Consolidated financial statements

2017

VICAT

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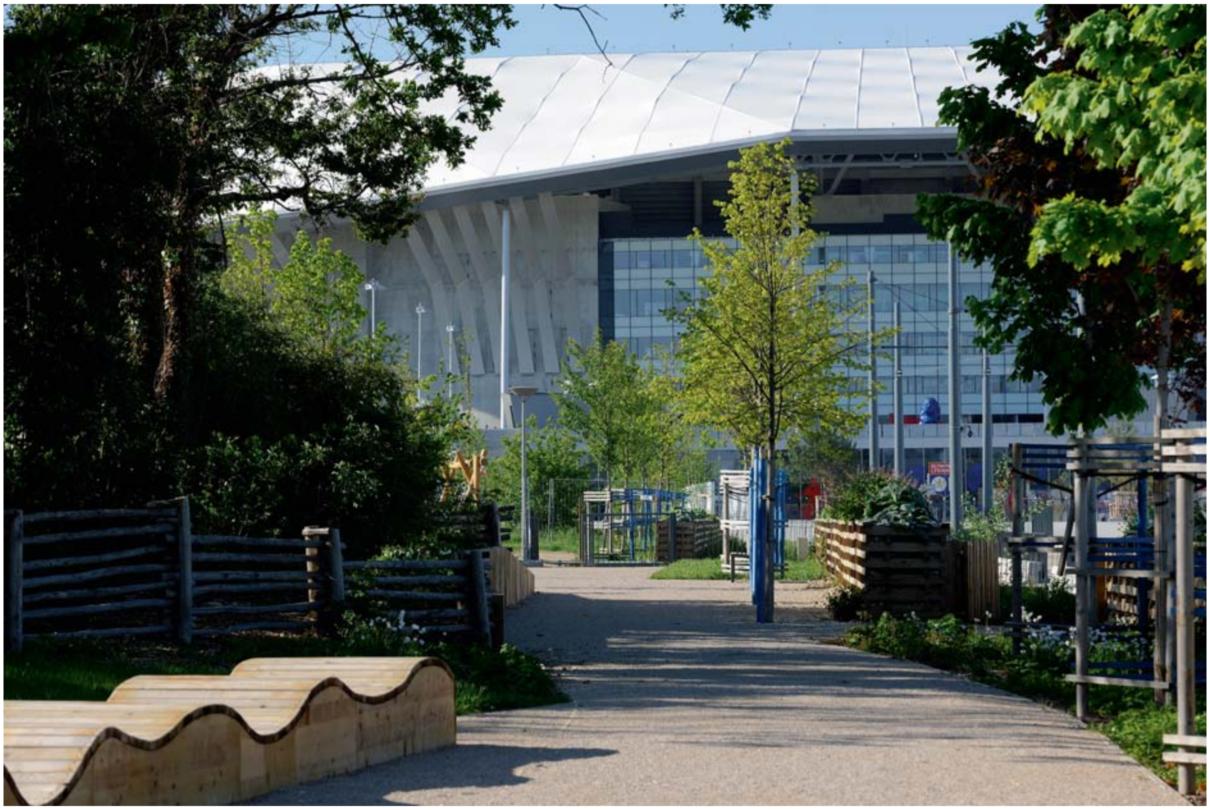

Erick Saillet

The new Olympique Lyonnais stadium

Consolidated financial statements at December 31, 2017

Consolidated statement of financial position

(in thousands of euros)	*Notes*	December 31, 2017	December 31, 2016
ASSETS			
Non-current assets			
Goodwill	*3*	1,006,987	1,048,954
Other intangible assets	*4*	117,959	106,465
Property, plant and equipment	*5*	1,837,759	1,992,508
Investment properties	*7*	16,240	17,839
Investments in associated companies	*8*	40,696	41,070
Deferred tax assets	*25*	111,860	157,897
Receivables and other non-current financial assets	*9*	77,557	110,941
TOTAL INTANGIBLE AND TANGIBLE ASSETS		3,209,058	3,475,674
Current assets			
Inventories and work-in-progress	*10*	351,303	385,770
Trade and other receivables	*11*	408,092	389,504
Current tax assets		45,001	53,447
Others receivables	*11*	174,251	188,721
Cash and cash equivalents	*12*	265,364	242,770
TOTAL CURRENT ASSETS		1,244,011	1,260,212
TOTAL ASSETS		**4,453,069**	**4,735,886**
LIABILITIES			
Shareholders' equity			
Share capital	*13*	179,600	179,600
Additional paid-in capital		11,207	11,207
Consolidated reserves		1,985,313	2,022,313
Shareholders' equity		**2,176,120**	**2,213,120**
Minority interests		**233,442**	**257,054**
SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		2,409,562	2,470,174
Non-current liabilities			
Provisions for pensions and other post-employment benefits	*14*	115,084	142,353
Other provisions	*15*	108,703	107,101
Financial debts and put options	*16*	928,403	980,017
Deferred tax liabilities	*25*	160,668	204,959
Other non-current liabilities		1,398	2,228
TOTAL NON-CURRENT LIABILITIES		1,314,256	1,436,658
Current liabilities			
Provisions	*15*	8,738	10,757
Financial debts and put options at less than 1 year	*16*	138,499	250,266
Trade and other accounts payable		328,450	316,345
Current taxes payable		41,188	46,835
Other liabilities	*18*	212,376	204,851
TOTAL CURRENT LIABILITIES		729,251	829,054
TOTAL LIABILITIES		2,043,507	2,265,712
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,453,069**	**4,735,886**

Consolidated income statement

(in thousands of euros)	*Notes*	2017	2016
Sales revenues	*19*	**2,563,464**	**2,453,771**
Goods and services purchased		(1,660,025)	(1,554,840)
Added value	*1.22*	**903,439**	**898,931**
Personnel costs	*20*	(423,993)	(409,406)
Taxes		(58,709)	(56,466)
Gross operating income	*1.22 & 23*	**420,737**	**433,059**
Depreciation, amortization and provisions	*21*	(200,568)	(198,856)
Other income and expenses	*22*	11,423	21,745
Operating income	*23*	**231,592**	**255,948**
Cost of net financial debt	*24*	(27,665)	(30,475)
Other financial income	*24*	15,792	12,371
Other financial expenses	*24*	(16,321)	(20,007)
Net financial income (expense)	*24*	**(28,194)**	**(38,111)**
Earnings from associated companies	*8*	5,653	13,695
Profit (loss) before tax		**209,051**	**231,532**
Income taxes	*25*	(53,200)	(66,727)
Consolidated net income		**155,851**	**164,805**
Portion attributable to minority interests		13,670	25,740
Portion attributable to the Group		**142,181**	**139,065**
EBITDA	*1.22 & 23*	**444,170**	**457,813**
EBIT	*1.22 & 23*	**247,150**	**257,832**
Operating cash flow	*1.22*	**346,432**	**352,942**
EARNINGS PER SHARE *(in euros)*			
Basic and diluted Group share of net earnings per share	*13*	3.17	3.10

Consolidated statement of comprehensive income

(in thousands of euros)	2017	2016
Consolidated net income	**155,851**	**164,805**
Other comprehensive income		
Items not recycled to profit or loss:		
Remeasurement of the net defined benefit liability	25,685	3,548
Tax on non-recycled items	(6,421)	(1,848)
Items recycled to profit or loss:		
Translation differences	(194,260)	(143,748)
Cash flow hedge instruments	(2,346)	(3,082)
Tax on recycled items	841	(194)
Other comprehensive income (after tax)	**(176,501)**	**(145,324)**
TOTAL COMPREHENSIVE INCOME	**(20,650)**	**19,481**
Portion attributable to minority interests	(7,771)	(21,274)
Portion attributable to the Group	**(12,879)**	**40,755**

Consolidated cash flow statement

(in thousands of euros)	*Notes*	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**155,851**	**164,805**
Earnings from associated companies		(5,653)	(13,695)
Dividends received from associated companies		1,292	4,596
Elimination of non-cash and non-operating items			
■ depreciation, amortization and provisions		200,831	208,706
■ deferred tax		(2,092)	(9,707)
■ net (gain) loss from disposal of assets		(3,450)	(3,966)
■ unrealized fair value gains and losses		(1,671)	486
■ other		1,324	1,717
Operating cash flow	*1.22*	**346,432**	**352,942**
Change in working capital requirement		(3,434)	33,332
Net cash flows from operating activities (1)	*27*	**342,998**	**386,274**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of non-current assets:			
■ tangible and intangible assets		(179,474)	(139,304)
■ financial investments		(12,324)	(37,582)
Inflows linked to disposals of non-current assets:			
■ tangible and intangible assets		15,529	7,567
■ financial investments		4,126	7,170
Impact of changes in consolidation scope		(14,852)	(25,907)
Net cash flows from investing activities	*28*	**(186,995)**	**(188,056)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(69,890)	(80,239)
Increases/(Decreases) in share capital		(4,665)	-
Proceeds from borrowings		147,586	1,570
Repayments of borrowings		(242,723)	(129,405)
Acquisitions of treasury shares		(5,480)	(25,749)
Disposals or allocations of treasury shares		46,634	27,935
Net cash flows from financing activities		**(128,538)**	**(205,888)**
Impact of changes in foreign exchange rates		(16,315)	(8,517)
Change in cash position		**11,150**	**(16,187)**
Net cash and cash equivalents – opening balance	*29*	208,909	225,096
Net cash and cash equivalents – closing balance	*29*	220,058	208,909

(1) Of which cash flows from income taxes: €(47,299) thousand in 2017 and €(51,432) thousand in 2016.
Of which cash flows from interest paid and received: €(22,954) thousand in 2017 and €(28,708) thousand in 2016.

Consolidated statement of changes in 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, 2016	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								
Increase in share capital								
Other changes				(1,072)		(1,072)	48	(1,024)
AS AT DECEMBER 31, 2016	179,600	11,207	(63,609)	2,275,851	(189,929)	2,213,120	257,054	2,470,174
Consolidated net income				142,181		142,181	13,670	155,851
Other comprehensive income (1)				15,355	(170,415)	(155,060)	(21,441)	(176,501)
Total comprehensive income				**157,536**	**(170,415)**	**(12,879)**	**(7,771)**	**(20,650)**
Dividends paid				(66,341)		(66,341)	(7,742)	(74,083)
Net change in treasury shares			2,895	(496)		2,399		2,399
Changes in consolidation scope and additional acquisitions				(2,511)		(2,511)	(633)	(3,144)
Increase in share capital				2,830		2,830	(7,539)	(4,709)
Other changes (2)				39,502		39,502	73	39,575
AS AT DECEMBER 31, 2017	**179,600**	**11,207**	**(60,714)**	**2,406,371**	**(360,344)**	**2,176,120**	**233,442**	**2,409,562**

(1) Inventory by nature of other comprehensive income:
Other comprehensive income includes mainly cumulative conversion differences from end 2003 as at end December 2017. As a reminder 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.
(2) Mainly including the refund of € 38.9 million as a result of claims relating to the tax treatment of the capital gain on disposal of Soparfi securities, in 2014, by Group subsidiaries (see note 2)

Group translation reserves are broken down by currency as follows (in thousands of euros), at December 31, 2017 and 2016:

	31-déc.-17	31-déc.-16
US dollar:	19,329	63,948
Swiss franc:	156,953	208,982
Turkish lira:	(215,010)	(178,330)
Egyptian pound:	(126,542)	(128,268)
Kazakh tenge:	(73,097)	(85,609)
Mauritanian ouguiya:	(7,495)	(3,262)
Indian rupee:	(114,482)	(67,390)
	(360,344)	**(189,929)**

Notes to the consolidated financial statements for 2017

NOTE 1 Accounting policies and valuation methods

1.1. Statement of compliance

In compliance with European Regulation (EC) 1606/2002 of the European Parliament on July 19, 2002 on the application 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, 2017 for its accounting policies.

Standards and interpretations published by the IASB but not yet in effect as at December 31, 2017 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, present comparative data for the previous year prepared under these same IFRSs. The accounting policies and methods applied in the consolidated financial statements as at December 31, 2017 are consistent with those applied for the 2016 annual financial statements. The Group also applied the amendment to IAS 7, mandatory for periods beginning on or after January 1, 2017 and intended to provide disclosures relating to changes in liabilities arising from financing activities, by differentiating between those arising from cash flows and those arising from non-cash flows.

Furthermore, the Group pursued projects to implement the IFRS 9 "Financial instruments" and IFRS 15 "Revenue recognition" standards, which are mandatory as of January 1, 2018, as well as the IFRS 16 "Leases" standard which is mandatory as of January 1, 2019 to determine their potential impacts 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 procedures. From these questionnaires and the analyses conducted, the Group concluded that implementation of this standard will not have a significant impact on its financial statements, given the nature of its business.

As regards IFRS 9, the Group is currently finalizing its analyzes and does not anticipate any significant impact as a result of implementing this standard.

Regarding IFRS 16, the Company has set up the necessary resources (training, project team, collection matrix) to identify all the leases concerned and quantify the estimated impact of the application of this standard. The Group decided to adopt the full retrospective approach upon actual implementation of the standard. The main estimated impacts, based on actual collection at the end of December 2017, are shown in Note 6 "Leases".

These financial statements were finalized and approved by the Board of Directors at its meeting of February 13, 2018 and will be submitted to the General Meeting of April 6, 2018 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 nature in two separate tables: the income statement and other comprehensive income.

The consolidated statement of financial position segregates current and non-current assets 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, available for sale assets, 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 fully consolidated subsidiaries (notes 1.16 and 16);
- measure financial instruments at their fair value (notes 1.14 and 17);
- measure deferred tax assets and, in particular, the probability that the Group will generate sufficient future taxable income against which to allocate them (Note 1.20 and 25);
- 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 10 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, 2017 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 assets, liabilities and contingent liabilities acquired exceeds their acquisition 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	
	31-Dec-17	31-Dec-16	2017	2016
USD	1,1993	1,0541	1,1293	1,1066
CHF	1,1702	1,0739	1,1116	1,0902
EGP	21,3378	19,0735	20,1179	11,0412
TRL	4,5464	3,7072	4,1213	3,3428
KZT	398,5600	351,3200	368,5592	380,5355
MRO	425,5217	378,8711	403,6467	385,4958
XOF	655,9570	655,9570	655,9570	655,9570
INR	76,6055	71,5935	73,4980	74,3553

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 on 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, provided the quotas are intended to fulfill the obligations related to emissions (production model):

- quotas are recognized in inventories when acquired (free of charge or against payment). 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 recognized at the period-end if there is a quota deficit.

Since the Group today has only those quotas allocated free of charge by the French State under National Quotas Allocation Plans or by the Californian State under the CARB program, 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.

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 equipment.

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 5 years, then projected to year 10;
- 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 value in use 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 sites or facilities, 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:

- the discount rate as previously defined;
- the inflation rate, which must reflect the selling price 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 to understand 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 its 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 presented in this report.

All acquisitions and disposals of financial assets are recorded 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 liabilities, 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 treasury shares are deducted from 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 presented 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 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., as well as other long-term benefits (such as medical cover 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 using specific actuarial assumptions and 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 (wage inflation, mortality, employee turnover, etc.) 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 offset by 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 shareholders' equity - Group share - (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 shareholders' equity - Group share - (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 net 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 revenues

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 revenues 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 greenhouse gas emission rights, 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 be applied during 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 revenues, 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 operating depreciation, amortization and provisions expenses.

Operating cash flow: net income before adjusting for non-cash charges (mainly net, depreciation, amortization and provisions expenses, deferred tax, 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

The Egyptian economy in general, and the cement sector in particular, were significantly affected by the sharp devaluation in the Egyptian pound in November 2016. Cement industry operators like Group subsidiary, Sinaï Cement Company, saw cement consumption fall by around 6% in 2017 whilst their production costs rose significantly. The subsidiary's profitability was particularly adversely affected by a two-fold increase in its energy costs and, given its location, by a significant rise in its logistics costs. The Egyptian economy is, however, likely to gradually stabilize with a slowdown in inflation, a drop in interest rates, a rise in foreign investment and the bringing on stream of new gas fields. Consequently, the Group believes that the Egyptian construction market has significant growth potential for Sinaï Cement Company and has taken the measures needed to strengthen the financial structure of its subsidiary.

2017 was also marked by highly unfavorable weather conditions in a number of countries, in particular, France, Switzerland, Turkey and the United States. The bad weather witnessed in the first half of 2017 in France, Switzerland and Turkey resulted in strong seasonality in the Group's business and performances in these countries. In the United States, very poor weather conditions recorded throughout the year, particularly in south-eastern States, had a major impact on the Group's performance in that region.

Exchange rate volatility and impact on the income statement

In 2017, in addition to the consequences of the devaluation of the Egyptian pound which halved in value against the euro, the Group's income statement was significantly impacted by the strengthening of the Euro against the majority of foreign currencies, an effect that was heightened by the ongoing decline of the Turkish lira. This resulted in a negative exchange rate effect of € (114.5) million on consolidated sales revenues and € (3.7) million on EBITDA. Consolidated shareholders' equity showed a negative translation adjustment in 2017 for a total net amount of € (191.5) million.

Tax assessment in Senegal

Sococim Industries, a Senegalese subsidiary of the Group, was subject to a tax examination during the second half of 2016. This dispute with the Senegalese tax authority led to a settlement agreement in 2017 which closed all proceedings relating to the dispute in question and resulted in a net charge of € (1.5) million for the Company.

A new tax audit was launched in the 4th quarter of 2017, on the basis of which, a notification letter was issued in early 2018 which has been discussed and appealed.

Tax refund/Exceptional contribution

Claims on the tax treatment of the capital gain on disposal of Soparfi securities, in 2014, by Group subsidiaries led to a positive outcome and resulted in a tax refund of € 38.9 million collected in January 2017. This tax refund is recognized in the 2017 consolidated shareholders' equity, in line with the accounting treatment of the disposal of these securities. Late payment interest received of € 3.2 million was recognized in net financial income.

In addition, following the invalidation by the French Constitutional Council of the 3% tax on dividend payments, Vicat SA received a refund from the Treasury of € 11.1 million (€ 9.9 million for the principal recognized in income taxes and € 1.2 million for late payment interest recognized in net financial income). In return, Vicat SA paid an exceptional contribution of € (1.7) million recorded in income taxes.

Tax regulations: change in tax rates and rules in the United States and France

Amongst other things, the US tax reform, adopted in late 2017, reduced the federal tax rate from 35% to 21% as of 2018 and amended the basis of allocation and duration of tax loss carryforwards. Deferred tax assets relating to the Group's US subsidiaries primarily arising from tax loss carryforwards were adjusted, resulting in a deferred tax expense of nearly € (8.0) million recorded in the income statement in December 2017.

In France, the rate of corporate income tax will gradually be reduced as of 2018 from 33.33% to 25% by 2022. The impact of this rate change on the existing stock of deferred tax at opening was reflected by a charge of € (1.0) million recognized in other comprehensive income.

Paper business

Repositioning the paper business to offer a new product range (cooking, decorative, safety papers, etc.) requires adaptations of the manufacturing base and the industrial process which affected performance. On this basis, at December 31, 2017, € (3.5) million of non current assets not essential for operations were depreciated on an accelerated basis and a € (3.2) million charge was applied to adjust the value of related inventories.

Group refinancing

Vicat SA renewed all its lines of credit early, in December 2017 and January 2018, totaling € 790 million. Bilateral lines of credit were renewed in the amount of € 240 million for a five-year term. The syndicated loan was increased to € 550 million with a term of 5 years +1 +1, Vicat SA having 2 options to extend for one year, at the end of the 1st and then the 2nd year. Exercising these options means that at the end of each of the first two years, and subject to the banks' approval, the original five-year term can be retained. This transaction improved the Group's financing terms and extended its average debt maturity which stood at nearly four years once this transaction had been taken into consideration.

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, 2015	**733,419**	**283,245**	**23,643**	**1,040,307**
Acquisitions/Additions		20,422		20,422
Disposals/Decreases		(300)		(300)
Change in foreign exchange rates	(15,874)	4,386	175	(11,313)
Other movements		1,891	(2,053)	(162)
AS AT DECEMBER 31, 2016	**717,545**	**309,644**	**21,765**	**1,048,954**
Acquisitions/Additions	1,754	5,868		7,622
Disposals/Decreases		(1,240)		(1,240)
Change in foreign exchange rates	(26,529)	(19,558)	(1,622)	(47,709)
Other movements	(432)	(2,292)	2,084	(640)
AS AT DECEMBER 31, 2017	**692,338**	**292,422**	**22,227**	**1,006,987**

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. 2017	Dec. 2016	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
India CGU	243,556	259,883	10,63	10,29	6	6	-	-	-	-
West Africa Cement CGU	148,547	152,320	10,63	11,29	3 to 5	3 to 5	-	-	-	-
France-Italy CGU	209,188	203446	6,89	6,36	0	0	-	-	-	-
Switzerland CGU	137,259	143,167	6,89	6,36	0	0	-	-	-	-
Other CGUs total	268,437	290,138	9.09 to 11.25	9.75 to 11.98	2 to 3	2 to 3	(12,793)	-	(1,428)	-
TOTAL	**1,006,987**	**1,048,954**					**(12,793)**	**0**	**(1,428)**	**0**

The impairment tests carried out in 2017 and 2016 did not result in the recognition of any impairment of goodwill.

Tests on sensitivity to a + 1% change in the discount rate conducted at year-end resulted in a recoverable amount of just under the net book value of the two CGUs.

NOTE 4 Other intangible assets

Gross values *(in thousands of euros)*	Concessions, patents and similar rights	Software	Other intangible assets	Intangible assets in progress	Total
AS AT DECEMBER 31, 2015	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
Changes in foreign exchange rates	(7,152)	92	(42)	34	(7,068)
Other movements	(764)	1,967	2,597	(3,139)	661
AS AT DECEMBER 31, 2016	69,824	50,010	70,177	6,281	196,292
Acquisitions	18,788	2,469	1,292	1,452	24,001
Disposals	(3,441)	(800)	(2)		(4,243)
Changes in consolidation scope		42			42
Changes in foreign exchange rates	(1,959)	(811)	(6,493)	(293)	(9,556)
Other movements	(1,060)	2,501	4,322	(1,312)	4,451
AS AT DECEMBER 31, 2017	**82,152**	**53,411**	**69,296**	**6,128**	**210,987**

Depreciation and impairment *(in thousands of euros)*	Concessions, patents and similar rights	Software	Other intangible assets	Intangible assets in progress	Total
AS AT DECEMBER 31, 2015	(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)
Changes in foreign exchange rates	1,620	(83)	302		1,839
Other movements		(244)	41		(203)
AS AT DECEMBER 31, 2016	(24,488)	(29,724)	(35,615)	0	(89,827)
Increase	(2,282)	(4,891)	(5,115)		(12,288)
Decrease	3,441	522			3,963
Changes in consolidation scope		(39)			(39)
Changes in foreign exchange rates	878	693	3,631		5,202
Other movements	(31)	(3)	(5)		(39)
AS AT DECEMBER 31, 2017	**(22,482)**	**(33,442)**	**(37,104)**	**0**	**(93,028)**
Net book value at December 31, 2016	45,336	20,286	34,562	6,281	106,465
NET BOOK VALUE AT DECEMBER 31, 2017	**59,670**	**19,969**	**32,192**	**6,128**	**117,959**

No development costs were capitalized in 2017 and 2016.

Research & development costs recognized as expenses in 2017 amounted to € 3,194 thousand (€ 3,804 thousand in 2016).

NOTE 5 Property, plant and equipment

Gross values *(in thousands of euros)*	**Land & buildings**	**Industrial equipment**	**Other property plant & equipment**	**Non-current assets in progress and advances/ down payments**	**Total**
AS 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
Changes 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
AS AT DECEMBER 31, 2016	1,197,489	3,052,359	149,029	66,331	4,465,208
Acquisitions	10,361	42,375	3,795	105,635	162,166
Disposals	(7,166)	(29,283)	(8,156)	(2,190)	(46,795)
Changes in consolidation scope	1,575	997	102	89	2,763
Changes in foreign exchange rates	(69,848)	(196,277)	(8,582)	(5,039)	(279,746)
Other movements	14,468	76,325	(1,993)	(86,005)	2,795
AS AT DECEMBER 31, 2017	**1,146,879**	**2,946,496**	**134,195**	**78,821**	**4,306,391**

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**
AS 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
Changes in foreign exchange rates	9,626	52,271	1,535	3	63,435
Other movements	2,839	(7,926)	403	8	(4,676)
AS AT DECEMBER 31, 2016	(513,457)	(1,850,931)	(108,163)	(149)	(2,472,700)
Increase	(34,926)	(135,639)	(8,606)	(19)	(179,190)
Decrease	4,453	26,575	7,976	138	39,142
Changes in consolidation scope	(1,250)	(775)	(80)		(2,105)
Changes in foreign exchange rates	27,147	115,248	5,942	5	148,342
Other movements	(236)	(5,237)	3,352		(2,121)
AS AT DECEMBER 31, 2017	**(518,269)**	**(1,850,759)**	**(99,579)**	**(25)**	**(2,468,632)**
Net book value as at December 31, 2016	684,032	1,201,428	40,866	66,182	1,992,508
NET BOOK VALUE AS AT DECEMBER 31, 2017	**628,610**	**1,095,737**	**34,616**	**78,796**	**1,837,759**

Property, plant and equipment under construction amounted to € 72 million as at December 31, 2017 (€ 61 million as at December 31, 2016) and advances/down payments on property, plant and equipment represented € 7 million as at December 31, 2017 (€ 6 million as at December 31, 2016).

Contractual commitments to acquire tangible and intangible assets amounted to € 27 million as at December 31, 2017 (€ 21 million as at December 31, 2016).

The total amount of interest capitalized in 2017 was € 0.2 million (€ 0.7 million in 2016), determined based on local interest rates ranging from 3.95% to 4.31%, depending on the country in question.

NOTE 6 Leases

Leases 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 asset category *(in thousands of euros)*	December 31, 2017	December 31, 2016
Industrial equipment	140	315
Other intangible assets and property, plant and equipment	236	343
PROPERTY, PLANT AND EQUIPMENT	**376**	**658**

Minimum payments schedule *(in thousands of euros)*	December 31, 2017	December 31, 2016
Less than 1 year	353	606
1 to 5 years	810	530
Over 5 years	0	0
TOTAL	**1,163**	**1,136**

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

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

Based on data gathered, future minimum payments under operating leases covered by IFRS 16 are analyzed as follows as at December 31, 2017 (short duration agreements (less than 12 months) and low value assets (less than USD 5K) being excluded from the scope of IFRS 16, do not appear in the amounts shown below):

Minimum estimated payments schedule *(in thousands of euros)*	December 31, 2017	December 31, 2016
Less than 1 year	58,613	54,584
1 to 5 years	136,054	137,578
More than 5 years	72,013	76,242
TOTAL	**266,680**	**268,404**

Minimum operating lease payments are recognized in accordance with IAS 17 as expenses on a straight-line basis over the term of the agreements. The rent charge recognized in 2017 under these agreements was € 58 million (€ 57 million in 2016).

NOTE 7 Investment properties

(in thousands of euros)	Gross values	Amortization & Impairment	Net amount
AT DECEMBER 31, 2015	40,226	(22,460)	17,766
Acquisitions/Additions	875	(836)	39
Disposals/Decreases	(228)	109	(119)
Changes in foreign exchange rates	109	(35)	74
Changes in consolidation scope and other	184	(105)	79
AS AT DECEMBER 31, 2016	41,166	(23,327)	17,839
Acquisitions/Additions	454	(1,020)	(566)
Disposals/Decreases	(102)	58	(44)
Changes in foreign exchange rates	(1,016)	331	(685)
Changes in consolidation scope and other	(474)	170	(304)
AS AT DECEMBER 31, 2017	**40,028**	**(23,788)**	**16,240**
Fair value of investment properties at December 31, 2016			78,765
FAIR VALUE OF INVESTMENT PROPERTIES AT DECEMBER 31, 2017			**77,480**

Rental income from investment properties amounted to € 3.8 million at December 31, 2017 and € 3.7 million at December 31, 2016.

NOTE 8 Investments in associated companies

Change in investments in associated companies *(in thousands of euros)*	December 31, 2017	December 31, 2016
AT JANUARY 1	41,070	49,854
Earnings from associated companies	5,653	13,695
Dividends received from investments in associated companies	(1,292)	(4,596)
Changes in consolidation scope	(366)	50
Change in foreign exchange rates and other	(4,369)	(17,933)
AT DECEMBER 31	**40,696**	**41,070**

NOTE 9 Non-current receivables and other assets

(in thousands of euros)	Gross values	Impairment	Net amount
AT DECEMBER 31, 2015	124,546	(1,874)	122,672
Acquisitions/Additions	14,331	(98)	14,233
Disposals/Decreases	(9,296)	457	(8,839)
Changes in consolidation scope	32		32
Changes in foreign exchange rates	(6,895)	(8)	(6,903)
Change recognized in other comprehensive income	8,298		8,298
Other	(18,552)		(18,552)
AS AT DECEMBER 31, 2016	112,464	(1,523)	110,941
Acquisitions/Additions	12,145	(4)	12,141
Disposals/Decreases	(3,673)	49	(3,624)
Changes in consolidation scope			0
Changes in foreign exchange rates	(2,927)	71	(2,856)
Change recognized in other comprehensive income	(19,343)		(19,343)
Other	(19,788)	86	(19,702)
AS AT DECEMBER 31, 2017	**78,878**	**(1,321)**	**77,557**
Including:			
■ investments in affiliated companies	25,637	(471)	25,166
■ long-term investments	1,257	(213)	1,044
■ loans and receivables	36,387	(637)	35,750
■ employee benefit plan assets (see note 14)	4,807		4,807
■ financial instruments (see note 17)	10,790		10,790
AS AT DECEMBER 31, 2017	**78,878**	**(1,321)**	**77,557**

NOTE 10 Inventories and work in progress

(in thousands of euros)	December 31, 2017			December 31, 2016		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials and consumables	236,029	(17,212)	218,817	247,000	(13,438)	233,562
Work-in-progress, finished goods and goods for resale	142,189	(9,703)	132,486	161,109	(8,901)	152,208
TOTAL	**378,218**	**(26,915)**	**351,303**	**408,109**	**(22,339)**	**385,770**

Surplus greenhouse gas emission quotas are recorded under inventories at a zero value (corresponding to 4,127 thousand tonnes at year-end 2017 and 3,674 thousand tonnes at year-end 2016).

NOTE 11 Receivables

(in thousands of euros)	Trade and other receivables	Provisions trade and other receivables	Net trade and other receivables	Other tax receivables	Payroll-related receivables	Other receivables (1)	Provisions other receivables	Net other receivables total
AS AT DECEMBER 31, 2015	399,074	(22,447)	376,627	47,457	3,948	99,960	(640)	150,725
Increase		(5,999)	(5,999)			1	(492)	(491)
Uses		6,892	6,892				46	46
Changes 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
AS AT DECEMBER 31, 2016	411,236	(21,732)	389,504	48,370	2,049	140,432	(2,130)	188,721
Increase		(6,481)	(6,481)			(1)	(90)	(91)
Uses		5,905	5,905				121	121
Changes in foreign exchange rates	(25,598)	1,329	(24,269)	(1,717)	(178)	(6,494)	153	(8,236)
Changes in consolidation scope	7,332	(163)	7,169	169		1,777		1,946
Other movements	36,128	136	36,264	11,153	1,568	(19,446)	(1,485)	(8,210)
AS AT DECEMBER 31, 2017	**429,098**	**(21,006)**	**408,092**	**57,975**	**3,439**	**116,268**	**(3,431)**	**174,251**
of which past due as at December 31, 2017:								
▪ less than 3 months	118,256	(4,108)	114,148	14,121	1,493	24,930	(2,605)	37,939
▪ more than 3 months	25,721	(11,084)	14,637	7,690	766	4,011	(294)	12,173
of which not past due as at December 31, 2017:								
▪ less than 1 year	281,508	(3,149)	278,359	35,766	737	80,466	(532)	116,437
▪ more than 1 year	3,613	(2,665)	948	398	443	6,861	0	7,702

(1) Including € 34 million at December 31, 2017 (€ 36 million at December 31, 2016) subject to two provisional attachments on the bank accounts 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. The amount of the second provisional attachment, € 21 million, was transferred by the Enforcement Directorate into one of its bank accounts under the Company's name. While these measures are not such as to hinder the Company's operations, the Company is appealing to the administrative and judicial authorities to challenge their validity. There was no significant change in 2017, but a decision is expected in the 1st half of 2018.
The provisional attachments do not prejudice the merits of the case (CBI investigation) which is still under review and has not at this point led to a charge.

NOTE 12 Cash and cash equivalents

(in thousands of euros)	December 31, 2017	December 31, 2016
Cash	105,638	90,033
Marketable securities and term deposits < 3 months	159,726	152,737
CASH AND CASH EQUIVALENTS	**265,364**	**242,770**

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 684,904 treasury shares as at December 31, 2017 (723,471 as at December 31, 2016) 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 2017 in respect of 2016 amounted to € 1.50 per share, that's a total of € 67,350 thousand, equal to € 1.50 per share paid in 2016 in respect of 2015 and amounting to a total of € 67,350 thousand. The dividend proposed by the Board of Directors to the Ordinary General Meeting for 2017 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, 2017, the liquidity account is composed of 9,382 Vicat shares and € 3,436 thousand in cash.

NOTE 14 Employee benefits

(in thousands of euros)	December 31, 2017	December 31, 2016
Pension plans and termination benefits (TB)	57,568	76,441
Other post-employment benefits	57,516	65,912
Total pension and other post-employment benefit provisions	**115,084**	**142,353**
Plan assets (note 9)	(4,807)	-
NET LIABILITY	**110,277**	**142,353**

Main plans in force within the Group: The Group's main defined benefit pension plans are located 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.

Net liability recognized in the balance sheet

	December 31, 2017			December 31, 2016		
(in thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Present value of funded liabilities	443,993	56,597	500,590	488,296	65,912	554,208
Fair value of plan assets	(396,639)		(396,639)	(411,855)		(411,855)
Net liability before asset limit	**47,354**	**56,597**	**103,951**	**76,441**	**65,912**	**142,353**
Limit on recognition of plan assets (asset ceiling)	6,326		6,326			0
NET LIABILITY	**53,680**	**56,597**	**110,277**	**76,441**	**65,912**	**142,353**

Analysis of net annual expense

(in thousands of euros)	2017			2016		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Current service costs	(12,468)	(1,540)	(14,008)	(13,416)	(1,361)	(14,777)
Financial cost	(5,491)	(2,688)	(8,179)	(7,245)	(2,702)	(9,947)
Interest income on assets	3,765		3,765	4,908		4,908
Recognized past service costs			0			0
Curtailments and settlements	(61)		(61)	(534)		(534)
TOTAL (CHARGE) WITH INCOME STATEMENT IMPACT	(14,255)	(4,228)	(18,483)	(16,287)	(4,063)	(20,350)
Actuarial gains and losses on plan assets	20,684		20,684	11,009	(107)	10,902
Experience adjustments	(71)	4,721	4,650	975	5,745	6,720
Adjustments related to demographic assumptions	(6)		(6)	2,493	2,527	5,020
Adjustments related to financial assumptions	2,649	(2,288)	361	(16,209)	(3,003)	(19,212)
TOTAL (CHARGE) WITH IMPACT ON OTHER COMPREHENSIVE INCOME	23,256	2,433	25,689	(1,732)	5,162	3,430
TOTAL (CHARGE) FOR THE YEAR	**9,001**	**(1,795)**	**7,206**	**(18,019)**	**1,099**	**(16,920)**

Change in financial assets used to fund the plans

(in thousands of euros)	31 décembre 2017			31 décembre 2016		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
FAIR VALUE OF ASSETS AT JANUARY 1	411,521	334	411,855	393,009	271	393,280
Interest income on assets	3,743	22	3,765	4,888	20	4,908
Contributions paid in	18,055	86	18,141	9,064	51	9,115
Translation differences	(36,508)	(25)	(36,533)	4,681	3	4,684
Benefits paid	(27,910)	(23)	(27,933)	(11,144)	(19)	(11,163)
Changes in consolidation scope and other			0	121	8	129
Actuarial gains (losses)	27,336	8	27,344	10,902		10,902
FAIR VALUE OF ASSETS AT DECEMBER 31	**396,237**	**402**	**396,639**	**411,521**	**334**	**411,855**

Analysis of plan assets by type and country at December 31, 2017

Breakdown of plan assets	France	Switzerland	United States	India	Total
Cash and cash equivalents		2.1%	2.6%		2.1%
Equity instruments		27.9%	63.4%		31.6%
Debt instruments		28.8%	26.5%		28.5%
Real estate assets		25.7%			22.9%
Assets held by insurers	82.4%			100.0%	0.3%
Other	17.6%	15.5%	7.4%		14.6%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
PLAN ASSETS *(in thousands of euros)*	**471**	**352,933**	**42,636**	**599**	**396,639**

Change in net liability

	December 31, 2017			December 31, 2016		
(in thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
NET LIABILITY AT JANUARY 1	76,441	65,912	142,353	68,201	66,528	134,729
Charge for the year	(5,411)	(1,795)	(7,206)	18,019	(1,099)	16,920
Contributions paid in	(9,272)		(9,272)	(7,233)		(7,233)
Translation differences	(6,116)	(5,669)	(11,785)	(1,017)	2,030	1,013
Benefits paid by employer	(2,041)	(1,851)	(3,892)	(1,593)	(1,842)	(3,435)
Change in consolidation scope	139		139	359		359
Other	(60)		(60)	(295)	295	0
NET LIABILITY AT DECEMBER 31	**53,680**	**56,597**	**110,277**	**76,441**	**65,912**	**142,353**

Principal actuarial assumptions	France	Europe (excluding France)	United States	Turkey and India	West Africa & the Middle East
Discount rate					
2017	1.5%	0.7% to 1.5%	3.8%	6.9% to 9.4%	5.0% to 13.0%
2016	1.3%	0.6% to 1.3%	4.0%	6.8% to 10.0%	4.75% to 13.0%
Rate of increase in medical costs					
2017			5.5%		
2016			5.8%		

Discount rate

Discount rates are determined in accordance with the principles set out in IAS 19 (Revised), 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, 2017 corresponding to a variation of +/-50 basis points in the discount rate is € (30.0) million and € 32.0 million, respectively.

The sensitivity of the defined benefit obligation as at December 31, 2017 corresponding to a variation of +/-1% in the rate of increase of medical costs is € 19.5 million and € 2.3 million, respectively.

Average duration of benefits

The average duration of benefits under all plans within the Group is 12.4 years.

It is expected that € 13.2 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
AS AT DECEMBER 31, 2015	47.005	1.414	26.575	34.149	109.142
Increases	3.261	79	6.718	10.971	21.029
Reversal of provisions used	(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)
AS AT DECEMBER 31, 2016	47.640	1.504	25.653	43.062	117.858
Increases	3.889	171	6.865	1.295	12.220
Reversal of provisions used	(2.623)		(4.177)	(1.079)	(7.879)
Reversal of unused provisions			(864)	(75)	(939)
Change in foreign exchange rates	(2.826)	(132)	(1.948)	(261)	(5.167)
Changes in consolidation scope	1.347				1.347
Other movements	165		(70)	(94)	1
AS AT DECEMBER 31, 2017	**47.592**	**1.543**	**25.459**	**42.848**	**117.441**
of which less than one year	*100*	*0*	*7.111*	*1.527*	*8.738*
of which more than one year	*47.492*	*1.543*	*18.348*	*41.321*	*108.703*

Impact (net of expenses incurred) to income statement 2017 *(in thousands of euros)*	Additional provision expense	Reversals of unused provisions
Operating income	10,459	(932)
Non-operating income	1,762	(7)

(1) At December 31, 2017, other risks included:
- *an amount of € 2.1 million (€ 2.3 million as at December 31, 2016) 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, 2017 and December 31, 2016 (note 9);*
- *an amount of € 10.1 million (€ 11.4 million as at December 31, 2016) 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 expensed by the Group;*
- *the remaining amount of other provisions amounting to € 13.3 million as at December 31, 2017 (€ 12.0 million as at December 31, 2016) corresponds to the sum of other provisions that, taken individually, are not material.*

NOTE 16 Net financial debts and put options

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

(in thousands of euros)	December 31, 2017	December 31, 2016
Financial debts at more than 1 year	924,941	976,660
Put options at more than 1 year	3,462	3,357
Debts and put options at more than 1 year	**928,403**	**980,017**
Financial instrument assets at more than 1 year (1)	(10,790)	(53,005)
TOTAL FINANCIAL DEBTS NET OF FINANCIAL INSTRUMENT ASSETS AT MORE THAN 1 YEAR	917,613	927,012
Financial debts at less than 1 year	138,499	250,266
Put options at less than 1 year	0	0
Debts and put options at less than 1 year	**138,499**	**250,266**
Financial instrument assets at less than 1 year (1)	(232)	(19,466)
TOTAL FINANCIAL DEBTS NET OF FINANCIAL INSTRUMENT ASSETS AT LESS THAN 1 YEAR	138,267	230,800
Total financial debts net of financial instrument assets (1)	1,052,418	1,154,455
Total put options	3,462	3,357
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENT ASSETS	**1,055,880**	**1,157,812**

(1) As at December 31, 2017, financial instrument assets (€ 11.0 million) are presented either under non-current assets (see note 9), if their maturity is more than 1 year (€ 10.8 million), or under other receivables, if their maturity is less than one year (€ 0.2 million). They totaled € 72.5 million as at December 31, 2016.

The change, by type of net financial debts and put options, breaks down as follows:

(in thousands of euros)	Financial debts and put options > 1 year	Financial instruments, assets > 1 year	Financial debts and put options < 1 year	Financial instruments, assets < 1 year	Total
AS AT DECEMBER 31, 2015	1,225,391	(64,050)	114,884	(115)	1,276,110
Issues	1,027		542		1,569
Repayments	(95,687)		(33,718)		(129,405)
Change in foreign exchange rates	(11,430)		(17,527)		(28,957)
Changes in consolidation scope	9,053		4,622		13,675
Other movements (1)	(148,337)	11,045	181,463	(19,351)	24,820
AS AT DECEMBER 31, 2016	980,017	(53,005)	250,266	(19,466)	1,157,812
Issues	106,218		41,369		147,587
Repayments	(83,425)		(159,298)		(242,723)
Change in foreign exchange rates	(9,428)		(5,994)		(15,422)
Changes in consolidation scope	(488)		726		238
Other movements (1)	(64,491)	42,215	11,430	19,234	8,388
AS AT DECEMBER 31, 2017	**928,403**	**(10,790)**	**138,499**	**(232)**	**1,055,880**

(1) Mainly reclassifications to less than 1 year of debt dated more than 1 year last year and changes in overdrafts and current bank facilities.

16.1 Financial debts

Analysis of financial debts by category and maturity

December 31, 2017

(in thousands of euros)	Total	2018	2019	2020	2021	2022	More than 5 years
Bank borrowings and financial liabilities	989,360	79,456	326,593	239,886	3,515	339,012	898
Of which financial instrument assets	*(11,022)*	*(232)*		*(8,995)*		*(1,795)*	
Of which financial instrument liabilities	*1,295*	*96*	*201*	*998*			
Miscellaneous borrowings and financial liabilities	5,929	3,504	1,689	168	187	168	213
Debts on non-current assets under finance leases	2,372	541	1,242	284	165	140	
Current bank lines and overdrafts	54,757	54,757					
FINANCIAL DEBTS	**1,052,418**	**138,258**	**329,524**	**240,338**	**3,867**	**339,320**	**1,111**
of which commercial paper	*550,000*		*310,000*			*240,000*	

Financial debts at less than one year mainly comprise bilateral credit lines relating to Sococim Industries in Senegal, NCC in the United States, Tamtas, Cozum and Bastas Cimento in Turkey, a tranche of the borrowings relating to Jambyl Cement in Kazakhstan, Sinaï Cement Company in Egypt and Vigier Holding in Switzerland, and of bank overdrafts.

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					
FINANCIAL DEBTS	**1,154,455**	**230,800**	**24,031**	**470,686**	**323,959**	**3,288**	**101,691**
of which commercial paper	*450,000*			*450,000*			

Analysis of borrowings and financial debts (currency and interest rate)

By currency (net of currency swaps)

	December 31, 2017	December 31, 2016
Euro	771,979	877,976
US dollar	29,228	56,812
provided	12,023	1,093
CFA franc	59,382	36,638
Swiss franc	143,390	148,324
Mauritanian ouguiya	6,754	-
Egyptian pound	27,607	19,752
Indian rupee	2,055	13,860
Kazakh tenge	-	-
TOTAL	**1,052,418**	**1,154,455**

By interest rate

	December 31, 2017	December 31, 2016
Fixed rate	392,191	477,845
Floating rate	660,227	676,610
TOTAL	**1,052,418**	**1,154,455**

The average interest rate on the Group's gross indebtedness at December 31, 2017 was 3.19%. It was 3.37% as at December 31, 2016.

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

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

The put option granted to International Finance Corporation was exercisable at the earliest in December 2013. Booking of this option resulted in the recognition of a liability of € 3.5 million at more than one year as at December 31, 2017 (€ 3.4 million as at December 31, 2016). This liability corresponds to the present value of the exercise price for the option granted to 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, 2017:

(in millions of euros)	USD	EUR	CHF
Assets	44	25	90
Liabilities and contracted commitments	(403)	(43)	(76)
Net position before risk management	**(359)**	**(18)**	**14**
Hedging instruments	360	0	(90)
Net position after risk management	**1**	**(18)**	**(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 € 0.83 million (including € 0.76 million for the Kazakhstan loan).

Moreover, the principal and interest due on loans originally issued by the Group in US dollars (USD 350 million for Vicat) was translated into euros through a series of Cross Currency Swaps, included in the portfolio presented below (see point a in next page table).

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	(3,658)	(11,030)
Impact of a change of -100 bps in the interest rate	(1,263)	10,815

(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, 2017, the Group had € 332 million in unutilized confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€ 359 million as at December 31, 2016).

The Group also has a € 550 million commercial paper issue program. At December 31, 2017, the amount of commercial paper issued stood at € 550 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, 2017, these lines matched the short term notes they covered, at € 550 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 indebtedness/consolidated EBITDA) and on capital structure ratio ("gearing": net indebtedness/consolidated shareholders 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" (32.66%) and of "leverage" (1.77) 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, 2017, the Group is compliant with all ratios required by covenants included in financing agreements.

Analysis of the portfolio of derivatives as at December 31, 2017:

				Current maturity		
(in thousands of currency units)	Nominal value *(currency)*	Nominal value *(euro)*	Market value *(euro)*	< 1 year *(euro)*	1 - 5 years *(euro)*	> 5 years *(euro)*
CASH FLOW HEDGES [(a)]						
Composite instruments						
■ Cross Currency Swap $ fixed/€ fixed	350,000$	291,837	10,790 [(1)]		10,790	
OTHER DERIVATIVES						
Interest rate instruments						
■ Euro Caps	400,000€	400,000	(1,236)	(37)	(1,199)	
■ US dollar Caps	20,000$	16,676	(59)	(59)		
FOREIGN EXCHANGE INSTRUMENTS [(a)]						
Hedging for foreign exchange risk on intra-group loans						
■ Forward Sales $	17,000$	14,175	71	71		
■ Forward sales CHF	90 000CHF	76,910	161	161		
TOTAL			**9,727**			

(1) The difference between the value of the liability at the hedged rate and at amortized cost comes to € 27.7 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, 2017:

(in millions of euros)	December 31, 2017	
Level 1: instruments quoted on an active market	0,0	
Level 2: valuation based on observable market information	9.7	See above
Level 3: valuation based on non-observable market information	25.2	Note 9

NOTE 18 Other liabilities

(in thousands of euros)	December 31, 2017	December 31, 2016
Payroll liabilities	63,363	64,164
Tax liabilities	39,330	34,971
Other liabilities and accruals	109,683	105,716
TOTAL	**212,376**	**204,851**

NOTE 19 Sales revenues

(in thousands of euros)	2017	2016
Sales of goods	2,239,957	2,165,170
Sales of services	323,507	288,601
SALES	**2,563,464**	**2,453,771**

Change in sales revenues on a like-for-like basis

(in thousands of euros)	2017	Changes in consoli-dation scope	Change in foreign exchange rates	2017 Constant structure and exchange rates	2016
Sales	2,563,464	67,930	(114,529)	2,610,063	2,453,771

NOTE 20 Personnel costs and number of employees

(in thousands of euros)	2017	2016
Wages and salaries	310,276	303,153
Payroll taxes	109,670	102,243
Employee profit sharing (French companies)	4,047	4,010
PERSONNEL COSTS	**423,993**	**409,406**
Average number of employees of the consolidated companies	8,346	8,009

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 of the profit share is determined on the basis of the average of the ten closing prices between the five days before and the five days after the publication of the results.

NOTE 21 Net depreciation, amortization and provisions expenses

(in thousands of euros)	2017	2016
Net charges to amortization/depreciation of fixed assets	(188,043)	(187,569)
Net provisions expenses	(3,469)	(7,456)
Net charges to other assets depreciation	(5,508)	(4,956)
NET CHARGES TO OPERATING DEPRECIATION, AMORTIZATION AND PROVISIONS	**(197,020)**	**(199,981)**
Other net charges to non-operating depreciation, amortization and provisions [1]	(3,548)	1,125
NET DEPRECIATION AND PROVISIONS	**(200,568)**	**(198,856)**

(1) including at December 31, 2017:
- *a net reversal of € 0.3 million (zero 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 is described in note 15,*
- *a non-operating depreciation charge for some Paper business non-current assets amounting to € (3.5) million (see Note 2).*

NOTE 22 Other income and expenses

(in thousands of euros)	2017	2016
Net income from disposals of assets	3,420	4,099
Income from investment properties	3,750	3,688
Other	16,263	16,967
Other operating income (expense)	**23,433**	**24,754**
Other non-operating income (expense) [1]	**(12,010)**	**(3,009)**
TOTAL	**11,423**	**21,745**

(1) including at December 31, 2017:
- *a charge of € 0.3 million (€ 0.3 million as at December 31, 2016) posted by the Group, corresponding to claims recorded as charges in 2017, connected with the 2006 incident described in note 15;*
- *a non-operating charge of € (3.2) million for an adjustment to the value of certain Paper business inventories (see Note 2);*
- *a charge of € (1.5) million for the remaining balance of the settlement agreement which closed all proceedings relating to the tax audit of our subsidiary, Sococim Industries in Senegal;*
- *a charge of € (1.4) million for fees to register the merger between Kalburgi Cement and Gulbarga Power Private Limited (GPPL).*

NOTE 23 Financial performance indicators

The reconciliation between gross operating income, EBITDA, EBIT and operating income is as follows:

(in thousands of euros)	2017	2016
Gross operating income	**420,737**	**433,059**
Other operating income (expense)	23,433	24,754
EBITDA	**444,170**	**457,813**
Net charges to operating depreciation, amortization and provisions	(197,020)	(199,981)
EBIT	**247,150**	**257,832**
Other non-operating income (expense)	(12,010)	(3,009)
Net charges to non-operating depreciation, amortization and provisions	(3,548)	1,125
OPERATING INCOME	**231,592**	**255,948**

NOTE 24 Financial income (expense)

(in thousands of euros)	2017	2016
Interest income from financing and cash management activities	17,127	13,467
Interest expense from financing and cash management activities	(44,792)	(43,942)
Net cost of financial debt	**(27,665)**	**(30,475)**
Dividends	2,522	1,792
Foreign exchange gains	11,403	10,159
Fair value adjustments to financial assets and liabilities	1,671	
Net income from disposal of financial assets	29	
Write-back of impairment of financial assets	140	420
Other income	27	
Other financial income	**15,792**	**12,371**
Foreign exchange losses	(9,557)	(14,047)
Fair value adjustments to financial assets and liabilities		(486)
Depreciation of financial assets	(4)	
Net expense from disposal of financial assets		(132)
Discounting expenses	(6,760)	(5,287)
Other expenses		(55)
Other financial expenses	**(16,321)**	**(20,007)**
FINANCIAL INCOME (EXPENSE)	**(28,194)**	**(38,111)**

NOTE 25 Income tax

Analysis of income tax expense

(in thousands of euros)	2017	2016
Current taxes	(55,292)	(76,434)
Deferred taxes	2,092	9,707
TOTAL	**(53,200)**	**(66,727)**

Reconciliation between the theoretical and the effective tax expense

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)	2017	2016
Net earnings from consolidated companies	150,197	151,108
Income tax	53,200	66,727
Profit (loss) before tax	203,397	217,835
Standard tax rate	34,4%	34,4%
Theoretical income tax at the parent company rate	**(70,030)**	**(75,001)**
Reconciliation:		
Differences between French and foreign tax rates (1)	9,876	12,687
Transactions taxed at specific rates	4,876	721
Changes in tax rates (2)	(7,633)	4,810
Permanent differences	(2,178)	158
Tax credits	577	273
Other	11,312	(10,375)
ACTUAL INCOME TAX EXPENSE	**(53,200)**	**(66,727)**

(1) Differences between French and foreign tax rates relate mainly to Switzerland, Turkey and Egypt.
(2) In 2017, this item mainly concerns the change in US Federal corporation tax from 35% to 21% as from 2018; the impact on the existing stock of deferred tax at opening is close to (8) million euros.
In 2016 this mainly concerns 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.

Change in deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
(in thousands of euros)	December 31, 2017	December 31, 2016 (1)	December 31, 2017	December 31, 2016 (1)
DEFERRED TAX AT JANUARY 1	157,897	150,292	204,959	220,665
Expense/income for the year	(27,769)	(7,238)	(29,861)	(16,945)
Deferred tax recognized in other comprehensive income	(2,106)	(61)	4,205	1,954
Translation and other changes	(16,197)	14,650	(18,635)	(956)
Changes in consolidation scope	35	254	0	241
DEFERRED TAX AT DECEMBER 31	**111,860**	**157,897**	**160,668**	**204,959**

(1) After reclassification in 2016 of the total net deferred tax asset of the tax consolidation group headed by Vicat SA previously deducted from deferred tax liabilities and transferred to deferred tax assets in the amount of € 6,979 thousand.

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

(in thousands of euros)	2017	2016
Non-current assets and finance leases	18,174	5,980
Financial instruments	(178)	151
Pensions and other post-employment benefits	(16,717)	(1,218)
Accelerated depreciation, regulated provisions and other provisions	(816)	7,592
Other timing differences, tax loss carry-forwards and miscellaneous	(4,683)	(4,813)
NET DEFERRED TAX (EXPENSE)/INCOME	**(4,220)**	**7,692**
■ recognized in consolidated net income	*2,092*	*9,707*
■ recognized in other comprehensive income	*(6,312)*	*(2,015)*

Source of deferred tax assets and liabilities

(in thousands of euros)	December 31, 2017	December 31, 2016
Non-current assets and finance leases	100,790	131,650
Financial instruments	(3,950)	(4,109)
Pensions	(19,944)	(48,866)
Provisions for risks and contingencies, regulated provisions	855	4,334
Special tax depreciation	78,656	81,251
Other timing differences, tax loss carry-forwards and miscellaneous	(107,599)	(117,198)
Net deferred tax liabilities	**48,808**	**47,062**
Deferred tax assets (1)	(111,860)	(157,897)
Deferred tax liabilities	160,668	204,959
NET BALANCE	**48,808**	**47,062**

(1) The deferred tax assets mainly originate from the tax losses carried forward by subsidiaries based in the United States and India, with periods of limitation ranging from 2024 to 2037.

Deferred tax assets not recognized in the financial statements

Deferred tax assets not recognized in the financial statements as at December 31, 2017, 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 € 8.3 million (€ 18.3 million as at December 31, 2016). These relate essentially to one entity benefiting from a tax exemption scheme. The drop compared with 2016 was due to the capitalisation of the losses of an entity merged in 2017 which benefited from a tax exemption scheme until the end of 2016.

Tax assessment in Senegal

Sococim Industries, a Senegalese subsidiary of the Group, was subject to a tax examination during the second half of 2016. This dispute with the Senegalese tax authority was subject to a settlement agreement in 2017 which closed all related proceedings and resulted in a net charge of € (1.5) million for the Company.

A new tax audit was launched in the 4th quarter of 2017, on the basis of which, a notification letter was issued in early 2018 which has been discussed and appealed.

NOTE 26 Segment information

a) Information by business segment

December 31, 2017 *(in thousands of euros, except employees)*	Cement	Concrete & Aggregates	Other Products & Services	Total
Income statement				
Operating sales revenues	1,492,561	1,008,067	424,836	2,925,464
Inter-sector eliminations	(247,924)	(19,841)	(94,235)	(362,000)
Sales revenues	1,244,637	988,226	330,601	2,563,464
EBITDA (*cf.* 1.22 & 23)	353,366	64,522	26,282	444,170
EBIT (*cf.* 1.22 & 23)	219,532	18,001	9,617	247,150
Balance sheet				
Total intangible and tangible assets	2,303,382	750,975	154,700	3,209,057
Net capital employed (1)	2,337,168	694,154	170,087	3,201,409
Other disclosures				
Acquisitions of intangible and tangible assets	85,035	90,753	11,590	187,378
Net depreciation and amortization charges	(131,258)	(42,900)	(13,885)	(188,043)
Average number of employees	3,906	3,308	1,132	8,346

December 31, 2016 *(in thousands of euros, except employees)*	Cement	Concrete & Aggregates	Other Products & Services	Total
Income statement				
Operating sales revenues	1,489,540	928,350	398,727	2,816,617
Inter-sector eliminations	(245,449)	(23,454)	(93,943)	(362,846)
Sales revenues	1,244,091	904,896	304,784	2,453,771
EBITDA (*cf.* 1.22 & 23)	380,334	56,994	20,484	457,812
EBIT (*cf.* 1.22 & 23)	239,101	15,642	3,089	257,832
Balance sheet				
Total intangible and tangible 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

(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, 2017 *(in thousands of euros, except employees)*	France	Europe (excluding France)	USA	Turkey, Kazakhstan & India	West Africa & the Middle East	Total
Income statement						
Operating sales revenues	906,773	410,524	392,904	579,096	293,521	2,582,818
Inter-country eliminations	(16,355)	(449)	0	(29)	(2,521)	(19,354)
Sales revenues	890,418	410,075	392,904	579,067	291,000	2,563,464
EBITDA (*cf.* 1.22 & 23)	129,218	94,618	60,004	117,621	42,709	444,170
EBIT (*cf.* 1.22 & 23)	69,091	61,922	33,833	71,584	10,720	247,150
Balance sheet						
Total intangible and tangible assets	672,398	533,807	422,164	1,009,801	570,887	3,209,057
Net capital employed (1)	686,803	484,598	346,755	1,093,699	589,554	3,201,409
Other disclosures						
Acquisitions of intangible and tangible assets	59,161	21,377	33,978	32,695	40,167	187,378
Net depreciation and amortization charges	(56,955)	(28,842)	(27,708)	(44,884)	(29,654)	(188,043)
Average number of employees	2,751	1,075	1,112	2,253	1,155	8,346

December 31, 2016 *(in thousands of euros, except employees)*	France	Europe (excluding France)	USA	Turkey, Kazakhstan & India	West Africa & the Middle East	Total
Income statement						
Operating sales revenues	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)
Sales revenues	795,269	411,183	363,456	537,648	346,215	2,453,771
EBITDA (*cf.* 1.22 & 23)	115,048	94,315	58,880	119,436	70,133	457,812
EBIT (*cf.* 1.22 & 23)	58,826	59,214	32,763	73,745	33,284	257,832
Balance sheet						
Total intangible and tangible 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

(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 tax.

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 revenues.

NOTE 27 Net cash flows generated from operating activities

Net cash flows from operating activities conducted by the Group in 2017 were € 343 million, compared with € 386 million in 2016.

This decrease in cash flows generated by operating activities between 2016 and 2017 resulted from a drop-in cash flow from operations of € 6 million and a decline in the variance of working capital requirement of nearly € 37 million.

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

(in thousands of euros)	WCR at Dec 31, 2015	Change in WCR 2016	Other Change[1]	WCR at Dec 31, 2016	Change in WCR 2017	Other Change [1]	WCR at Dec 31, 2017
Inventories	407,192	11,075	(32,497)	385,770	(11,292)	(23,175)	351,303
Other WCR components	72,933	(44,407)	908	29,434	14,726	(3,193)	40,967
WCR	**480,125**	**(33,332)**	**(31,589)**	**415,204**	**3,434**	**(26,368)**	**392,270**

(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 2017 were € (187) million, compared with € (188) million in 2016.

Acquisitions of intangible and tangible assets

These reflect outflows for industrial investments (€ 179 million in 2017 and € 139 million in 2016) mainly corresponding to the following:

- in 2017 to investments made in France, the United States, Senegal and Switzerland.
- in 2016 to investments made in France, Turkey, Switzerland and the United States.

Acquisition/disposal of shares in consolidated companies

Operations for the acquisition/disposal of consolidated companies carried out in 2017 resulted in a total outflow of € (15) million (total outflow of € (26) million in 2016).

Key disbursements made by the Group in 2017 and 2016 were to improve its reach in the Concrete & Aggregates business in France, through partnership agreements and/or equity investments.

NOTE 29 Analysis of net cash balances

	December 31, 2017	December 31, 2016
(in thousands of euros)	Net	Net
Cash and cash equivalents (see note 12)	265,364	242,770
Bank overdrafts	(45,306)	(33,861)
NET CASH BALANCES	**220,058**	**208,909**

NOTE 30 Compensation of executive directors

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 2017 was as follows: G. Sidos: € 880,948 and D. Petetin: € 419,122.

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 (€ 2,465 thousand in 2017 and € 2,195 thousand in 2016) 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, 2017 (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 2017 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 2017 and 2016 is as follows, broken down by type and by related party:

	December 31, 2017				December 31, 2016			
(in thousands of euros)	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Affiliated companies	1,825	3,276	3,094	3,435	1,186	2,941	3,720	2,078
Other related parties	66	1,430	0	0	67	2,194	6	95
TOTAL	**1,891**	**4,706**	**3,094**	**3,435**	**1,253**	**5,135**	**3,726**	**2,173**

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 2017 and 2016 are as follows:

	KPMG Audit				Wolff & associés				Other			
	Amount (excl. tax)		%		Amount (excl. tax)		%		Amount (excl. tax)		%	
(in thousands of euros)	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
AUDIT												
Statutory auditors, certification, examination of individual and consolidated accounts	1,055	1,168	52%	54%	379	389	18%	18%	605	615	30%	28%
■ Vicat SA	*240*	*235*	*55%*	*54%*	*200*	*199*	*45%*	*46%*			*0%*	*0%*
■ Companies which are fully consolidated	*815*	*933*	*51%*	*54%*	*179*	*190*	*11%*	*11%*	*605*	*615*	*38%*	*35%*
Sercices other than the certification of the financial statements	4	14	20%	38%					16	23	80%	62%
■ Vicat SA	*4*		*100%*	-				-				-
■ Companies which are fully consolidated		*14*		*38%*					*16*	*23*	*100%*	*62%*
TOTAL, AUDIT FEES	1,059	1,182	51%	54%	379	389	18%	18%	621	638	30%	29%
OTHER SERVICES												
Legal, tax, employment and other matters			-	-			-	-			-	-
SUB-TOTAL, OTHER SERVICES	0	0	-	-	0	0	-	-	0	0	-	-
TOTAL	**1,059**	**1,182**	**51%**	**54%**	**379**	**389**	**18%**	**18%**	**621**	**638**	**30%**	**29%**

NOTE 33 Subsequent events

No post-balance sheet event has had a material impact on the consolidated financial statements as at December 31.

NOTE 34 List of main consolidated companies as at December 31, 2017

Fully consolidated: France

COMPANY	COUNTRY	CITY	December 31, 2017	December 31, 2016
			% interest	
VICAT	FRANCE	PARIS LA DEFENSE	-	-
ANNECY BETON CARRIERES	FRANCE	CRAN GEVRIER	49.97	49.97
LES ATELIERS DU GRANIER	FRANCE	PONTCHARRA	99.98	99.98
BETON CHATILLONAIS	FRANCE	CHATILLON SUR CHALARONNE	(1)	99.98
BETON CONTROLE COTE D'AZUR	FRANCE	NICE	99.97	99.97
LES BETONS DU GOLFE	FRANCE	PUGET SUR ARGENS	(1)	99.98
LES BETONS DU RHONE	FRANCE	SAINT LAURENT DE MURE	(1)	99.98
BETON VICAT	FRANCE	L'ISLE D'ABEAU	99.97	99.97
BETON TRAVAUX	FRANCE	PARIS LA DEFENSE	99.98	99.98
CARRIERE DE BELLECOMBES	FRANCE	BELLECOMBE EN BAUGES	49.95	49.95
DELTA POMPAGE	FRANCE	CHAMBERY	99.98	99.98
ETABLISSEMENT ANTOINE FOURNIER	FRANCE	L'ISLE D'ABEAU	(1)	99.98
GRANULATS VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
PARFICIM	FRANCE	PARIS LA DEFENSE	100.00	100.00
SATMA	FRANCE	L'ISLE D'ABEAU	100.00	100.00
SATM	FRANCE	CHAMBERY	99.98	99.98
SIGMA BETON	FRANCE	L'ISLE D'ABEAU	99.98	99.98
VICAT PRODUITS INDUSTRIELS	FRANCE	L'ISLE D'ABEAU	99.98	99.98

(1) Companies merged in 2017.

Fully consolidated: Rest of the world

COMPANY	COUNTRY	CITY	December 31, 2017	December 31, 2016
			% interest	
SINAI CEMENT COMPANY	EGYPT	CAIRO	56.94	56.94
JAMBYL CEMENT PRODUCTION COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
MYNARAL TAS COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
BUILDERS CONCRETE	UNITED STATES OF AMERICA	CALIFORNIA	100.00	100.00
KIRKPATRICK	UNITED STATES OF AMERICA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY OF ALABAMA	UNITED STATES OF AMERICA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY INC	UNITED STATES OF AMERICA	DELAWARE	100.00	100.00
NATIONAL CEMENT COMPANY OF CALIFORNIA	UNITED STATES OF AMERICA	DELAWARE	100.00	100.00
NATIONAL READY MIXED	UNITED STATES OF AMERICA	CALIFORNIA	100.00	100.00
VIKING READY MIXED	UNITED STATES OF AMERICA	CALIFORNIA	100.00	100.00

COMPANY	COUNTRY	CITY	December 31, 2017 % interest	December 31, 2016 % interest
WALKER CONCRETE	UNITED STATES OF AMERICA	GEORGIA	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	SWITZERLAND	AEBISHOLZ (SOLEURE)	100.00	100.00
BETON AG BASEL	SWITZERLAND	BASEL (BASEL)	100.00	100.00
BETON AG INTERLAKEN	SWITZERLAND	INTERLAKEN (BERN)	75.42	75.42
BETONPUMPEN OBERLAND AG	SWITZERLAND	WIMMIS (BERN)	82.46	82.46
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
KIESTAG STEINIGAND AG	SWITZERLAND	WIMMIS (BERN)	98.55	98.55
KIESWERK NEUENDORF	SWITZERLAND	NEUENDORF (SOLEURE)	50.00	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
SOLOTHURNER ENTSORGUNGS GESELLSCHAFT	SWITZERLAND	FLUMENTHAL (SOLOTHURN)	100.00	100.00
SONNEVILLE AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
STEINBRUCH VORBERG AG	SWITZERLAND	BIEL (BERN)	60.00	60.00
VIGIER BETON JURA SA	SWITZERLAND	BELPRAHON (BERN)	81.42	81.42
VIGIER BETON KIES SEELAND AG	SWITZERLAND	LYSS (BERN)	100.00	100.00
VIGIER BETON MITTELLAND AG	SWITZERLAND	FELDBRUNNEN (SOLOTHURN)	100.00	100.00
VIGIER BETON ROMANDIE SA	SWITZERLAND	ST. URSEN (FRIBOURG)	100.00	100.00
VIGIER BETON SEELAND JURA AG	SWITZERLAND	SAFNERN (BERN)	90.47	90.47
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
VIGIER RAIL	SWITZERLAND	MÜNTSCHEMIER (BERN)	100.00	100.00

COMPANY	COUNTRY	CITY	December 31, 2017 % interest	December 31, 2016 % interest
VIGIER TRANSPORT AG (formerly GRANDY)	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
VITRANS AG	SWITZERLAND	PERY (BERN)	100.00	100.00
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	100.00	64.91
BHARATHI CEMENT	INDIA	HYDERABAD	51.02	51.02
KALBURGI CEMENT	INDIA	HYDERABAD	99.98	99.98

Equity method: France

COMPANY	COUNTRY	CITY	December 31, 2017 % interest	December 31, 2016 % interest
CARRIERES BRESSE BOURGOGNE	FRANCE	EPERVANS	33.27	33.27
DRAGAGES ET CARRIERES	FRANCE	EPERVANS	49.98	49.98
SABLIERES DU CENTRE	FRANCE	LES MARTRES D'ARTIERE	49.99	49.99

Equity method: Rest of the world

COMPANY	COUNTRY	CITY	December 31, 2017 % interest	December 31, 2016 % interest
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