies which are fully consolidated*	933	929	54%	55%	190	169	11%	10%	615	587	35%	35%
Other forms of investigation and directly related services	14	0		0%		0	0%	-	23		62%	-
■ *Vicat SA*				-			-	-			-	-
■ *Companies which are fully consolidated*	*14*			0%			0%	-	*23*		62%	-
TOTAL AUDIT FEES	1,182	1,150	54%	55%	389	364	18%	17%	638	587	29%	28%
OTHER SERVICES												
Legal, tax, employment and other matters			-	-			-	-			-	-
TOTAL OTHER SERVICES	0	0	-	-	0	0	-	-	0	0	-	-
TOTAL	**1,182**	**1,150**	**54%**	**55%**	**389**	**364**	**18%**	**17%**	**638**	**587**	**29%**	**28%**

NOTE 33 SUBSEQUENT EVENTS

Complaints about the tax treatment of capital gains on disposals of securities by the Group's subsidiaries in 2014 have experienced a favorable outcome and resulted in tax rebates totaling € 38.9 million that were collected in January 2017. This tax restitution will be posted in the Group's consolidated equity in 2017, in the same way as the capital gains recorded upon the sale of these securities.

NOTE 34 LIST OF MAIN CONSOLIDATED COMPANIES AS AT DECEMBER 31, 2016

Fully consolidated: France

Company	Address	Siren no.	% interest December 31, 2016	% interest December 31, 2015
VICAT	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	057 505 539	----	----
ANNECY BETON CARRIERES	14 chemin des Grèves 74960 CRAN-GEVRIER	326 020 062	49.97	49.97
LES ATELIERS DU GRANIER	Lieu-Dit Chapareillan 38530 PONTCHARRA	305 662 504	99.98	99.98
BÉTON CHÂTILLONAIS	Champ de l'Allée – ZI Nord 01400 CHÂTILLON- SUR-CHALARONNE	485 069 819	99.98	99.98
BÉTON CONTRÔLE CÔTE D'AZUR	217 route de Grenoble 06200 NICE	071 503 569	99.97	99.97
BÉTON DE L'OISANS	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	438 348 047	59.98	59.98
LES BÉTONS DU GOLFE	Quartier Les Plaines 83480 PUGET-SUR-ARGENS	501 192 785	99.98	99.98
LES BÉTONS DU RHÔNE	La Petite Craz 69720 SAINT-LAURENT-DE-MURE	503 728 164	99.98	99.98
BÉTON VICAT	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	309 918 464	99.97	99.97
BÉTON TRAVAUX	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	070 503 198	99.98	99.98
CONDENSIL	1327 av. de la Houille Blanche 73000 CHAMBÉRY	342 646 957	59.99	59.99
DELTA POMPAGE	1327 av. de la Houille Blanche 73000 CHAMBÉRY	316 854 363	99.98	99.98
ÉTABLISSEMENT ANTOINE FOURNIER	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	586 550 147	99.98	99.98
GRANULATS VICAT	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	768 200 255	99.98	99.97
MONACO BÉTON	Le Palais Saint James 5, avenue Princesse Alice 98000 MONACO	326 MC 161	99.98	99.98
PARFICIM	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	304 828 379	100.00	100.00
SATMA	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	304 154 651	100.00	100.00
SATM (former)	1327 av. de la Houille Blanche 73000 CHAMBERY	745 820 126	(1)	99.98
SATM (new)	1327 av. de la Houille Blanche 73000 CHAMBÉRY	814 723 441	99.98 (2)	99.98
SIGMA BÉTON	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	343 019 428	99.98	99.98
SOCIÉTÉ L. THIRIET ET COMPAGNIE	Lieu-dit Chaufontaine 54300 LUNEVILLE	762 800 977	(1)	99.94
PAPETERIES DE VIZILLE	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	319 212726	99.98	99.98
VICAT PRODUITS INDUSTRIELS	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	655 780 559	99.98	99.98

(1) Companies merged in 2016.
(2) Company created by partial asset contribution.

Fully consolidated: Rest of the world

Company	Country	State/City	% interest December 31, 2016	% interest December 31, 2015
SINAI CEMENT COMPANY	EGYPT	CAIRO	56.94	56.94
MYNARAL TAS COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
JAMBYL CEMENT PRODUCTION COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
BUILDERS CONCRETE	UNITED STATES	CALIFORNIA	100.00	100.00
KIRKPATRICK	UNITED STATES	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY	UNITED STATES	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY	UNITED STATES	DELAWARE	100.00	100.00
NATIONAL CEMENT COMPANY OF CALIFORNIA	UNITED STATES	DELAWARE	100.00	100.00
NATIONAL READY MIXED	UNITED STATES	CALIFORNIA	100.00	100.00
UNITED READY MIXED	UNITED STATES	CALIFORNIA	100.00	100.00
VIKING READY MIXED	UNITED STATES	CALIFORNIA	100.00	100.00
CEMENTI CENTRO SUD SPA	ITALY	GENOVA	100.00	100.00
CIMENTS & MATERIAUX DU MALI	MALI	BAMAKO	94.90	94.90
GÉCAMINES	SENEGAL	THIES	70.00	70.00
POSTOUDIOKOUL	SENEGAL	RUFISQUE (DAKAR)	100.00	100.00
SOCOCIM INDUSTRIES	SENEGAL	RUFISQUE (DAKAR)	99.89	99.89
SODEVIT	SENEGAL	BANDIA	100.00	100.00
ALTOLA AG	SWITZERLAND	OLTEN (SOLOTHURN)	100.00	100.00
KIESWERK AEBISHOLZ AG (formerly ASTRADA KIES AG)	SWITZERLAND	AEBISHOLZ (SOLEURE)	100.00	100.00
BETON AG BASEL	SWITZERLAND	BASEL (BALE)	100.00	100.00
BETON AG INTERLAKEN	SWITZERLAND	MATTEN BEI INTERLAKEN (BERN)	75.42	75.42
BETONPUMPEN OBERLAND AG	SWITZERLAND	WIMMIS (BERN)	82.46	82.46
COVIT SA	SWITZERLAND	SAINT-BLAISE (NEUCHATEL)	100.00	100.00
CREABETON MATERIAUX SA	SWITZERLAND	LYSS (BERN)	100.00	100.00
EMME KIES + BETON AG	SWITZERLAND	LÜTZELFLÜH (BERN)	66.67	66.67
FRISCHBETON AG ZUCHWIL	SWITZERLAND	ZUCHWIL (SOLOTHURN)	88.94	88.94
FRISCHBETON LANGENTHAL AG	SWITZERLAND	LANGENTHAL (BERN)	78.67	78.67
FRISCHBETON THUN	SWITZERLAND	THOUNE (BERN)	53.48	53.48
GRANDY AG	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
KIESTAG STEINIGAND AG	SWITZERLAND	WIMMIS (BERN)	98.55	98.55
KIESWERK NEUENDORF	SWITZERLAND	NEUENDORF (SOLEURE)	100.00	100.00
SABLES + GRAVIERS TUFFIERE SA	SWITZERLAND	HAUTERIVE (FRIBOURG)	50.00	50.00
SHB STEINBRUCH + HARTSCHOTTER BLAUSEE MITHOLZ AG	SWITZERLAND	FRUTIGEN (BERN)	98.55	98.55
STEINBRUCH VORBERG AG	SWITZERLAND	BIEL (BERN)	60.00	60.00
VIGIER BETON JURA SA (FORMERLY BETON FRAIS MOUTIER SA)	SWITZERLAND	BELPRAHON (BERN)	81.42	81.42
VIGIER BETON KIES SEELAND AG (formerly VIBETON KIES AG)	SWITZERLAND	LYSS (BERN)	100.00	100.00
VIGIER BETON MITTELLAND AG (formerly WYSS KIESWERK AG)	SWITZERLAND	FELDBRUNNEN (SOLOTHURN)	100.00	100.00
VIGIER BETON ROMANDIE SA (formerly VIBETON FRIBOURG SA)	SWITZERLAND	ST. URSEN (FRIBOURG)	100.00	100.00
VIGIER BETON SEELAND JURA AG (formerly VIBETON SAFNERN AG)	SWITZERLAND	SAFNERN (BERN)	90.47	90.47

Fully consolidated: Rest of world (continued)

Company	Country	State/City	% interest December 31, 2016	% interest December 31, 2015
VIGIER CEMENT AG	SWITZERLAND	PERY (BERN)	100.00	100.00
VIGIER HOLDING AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER MANAGEMENT AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VITRANS AG	SWITZERLAND	PERY (BERN)	100.00	100.00
AKTAS	TURKEY	ANKARA	99.97	99.97
BASTAS BASKENT CIMENTO	TURKEY	ANKARA	91.58	91.58
BASTAS HAZIR BETON	TURKEY	ANKARA	91.58	91.58
KONYA CIMENTO	TURKEY	KONYA	83.08	83.08
KONYA HAZIR BETON	TURKEY	KONYA	83.08	83.08
TAMTAS	TURKEY	ANKARA	100.00	100.00
BSA Ciment SA	MAURITANIA	NOUAKCHOTT	64.91	64.91
BHARATHI CEMENT	INDIA	HYDERABAD	51.02	51.02
KALBURGI CEMENT (formerly VICAT SAGAR Cement)	INDIA	HYDERABAD	99.98	99.98

Equity method: France

Company	Address	Siren no.	% interest December 31, 2016	% interest December 31, 2015
CARRIERES BRESSE BOURGOGNE	Port Fluvial Sud de Chalon 71380 EPERVANS	655 850 055	33.27	33.27
DRAGAGES ET CARRIERES	Port Fluvial Sud de Chalon 71380 EPERVANS	341 711 125	49.98	49.98
SABLIERES DU CENTRE	Les Genévriers Sud 63430 LES MARTRES D'ARTIERE	480 107 457	49.99	49.99

Equity method: Rest of the world

Company	Country	State/City	% interest December 31, 2016	% interest December 31, 2015
HYDROELECTRA	SWITZERLAND	AU (ST. GALLEN)	50.00	50.00
SILO TRANSPORT AG	SWITZERLAND	BERN (BERN)	50.00	50.00
SINAI WHITE CEMENT	EGYPT	CAIRO	14.46	14.46

NOTE 35 RESTATED CONSOLIDATED FINANCIAL STATEMENTS

This note summarizes the impact of the retrospective application of the method recommended by the ANC for the accounting treatment of greenhouse gas emission rights, compatible with the IFRS standards in force (Regulation No. 2012-03 of October 4, 2012, approved January 7, 2013) on the consolidated financial statements as at January 1 and December 31, 2015.

35.1. Statement of consolidated financial position: Reconciliation from reported to restated

(in thousands of euros)	Dec. 31, 2014 restated	Impact	Dec. 31, 2014 reported	Dec. 31, 2015 restated	Impact	Dec. 31, 2015 reported
ASSETS						
Non-current assets						
Goodwill	1,007,848		1,007,848	1,040,307		1,040,307
Other intangible assets	106,517	(16,468)	122,985	114,460	(21,358)	135,818
Property, plant and equipment	2,148,739		2,148,739	2,121,011		2,121,011
Investment properties	18,754		18,754	17,766		17,766
Investments in associated companies	43,815		43,815	49,854		49,854
Deferred tax assets	135,437		135,437	150,292		150,292
Receivables and other non-current financial assets	98,891		98,891	122,672		122,672
TOTAL NON-CURRENT ASSETS	3,560,001	(16,468)	3,576,469	3,616,362	(21,358)	3,637,720
Current assets						
Inventories and work-in-progress	394,205		394,205	407,192		407,192
Trade and other receivables	356,405		356,405	376,627		376,627
Current tax assets	37,206		37,206	53,715		53,715
Others receivables	141,200		141,200	150,725		150,725
Cash and cash equivalents	268,196		268,196	254,371		254,371
TOTAL CURRENT ASSETS	1,197,212	0	1,197,212	1,242,630	0	1,242,630
TOTAL ASSETS	**4,757,213**	**(16,468)**	**4,773,681**	**4,858,992**	**(21,358)**	**4,880,350**

(in thousands of euros)	Dec. 31, 2014 restated	Impact	Dec. 31, 2014 reported	Dec. 31, 2015 restated	Impact	Dec. 31, 2015 reported
LIABILITIES						
Shareholder's equity						
Share capital	179,600		179,600	179,600		179,600
Additional paid-in capital	11,207		11,207	11,207		11,207
Consolidated reserves	1,975,820	(10,796)	1,986,616	2,046,737	(14,004)	2,060,741
Shareholders' equity	**2,166,627**	**(10,796)**	**2,177,423**	**2,237,544**	**(14,004)**	**2,251,548**
Minority interests	**281,870**		**281,870**	**292,160**		**292,160**
SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	2,448,497	(10,796)	2,459,293	2,529,704	(14,004)	2,543,708
Non-current liabilities						
Retirement provisions and other benefits	125,862		125,862	134,729		134,729
Other provisions	86,141		86,141	95,938		95,938
Financial debts and put options	1,067,527		1,067,527	1,225,391		1,225,391
Deferred tax liabilities	213,984	(5,672)	219,656	220,665	(7,354)	228,019
Other non-current liabilities	7,205		7,205	5,369		5,369
TOTAL NON-CURRENT LIABILITIES	1,500,719	(5,672)	1,506,391	1,682,092	(7,354)	1,689,446
Current liabilities						
Provisions	10,526		10,526	13,204		13,204
Financial debts and put options < 1 year	281,730		281,730	114,884		114,884
Trade and other accounts payable	280,642		280,642	283,734		283,734
Current taxes payable	39,301		39,301	37,274		37,274
Other liabilities	195,798		195,798	198,100		198,100
TOTAL CURRENT LIABILITIES	807,997	0	807,997	647,196	0	647,196
TOTAL LIABILITIES	2,308,716	(5,672)	2,314,388	2,329,288	(7,354)	2,336,642
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,757,213**	**(16,468)**	**4,773,681**	**4,858,992**	**(21,358)**	**4,880,350**

35.2. Consolidated income statement: Reconciliation from reported to restated

Consolidated income statement

(in thousands of euros)	December 31, 2015 restated	Impact	December 31, 2015 reported
Sales	**2,457,903**		**2,457,903**
Goods and services purchased	(1,580,500)		(1,580,500)
Added value	**877,403**		**877,403**
Personnel costs	(407,395)		(407,395)
Taxes	(53,814)		(53,814)
Gross operating income	**416,194**		**416,194**
Depreciation, amortization and provisions	(195,331)	(203)	(195,128)
Other income and expenses	23,961	(4,688)	28,649
Operating income	**244,824**	**(4,891)**	**249,715**
Cost of net financial debt	(36,991)		(36,991)
Other financial income	23,148		23,148
Other financial expenses	(34,353)		(34,353)
Financial income/(expense)	**(48,196)**	**0**	**(48,196)**
Earnings from associated companies	4,876		4,876
Profit (loss) before tax	**201,504**	**(4,891)**	**206,395**
Income tax	(62,013)	1,684	(63,697)
Consolidated net income	**139,491**	**(3,207)**	**142,698**
Portion attributable to minority interests	21,219		21,219
Portion attributable to the Group	**118,272**	**(3,207)**	**121,479**
EBITDA	**443,701**	**(4,688)**	**448,389**
EBIT	**245,593**	**(4,891)**	**250,484**
Cash flows from operating activities	**341,579**	**(4,688)**	**346,267**
EARNINGS PER SHARE (IN EUROS)			
Basic and diluted Group share of net earnings per share	2.63		2.71

35.3. Statement of total comprehensive income: Reconciliation from reported to restated

Consolidated statement of comprehensive income

(in thousands of euros)	December 31, 2015 restated	Impact	December 31, 2015 reported
Consolidated net income	**139,491**	**(3,207)**	**142,698**
Other comprehensive income			
Items not recycled to profit or loss:			
Actuarial gains (losses) on employee benefits	269		269
Tax on non-recycled items	670		670
Items recycled to profit or loss:			
Translation adjustments	9,137		9,137
Cash flow hedge instruments	11,482		11,482
Tax on recycled items	(3,997)		(3,997)
Other comprehensive income (after tax)	**17,561**	**0**	**17,561**
TOTAL COMPREHENSIVE INCOME	**157,052**	**(3,207)**	**160,259**
Portion attributable to minority interests	22,278		22,278
Portion attributable to the Group	**134,774**	**(3,207)**	**137,981**

35.4. Statement of cash flows: Reconciliation from reported to restated

Consolidated cash flows statement

(in thousands of euros)	December 31, 2015 restated	Impact	December 31, 2015 reported
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income	**139,491**	**(3,207)**	**142,698**
Earnings from associated companies	(4,876)		(4,876)
Dividends received from associated companies	1,131		1,131
Elimination of non-cash and non-operating items			
■ depreciation, amortization and provisions	202,655	203	202,452
■ deferred taxes	(11,811)	(1,684)	(10,127)
■ net (gain) loss from disposal of assets	(3,933)		(3,933)
■ unrealized fair value gains and losses	64		64
■ other	18,858		18,858
Cash flows from operating activities	**341,579**	**(4,688)**	**346,267**
Change in working capital requirement	(46,661)		(46,661)
Net cash flows from operating activities [(1)]	**294,918**	**(4,688)**	**299,606**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of non-current assets:			
■ property, plant and equipment and intangible assets	(169,415)	4,688	(174,103)
■ financial investments	(19,526)		(19,526)
Inflows linked to disposals of non-current assets:			
■ property, plant and equipment and intangible assets	7,295		7,295
■ financial investments	3,680		3,680
Impact of changes in consolidation scope	(55)		(55)
Net cash flows from investing activities	**(178,021)**	**4,688**	**(182,709)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(78,405)		(78,405)
Increases in share capital	0		
Proceeds from borrowings	301,486		301,486
Repayments of borrowings	(356,698)		(356,698)
Acquisitions of treasury shares	(30,765)		(30,765)
Disposals or allocations of treasury shares	32,899		32,899
Net cash flows from financing activities	**(131,483)**	**0**	**(131,483)**
Impact of changes in foreign exchange rates	(3,308)		(3,308)
Change in cash position	**(17,894)**	**0**	**(17,894)**
Net cash and cash equivalents – opening balance	242,991		242,991
Net cash and cash equivalents – closing balance	225,096		225,096

(1) *Including cash flows from income taxes: € (77,620) thousand in 2015.*
Including cash flows from interests paid and received: € (40,774) thousand in 2015.

35.5. Statement of change in net position: Reconciliation from reported to restated

Statement of changes in consolidated shareholders' equity

(in thousands of euros)	Share capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Shareholders' equity and minority interests
AT JANUARY 1, 2014 reported	179,600	11,207	(73,945)	2,155,752	(262,865)	2,009,749	282,216	2,291,965
Impact at January 1, 2014				(4,572)		(4,572)		(4,572)
AT JANUARY 1, 2014 restated*	179,600	11,207	(73,945)	2,151,180	(262,865)	2,005,177	282,216	2,287,393
Consolidated net income				128,479		128,479	15,075	143,554
Impact on the net income				(6,224)		(6,224)		(6,224)
Other comprehensive income				(39,732)	113,167	73,435	23,058	96,493
Total comprehensive income reported				*88,747*	*113,167*	*201,914*	*38,133*	*240,047*
Impact on the comprehensive net income				(6,224)		(6,224)		(6,224)
Total comprehensive income restated				**82,523**	**113,167**	**195,690**	**38,133**	**233,823**
Dividends paid				(66,061)		(66,061)	(14,787)	(80,848)
Net change in treasury shares			3,812	71,546		75,358	15	75,373
Changes in consolidation scope and additional acquisitions				(44,390)		(44,390)	(24,582)	(68,972)
Increases in share capital							122	122
Other changes				853		853	753	1,606
AT DECEMBER 31, 2014 reported	179,600	11,207	(70,133)	2,206,447	(149,698)	2,177,423	281,870	2,459,293
Impact at December 31, 2014				(10,796)		(10,796)		(10,796)
AT DECEMBER 31, 2014 restated*	179,600	11,207	(70,133)	2,195,651	(149,698)	2,166,627	281,870	2,448,497
Consolidated net income				121,479		121,479	21,219	142,698
Impact on the net income				(3,206)		(3,206)		(3,206)
Other comprehensive income				(39,392)	55,894	16,502	1,060	17,562
Total comprehensive income reported				*82,087*	*55,894*	*137,981*	*22,279*	*160,260*
Impact on the comprehensive net income				(3,206)		(3,206)		(3,206)
Total comprehensive income restated				**78,881**	**55,894**	**134,775**	**22,279**	**157,054**
Dividends paid				(66,111)		(66,111)	(11,969)	(78,080)
Net change in treasury shares			3,125	(677)		2,448		2,448
Changes in consolidation scope and additional acquisitions								
Increases in share capital								
Other changes				(193)		(193)	(20)	(213)
AT DECEMBER 31, 2015 reported	179,600	11,207	(67,008)	2,221,553	(93,804)	2,251,548	292,160	2,543,708
Impact at December 31, 2015				(14,004)		(14,004)		(14,004)
AT DECEMBER 31, 2015 restated*	**179,600**	**11,207**	**(67,008)**	**2,207,549**	**(93,804)**	**2,237,544**	**292,160**	**2,529,704**