APRR

French limited company (Société Anonyme) with share capital of €33,911,446.80
Head office: 36 rue du Docteur Schmitt, 21850 Saint Apollinaire, France
Dijon Trade and Company Register no. 016 250 029

Annual Financial Report
Year ended 31 December 2011

(Article L 451-1-2-I of the Monetary and Financial Code and Article 222-3 of the General Regulations issued by the Financial Markets Supervisor)

We present to you the Annual Financial Report for the year ended 31 December 2011 prepared in accordance with Article L 451-1-2-I of the Monetary and Financial Code (*Code Monétaire et Financier*) and Article 222-3 of the General Regulations of the Financial Markets Supervisor (*Autorité des Marchés Financiers - AMF*).

This Report has been disclosed in accordance with the provisions of Article 222-3 of the General Regulations of the Financial Markets Supervisor. It is available notably on the Company's website (www.aprr.com).

Contents

I. Certification by the person responsible

I certify that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and provide a true and fair view of the assets and liabilities, financial situation and results of APRR and of all the companies included in the consolidation scope, and that the attached management report presents fairly the evolution in the activities, results and financial situation of APRR and of all the companies included in the consolidation scope as well as a description of the principal risks and uncertainties to which they are confronted.

27 April 2012

Mr Philippe NOURRY
Chief Executive Officer

II. Company financial statements

Company financial statements
year ended 31 December 2011

CONTENTS

FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS At 31 December (€ million)	*Note*	2011	2010
Intangible assets	*3.1*	25.0	24.7
Property, plant and equipment			
- Assets held under concessions	3.2	11,083.8	10,906.5
- Depreciation	3.2	(4,805.9)	(4,530.3)
Non-current financial assets	*3.3*	1,039.4	1,029.2
Total non-current assets		**7,342.4**	**7,430.2**
Inventories		8.3	6.5
Trade receivables	*3.4*	102.9	83.9
Other receivables, prepayments and accrued income	*3.5*	228.0	212.3
Marketable securities, cash at bank and in hand	*3.6*	1,207.2	49.7
Total current assets		**1,546.4**	**352.4**
TOTAL ASSETS		**8,888.8**	**7,782.6**

EQUITY AND LIABILITIES At 31 December (€ million)	*Note*	2011	2010
Share capital		33.9	33.9
Share premium and reserves		3.7	3.7
Retained earnings		643.2	409.9
Interim dividend		-	(196.7)
Profit for the year		321.4	441.2
Capital grants		129.2	133.4
Regulated provisions		56.2	52.8
Total equity	***3.7***	**1,187.6**	**878.3**
Other equity	***3.8***	**164.7**	**164.7**
Provisions for liabilities and charges	***3.9***	**235.9**	**205.6**
Borrowings and other financial liabilities	*3.10*	6,981.9	6,185.6
Trade payables		45.7	41.9
Other payables, accruals and deferred income	*3.11*	273.0	306.5
Total liabilities		**7,300.6**	**6,534.0**
TOTAL EQUITY AND LIABILITIES		**8,888.8**	**7,782.6**

INCOME STATEMENT

Year ended 31 December **(€ million)**	*Note*	**2011**	**2010**
Revenue	*4.1*	**1,529.4**	**1,469.8**
Operating expenses		**(797.5)**	**(758.0)**
Purchases and external charges	*4.2*	(164.4)	(177.8)
Employee benefit expenses	*4.3*	(157.8)	(155.0)
Other operating income (expenses)	*4.4*	20.9	21.6
Taxes (other than income tax)	*4.5*	(171.3)	(153.4)
Depreciation, amortisation and provisions	*4.6*	(324.9)	(293.3)
Operating profit		**731.9**	**711.8**
Financial income (expenses)	*4.7*	(238.2)	(98.2)
Profit on ordinary activities		**493.7**	**613.6**
Exceptional items	*4.8*	(3.7)	3.1
Employee profit sharing		(9.0)	(10.3)
Income tax expense		(159.7)	(165.1)
Profit for the year		**321.4**	**441.2**

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the annual financial statements.

These notes contain complementary information to the balance sheet and income statement in order for the annual financial statements to provide a true and fair view of the Company's assets and financial situation at 31 December 2011 and its results for the year then ended.

Information that is not subject to disclosure requirements is provided only when material.

1. SIGNIFICANT EVENTS IN 2011

Refinancing

The Company completed several bond issues in the year ended 31 December 2011 totalling €2.05 billion. Details are provided in Note 3.10.

Additional tax assessments

Following inspections covering the years ended 31 December 2007, 2008 and 2009, the French tax authorities issued additional tax assessments. The consequences of these additional tax assessments are set out in Note 3.9.

2. ACCOUNTING POLICIES AND METHODS

The company financial statements of APRR for the year ended 31 December 2011 have been prepared in accordance with the French Commercial Code (*Code du Commerce*).

2.1. *Intangible assets*

Intangible assets comprise mainly software applications that are amortised over periods of between three and five years.

2.2. *Property, plant and equipment held under concession*

Nearly all tangible fixed assets reported on the Company's balance sheet consist of assets held under a service agreement concession. Most of these assets will revert to the French State free of charge when the concession expires. Accounting rules for the recognition of these assets and their depreciation are summarised below:

- *Tangible assets held under service concession agreements*

The concession covers motorways and sections of motorways made available by the French State along with all the land, works and facilities needed to build, maintain and operate each of these motorways or sections of motorways, including existing slip roads, outbuildings and ancillary facilities directly needed to serve motorists or created to improve operations.

Tangible assets held under concessions comprise assets that are not renewable during the term of the concession (notably infrastructures and civil engineering works) and renewable assets that have a useful life that is shorter than the term of the concession (road course, toll equipment, signage, remote transmission, video surveillance and computer equipment, motor vehicles and tooling).

Non-renewable assets come from initial investments and from subsequent capital expenditure referred to as “supplementary investments in motorways in service”.

Tangible assets held under concessions are recognised at cost, including borrowing costs and certain directly attributable expenses.

Fixed assets made available under concessions are reported as assets under “Property, plant and equipment” and as liabilities under “Other equity” for the value of the said contributions on the day of the transfer. These contributions will be returned to the French State at the end of the concession.

- *Depreciation of tangible assets held under a service concession agreement*

Tangible assets made available by the grantor are not depreciated.

Non-renewable tangible assets are depreciated using the straight-line method from the date on which brought into service until the date on which the concession expires. This financial depreciation, which is classified as an operating expense, is not intended to reflect the pattern in which the asset's economic benefits are consumed by the enterprise. Rather, the intention is to write-down the assets’ depreciable amount to zero by the time the concession expires.

Renewable tangible assets used in the operations are assets that have a useful life that is shorter than the term of the concession. As a rule, these assets are depreciated using the straight-line method over their estimated useful life, normally between three and ten years (“ordinary depreciation”).

Renewable tangible assets used in the operations are also the object of a financial depreciation, the purpose of which is to spread over the remaining term of the concession the loss that would be incurred were these assets to be handed over to the State free of charge at the end of the concession, being the residual value at the end of the concession determined applying normal depreciation rules.

For renewable tangible assets used in the operations, the financial depreciation is calculated by reference to the assets’ net book value, being the cost of acquisition of the assets less ordinary accumulated depreciation at the close of the financial year and less accumulated financial depreciation at the beginning of the financial year.

Road courses do not give rise to financial depreciation and are depreciated over a period of twelve years.

Ordinary depreciation and financial depreciation are aggregated and presented on the same lines of the income statement and balance sheet. In the income statement, they constitute operating expenses. On the balance sheet, they are deducted from the assets to which they relate.

- *Provision for replacement*

In accordance with the option offered by Article 393-1 of the French General Accounting Standards (*Plan Comptable Général – PCG*), the Company elected to set aside a provision for the replacement of renewable assets for an amount equal to the difference between the estimated replacement cost of each asset and the cost of acquisition or production of the asset. Amounts are transferred to this provision each year on the basis of the revised estimated replacement cost of the assets concerned, so as to match this cost on the date the assets are replaced. The provision is set aside as part of an asset replacement programme based on the resources available and setting the dates and cost of replacing each asset, which may be revised subsequently if circumstances so require.

2.3. *Capital grants*

Capital grants, received to help finance construction projects, are recognised directly to equity. Grants are reversed to the income statement over the term of the concession to match the financial depreciation recognised in respect of the assets they financed.

2.4. *Non-current financial assets*

Participating interests held in subsidiaries are recorded at cost. An impairment loss is recognised if the carrying value, determined mainly by reference to the subsidiary's net assets, is less than cost.

2.5. *Inventories*

Inventories are valued using the weighted average cost method. An impairment loss is recognised when net realisable value is less than the cost of acquisition.

2.6. *Receivables*

Receivables are measured at face value. Appropriate allowances for estimated irrecoverable amounts are recognised when it is uncertain whether these amounts can be collected.

2.7. *Marketable securities*

Marketable securities are measured at the lower of cost and net realisable value. Unrealised gains are not recognised.

2.8. *Other equity*

Certain contributions in kind made under the service concession agreement are reported as assets under "Property, plant and equipment" and as liabilities under "Other equity" for the value of the said contributions on the day of the transfer. Amounts credited to other equity will be derecognised on the date the assets in question are returned to the French State (see Note 2.2).

2.9. Conversion of foreign currency receivables and payables

Receivables and payables denominated in foreign currencies are converted into the Company's functional currency using the spot exchange rate on balance date. Resulting differences are recorded under "Conversion differences". Where appropriate, provisions for liabilities and charges are recognised in respect of unrealised losses, which correspond to conversion differences to the debit of the balance sheet.

2.10. Loan issue costs and loan issue and redemption premiums

Premiums on the issue and redemption of the loans arranged with Caisse Nationale des Autoroutes (CNA) and issue costs for these loans are recognised as deferred charges and amortised using the straight-line method over the term of the loans to which they relate.

If loan repayments will be less than the initial amount of the loan, the difference is recognised initially as deferred income and reversed to the income statement over the term of the loan using the straight-line method.

The above method is equivalent to amortising premiums by reference to accrued interest to the extent that loans give rise to a one-time payment at term.

2.11. Indexed loans and advances

Advances from the French State and indexed loans are adjusted each year to reflect the application of the indexation procedure, the offsetting entry being to "Indexation difference" on the asset or liability side of the balance sheet. Where appropriate, provisions for liabilities and charges are recognised each year in respect of unrealised losses, which correspond to indexation differences to the debit of the balance sheet.

2.12. Obligations in respect of retirement indemnities and other employee benefits

The actuarial method used to calculate the Company's obligations in respect of retirement indemnities, as reported on the balance sheet, is the projected unit credit method based on final salaries. This is the method advocated by International Accounting Standard 19, Employee Benefits, and it meets the requirement set forth in Recommendation no. 2003-R.01 issued by the French National Accounting Board (*Conseil National de la Comptabilité*).

This method consists in measuring the Company's obligations by reference to the projected final salary and the vested rights on the measurement date, determined by applying the terms of the collective bargaining agreement, the company agreement and statutory rights in force at the balance sheet date.

2.13. Infrastructure maintenance

Expenditure on infrastructure maintenance is recognised as an operating expense as and when committed.

In 2005, the Company decided to apply the component method of accounting to expenditure on road courses. Note that Regulation 2002-10 issued by the French Accounting Regulation Board (*Comité de* *la Réglementation Comptable*) does not require public service concession operators to apply this method.

2.14. Financial risks

The Company operates principally in the countries of the euro zone, essentially in France. It is therefore exposed to a limited currency risk on the transactions to which it is party.

All of the Company's borrowings are denominated in euro. Most of these borrowings are at fixed rates. The Company does not therefore have significant exposure to an increase in interest expense linked to a rise in interest rates.

2.15. Hedging transactions

The Company has a portfolio of interest rate derivatives. The nominal amounts of these hedging transactions, whether or not they are intended to be settled at term, are not recognised on the balance sheet. These transactions are reported as commitments if they are expected to give rise to a payment.

2.16. Reporting currency

The tables overleaf are stated in millions of euros unless otherwise indicated.

3. INFORMATION ON THE BALANCE SHEET

3.1. Intangible assets

	31 December 2010	Increase Charge for the year	Decrease Reversals	Assets brought into service	31 December 2011
Intangible assets	107.8	1.3	(0.4)	1.3	110.0
Intangible assets work in progress	5.3	6.5	-	(1.3)	10.5
Amortisation	(88.4)	(7.5)	0.4	-	(95.5)
Carrying value	**24.7**	**0.3**	**-**	**-**	**25.0**

3.2. Property, plant and equipment

Assets held under concessions

The network covered a total of around 1,868 kilometres at 31 December 2011, 1,850 kilometres of which were in service.

31 December Cost	2011	2010
Non-current construction assets	10,107.7	9,568.8
Non-current assets used in the operations and road courses	842.5	797.8
Non-current assets under construction	133.7	539.9
Total cost	**11,083.8**	**10,906.5**

Cost	31 December 2010	Increase	Decrease	Brought into service	31 December 2011
Non-current construction assets	9,568.8	-	(2.5)	541.3	10,107.7
Road courses	293.8	52.6	(31.2)	8.2	323.5
Non-current assets used in the operations	504.0	11.2	(17.9)	21.7	519.0
Non-current assets under construction	539.9	165.0	-	(571.3)	133.7
Total cost	**10,906.5**	**228.9**	**(51.6)**	**-**	**11,083.8**

The increase in property, plant and equipment arising from concessions in 2011 was due notably to new constructions (Mâcon South bypass, Les Echets-La Boisse section, Montluçon slip road) and work on widening motorway sections (A36 motorway).

Borrowing costs amounting to €4.7 million were capitalised in 2011 (2010: €19.8 million).

Depreciation

Depreciation	31 December 2010	Charge for the year	Decrease Reversals	31 December 2011
Financial depreciation	(3,984.9)	(265.0)	2.4	(4,247.4)
Ordinary depreciation	(545.4)	(62.2)	49.1	(558.4)
Total depreciation	**(4,530.3)**	**(327.1)**	**51.5**	**(4,805.9)**

3.3. *Non-current financial assets*

31 December	2011	2010
Participating interests	1,037.5	1,027.5
Loans	1.9	1.6
Other non-current financial assets	0.1	0.1
Total	**1,039.4**	**1,029.2**

Information on participating interests is provided in Note 6.

AREA distributed dividends totalling €59 million in 2011. This payment did not require the Company to recognise an impairment loss in respect of the value of its investment in AREA.

3.4. *Trade receivables*

31 December	2011	2010
Toll subscribers	45.7	46.4
Ancillary activities	58.5	39.2
Doubtful debts	(1.3)	(1.7)
Total	**102.9**	**83.9**

3.5. *Other receivables, prepayments and accrued income*

31 December	2011	2010
State and other public bodies	35.6	34.5
Sundry receivables and income receivable	104.3	105.9
Prepayments	20.7	20.3
Deferred charges	9.8	6.2
Indexation difference	57.6	45.4
Total	**228.0**	**212.3**

Amounts receivable from the State and other public bodies consist mainly of grants receivable, value added tax receivables and income tax credits.

Sundry receivables and income receivable consists mainly of amounts due by the TIS agents.

Prepayments comprise mainly fees for the use of public property.

3.6. Marketable securities, cash at bank and in hand

31 December	2011	2010
Marketable securities	1,161.5	33.3
Cash at bank and in hand	45.7	16.4
Total	**1,207.2**	**49.7**

3.7. Capital and reserves

The share capital consists of 113,038,156 shares with a par value of €0.30 each. The number of shares in issue and their par value did not change during the year ended.

31 December	2011	2010
Share capital	33.9	33.9
Share premium account	0.3	0.3
Reserves	3.4	3.4
Retained earnings	643.2	409.9
Interim dividend	-	(196.7)
Profit for the year	321.4	441.2
Capital grants	129.2	133.4
Regulated provisions	56.2	52.8
Total equity	**1,187.6**	**878.3**

Regulated provisions consist of excess depreciation over plan recorded for taxation purposes.

Change in capital and reserves in 2011

	31 December 2010	Appropriation per AGM of 21 June 2011	2011 grants received less reversals	Regulated provisions	2011 profit	31 December 2011
Share capital	33.9					33.9
Share premium	0.3					0.3
Legal reserve	3.4					3.4
Other reserves	-					-
Retained earnings	409.9	233.2				643.2
Interim dividends	(196.7)	196.7				-
2011 profit	-				321.4	321.4
2010 profit	441.2	(441.2)				-
Capital grants	133.4		(4.2)			129.2
Regulated provisions	52.8			3.4		56.2
Total equity	**878.3**	**(11.3)**	**(4.2)**	**3.4**	**321.4**	**1,187.6**

The Shareholders' General Meeting of 21 June 2011 approved the appropriation of the 2010 profit amounting to €441.2 million as follows:

- distribution of a dividend of €208.0 million in total, of which €196.7 million distributed by way of an interim dividend in 2010; and
- transfer of €233.2 million to retained earnings.

3.8. *Other equity*

Other equity was unchanged during the year at €164.7 million. It corresponds to contributions made free of charge by the French State, recognised at their value on the day of the transfer.

3.9. *Provisions for liabilities and charges*

	31 December 2010	Charge for the year	Reversals (provisions utilised)	Reversals (provisions no longer required)	Other	31 December 2011
Provisions for retirement indemnities	19.4	2.0	(0.9)	-	-	20.4
Provisions for similar obligations	4.2	2.3	(1.2)	(0.2)	-	5.1
Provisions for disputes	0.6	0.7	(0.1)	(0.2)	-	1.0
Provisions for replacement	81.8	22.3	(30.6)	-	-	73.5
Provisions for taxes and other items	54.2	24.1	-	-	-	78.3
Provisions for indexation of CNA loans	37.9	11.7	-	-	-	49.5
Provisions for indexation of advances	7.5	0.5	-	-	-	8.0
Total	**205.6**	**63.6**	**(32.9)**	**(0.4)**	**-**	**235.9**

APRR was the object of an inspection by the tax authorities covering income tax, value added tax and business tax for the years ended 31 December 2007, 2008 and 2009. At the end of 2010, the company received a preliminary tax assessment only for the year ended 31 December 2007. On 20 December 2011, it received a further tax assessment for the three years covered by the inspection.

Tax adjustments notified to the Company total €22.1 million, including interest for late payment. APRR is challenging nearly all of the proposed tax adjustments, which result in the main from differences of opinion on the application of certain accounting and tax regulations applicable to concession operators. After analysing these risks with the assistance of its tax advisers, the Company recognised a provision for liabilities amounting to €6.6 million. The amount not provisioned relates mainly to timing differences for the calculation of income tax.

Provisions for retirement indemnities and similar obligations

The following assumptions were relied upon when determining the company's obligations in respect of retirement indemnities and long-service awards:

31 December	**2011**	**2010**
Discount rate	4.50%	4.50%
Expected rate of inflation	2.00%	2.00%
Expected rate of salary increases	3.00%	3.00%
Mortality tables for men	TH 06-08	TH 04-06
Mortality tables for women	TF 06-08	TF 04-06
Retirement age for managers	63 years	63 years
Retirement age for non-managers	63 years	63 years
Social security charges	45.0%	45.0%

Actuarial differences arise from changes in actuarial assumptions and/or variances between actual and assumed experience (interest rates, staff turnover rates, retirement conditions). These actuarial differences are recognised by applying the corridor approach, which consists in recognising these differences when they are 10% more than or 10% less than the total projected benefit obligations or the fair value of plan assets. When applying the corridor approach, actuarial differences exceeding the 10% limit are amortised over the expected average remaining working lives of the participating employees.

A provision amounting to €3.9 million was set aside in respect of the commitments given by the Company in connection with the early retirement agreement signed in 2007.

The provision was calculated on an actuarial basis for the population concerned. The average retirement age was estimated at 62 years (allowing for the particular characteristics of the population), using the same assumptions as for retirement indemnities, and based on the assumption that 80% of employees not yet having asked to benefit from the early retirement plan would take early retirement.

The provision covers the bonus paid to the employee on agreeing to take early retirement as well as the part of the replacement indemnity to be paid until the employee leaves on retirement that is borne by the employer.

3.10. Borrowings and other financial liabilities

31 December	2011	2010
Fixed rate CNA loans	2,084.6	2,513.4
Variable rate or revisable rate CNA loans (notably through the use of swaps)	845.5	839.5
Fixed rate EIB loan	100.0	100.0
Amounts drawn down against revolving credit facility	-	840.0
Variable rate bank loans	750.0	800.0
Bonds indexed to inflation	258.0	202.3
Fixed rate bonds	2,700.0	700.0
State advances to TML –Tunnel Maurice-Lemaire	19.6	19.1
Debts related to participating interests and sureties received	7.8	8.1
Sub-total	**6,765.5**	**6,022.5**
Accrued interest	216.3	163.1
Total	**6,981.9**	**6,185.5**

At 31 December 2011, the Company's €1,800 million revolving credit facility was undrawn, whereas it had drawn €840 million at 31 December 2010. No amounts were drawn during 2011, while repayments totalled €840 million.

Loans totalling €429 million were repaid to Caisse Nationale des Autoroutes (CNA) in 2011 compared with €271 million in 2010.

Furthermore, a €50 million loan entered into at the end of 2008, due to mature in December 2012, was repaid early in March 2011.

Several bond issues were made in 2011 as part of the €6 billion EMTN programme put into place in October 2007. Two issues were made in January, one involving the issue of €1 billion of bonds maturing in January 2017, the other in the form of a €50 million private placement of bonds indexed to inflation maturing in 2021. The third issue for the year took place in May and consisted of €500 million of bonds maturing in January 2019. Finally, the fourth issue in November consisted of €500 million of bonds maturing in January 2016.

At 31 December 2011, the remaining amount available for issue in connection with the EMTN programme was €3.05 billion, following the issues completed during 2011.

The Company's borrowings (excluding accrued interest) at 31 December 2011 are analysed by remaining maturity below:

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Total	**420.2**	**3,629.1**	**2,716.3**	**6,765.5**

At 31 December 2011, the portfolio of derivative instruments held by Autoroutes Paris-Rhin-Rhône consisted of:

- a swap, entered into 2004, under the terms of which the Company receives a fixed rate on a nominal amount of €300 million and pays a fixed rate on this amount indexed to inflation as well as inflation capitalised at maturity;

- a remaining group of five derivative contracts (including one swap receiving a fixed rate and paying a variable rate, designated as a fair value hedge, along with three options entered into to mitigate to some extent the exposure to an increase in interest rates, and a swap paying a fixed rate and receiving a variable rate, resulting from the exercise of the swaption that matured in April 2010, treated as autonomous instruments for accounting purposes) entered into in the second half of 2005 as part of a variable rate programme scaled back to €300 million at 30 June 2010, matched to the following loans:

    - €208.4 million against the 4.50% CNA loan maturing on 28 March 2018; and
    - €91.6 million until April 2020, corresponding to a portion of debt equivalent to the 4.50% CNA loan that matured on 25 April 2010;

- five interest rate swaps entered into in March 2008 for a total nominal amount of €500 million that are backed to a loan for the same amount arranged in August 2007 and for which interest periods are identical, under which the Company pays a fixed rate and receives a variable rate until they mature in August 2014;

- two swaps entered into the first half of 2009 for nominal amounts of respectively €250 million and €50 million, under the terms of which the Company pays fixed rates and receives variable rates, for which the respective maturity dates are in July 2014 and December 2012 and for which the interest periods are matched to those of two loans for the same nominal amounts arranged respectively in July 2008 and in December 2008. Following the early repayment in the first half of 2011 of the underlying €50 million loan, due to mature in December 2012, the second of the swaps, intended to hedge the interest flows on said loan until its repayment, no longer qualified as a cash flow hedge and therefore ceased to be accounted as such.

3.11. *Other payables, accruals and deferred income*

31 December	**2011**	**2010**
Due to fixed asset suppliers	58.8	87.6
Tax and social security	108.4	125.6
Deferred income	84.9	62.3
Other	21.0	31.0
Total	**273.0**	**306.5**

Deferred income comprises mainly issue premiums, income on swap reversals, rental income from commercial facilities and revenue from the lease of installations to telecommunication operators.

4. INFORMATION ON THE INCOME STATEMENT

4.1. Revenue

Revenue is analysed below:

Year ended 31 December	2011	2010
Toll revenue	1,479.1	1,422.2
Rental income from commercial facilities	31.8	30.0
Revenue from leasing telecommunication installations	10.2	9.4
Other	8.3	8.1
Total	**1,529.4**	**1,469.8**

4.2. Purchases and external charges

Year ended 31 December	2011	2010
Energy, supplies and spare parts	20.8	28.6
Infrastructure maintenance	25.5	27.7
Other maintenance	22.2	22.9
Fee for the use of public property	39.0	38.2
Other external charges	57.0	60.5
Total	**164.4**	**177.8**

4.3. Employee benefit expenses and headcount

a) Expenses

Year ended 31 December	2011	2010
Wages and salaries	101.0	101.3
Social security contributions and deferred benefits	50.7	46.8
Discretionary employee profit sharing and employer's contribution to savings plan	6.1	7.0
Total	**157.8**	**155.0**

b) Average headcount

Year ended 31 December	2011	2010
Management grade	411	414
Supervisor grade	1,446	1,449
Workers and office staff	873	913
Total	**2,730**	**2,776**

4.4. *Other operating income and expense*

Year ended 31 December	2011	2010
Charges capitalised - property, plant and equipment	11.9	10.5
Insurance claim	6.1	6.8
Other	2.9	4.2
Other operating income	**20.9**	**21.6**

4.5. *Taxes (other than income tax)*

Year ended 31 December	2011	2010
Regional development tax	115.5	106.7
Territorial economic contribution (Local business in 2009)	47.0	37.9
Payroll and similar taxes	4.1	4.1
Other taxes and duties	4.7	4.8
Total	**171.3**	**153.4**

4.6. *Depreciation, amortisation and provisions*

Year ended 31 December	2011	2010
Financial depreciation	(263.9)	(243.5)
Depreciation of renewable non-current assets	(69.5)	(68.8)
Provisions	8.4	18.9
Total	**(324.9)**	**(293.3)**

4.7. *Financial income and expenses*

Year ended 31 December	2011	2010
Loan interest and indexation	(367.4)	(293.4)
Interim interest capitalised	4.7	19.8
Amortisation of loan issue costs and premiums	(2.1)	(1.7)
Dividends received from subsidiaries	59.2	124.0
Other financial income including loan indexation adjustments	67.3	53.1
Total	**(238.2)**	**(98.2)**

More information on dividends received from subsidiaries is provided in Note 3.3.

Other financial income includes interest received from subsidiaries amounting to €47.8 million as indicated in Note 5.6.

4.8. Exceptional items

Year ended 31 December	2011	2010
Net gains on the disposal of non-current assets	0.6	0.6
Reversal of capital grants	5.3	5.2
Depreciation and provisions	(10.5)	(3.0)
Other	1.0	0.3
Total	**(3.7)**	**3.1**

5. ADDITIONAL INFORMATION

5.1. Tax group and parent company

Since 1 January 2011, APRR is a member of the tax group headed by Financière Eiffarie and which also includes Eiffarie, AREA and SIRA.

The agreement signed by the companies belonging to this tax group was drawn up on the basis of fiscal transparency for the different group members.

The financial statements of APRR are consolidated under the full method in the consolidated financial statements of Eiffage Group since 20 February 2006.

5.2. Accounting and financial indicators

Year ended 31 December	2011	2010
EBITDA	1,047.8	994.7
EBITDA margin	68.5%	67.7%

EBITDA (earnings before interest, tax, depreciation and amortisation) corresponds to the operating profit adjusted for employee profit sharing and before amortisation, depreciation and provisions.

5.3. Compensation paid to members of the management bodies

The Chairman of the Board of Directors and the Managing Director receive no compensation from the Company.

5.4. Litigation

APRR is involved in various disputes having arisen in the normal course of business. The Company considers that, as at 31 December 2011, none of the ongoing disputes arising from the normal course of business are likely to have a material impact on its operating profit, its activity or its financial situation (apart from the risks already provisioned in the accounts).

5.5. Commitments

a) Commitments given

31 December	2011	2010
Work to be performed (1% landscape)	0.1	0.1
Total	**0.1**	**0.1**

b) Commitments received

31 December	2011	2010
Bank guarantees	13.9	27.2
Total	**13.9**	**27.2**

c) Reciprocal commitments

31 December	2011	2010
Work contracts (signed, not performed)	106.2	82.6
Syndicated loan facility not utilised	1,800.0	960.0
Total	**1,906.2**	**1,042.6**

5.6. Information concerning subsidiaries and participating interests

2010	Subsidiaries	Participating interests
Participating interests		218.9
Other receivables	0.3	855.1
Trade payables	9.3	2.7
Other payables	1.1	1.0
Financial charges	-	-
Financial income	-	107.0
Financial expenses	6.7	3.4
Operating charges	1.2	2.5

6. LIST OF SUBSIDIARIES AND PARTICIPATING INTERESTS

Subsidiaries and participating interests (€ thousands)	**2011 capital**	**2011 reserves**	**% held**	**Gross value**	**Net value**	**Loans and advances not repaid**	**Dividends received**	**2011 revenue**	**2011 profit**
Subsidiaries									
(over 50% held by APRR)									
- AREA	82,900	177,183	99.84%	215,269	215,269	771,645	58,962	493,370	126,619
- Sira	10	456	100.00%	11	11		187	3,228	173
- Park +	5,232	(1,332)	60.00%	3,139	831	66		262	(379)
- Cera	8	26	100.00%	315	315			686	34
Participating interests									
- Autoroutes Trafic	349	584	24.00%	72	72		52	2221	379
- Centaure Grand Est	450	572	35.55%	212	212			1397	100
- Centaure Ile de France	900	na	49.00%	441	441			na	na
- Altech	40	1,359	14.50%	6	6		3	1,513	189
- Axxès	7,500	7,291	22.80%	1,710	1,710			842,835	3,926
- Devtel	25	13	100.00%	25	25			-	-
- Apollinaire Participations	37	(6)	100.00%	37	37			-	(2)
- SEM Alésia	515	na	3.88%	20	20			na	na
Total				**221,257**	**218,949**	**771,711**	**59,203**		

na: not available

III. Consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED BALANCE SHEET

Assets

At 31 December (€ million)	Notes	2011	2010
Non-current assets			
Property, plant and equipment	5	171.9	166.7
Intangible assets arising from concessions	5	7,093.1	7,255.1
Other intangible assets	5	33.2	33.8
Investments in associates	5	16.6	31.4
Other non-current financial assets	5	76.0	67.6
Other non-current assets	5	-	-
Total non-current assets		**7,390.8**	**7,554.6**
Current assets			
Inventories		10.0	7.9
Trade and other receivables	7	125.6	94.2
Current tax assets		3.8	-
Other current assets	8	182.8	190.7
Cash and cash equivalents	9	1,214.0	53.3
Total current assets		**1,536.2**	**346.2**
Total assets		**8,926.9**	**7,900.8**

Equity and liabilities

At 31 December (€ million)	Notes	2011	2010
Capital and reserves			
Share capital	11	33.9	33.9
Consolidated reserves		281.7	(116.5)
Profit for the year		395.2	418.7
Group share of shareholders' equity		710.8	336.1
Non-controlling interests		0.2	0.1
Total equity		**711.0**	**336.2**
Non-current liabilities			
Borrowings	10	6,673.5	6,025.7
Deferred tax liabilities	23	86.7	100.8
Provisions	12	245.6	274.9
Other non-current liabilities	14	62.0	32.0
Total non-current liabilities		**7,067.8**	**6,433.4**
Current liabilities			
Trade and other payables		113.2	146.4
Borrowings	10	224.9	176.0
Non-current borrowings due within one year	10	538.9	540.8
Current tax liability		-	28.9
Provisions	12	66.9	58.0
Other current liabilities	14	204.2	181.0
Total current liabilities		**1,148.1**	**1,131.1**
Total equity and liabilities		**8,926.9**	**7,900.8**

2. CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Consolidated income statement

Year ended 31 December (€ million)	**Notes**	**2011**	**2010**
Revenue	**15**	**2,180.6**	**2,241.5**
Of which revenue:			
- From the operation of the infrastructures		2,021.6	1,939.6
- From construction of infrastructures held under concessions		159.0	301.9
Purchases and external charges	16	(302.1)	(462.6)
Employee benefit expenses	17	(218.7)	(217.9)
Taxes (other than income tax)	18	(264.4)	(239.5)
Depreciation and amortisation expenses	19	(383.1)	(361.7)
Provisions		(20.7)	(27.4)
Other operating income (expenses) from ordinary activities	20	3.1	4.6
Operating profit from ordinary activities		**994.8**	**936.9**
Other income (expenses) from operations	20	(0.8)	-
Operating profit		**994.0**	**936.9**
Income from cash and cash equivalents	21	11.0	4.0
Finance costs	22	(350.3)	(286.8)
Net finance costs		**(339.2)**	**(282.8)**
Other financial income (expenses)	22	(26.2)	(0.4)
Share of profit of associates		(6.0)	(8.6)
Income tax expense	23	(227.1)	(226.2)
Profit for the year from continuing operations		**395.4**	**418.9**
Profit for the year		**395.4**	**418.9**
Attributable to:			
- Equity holders of the parent company		395.2	418.7
- Non-controlling interests		0.2	0.2
Earnings per share attributable to equity holders of the parent company			
- Basic earnings per share (euros)		3.50	3.70
- Diluted earnings per share (euros)		3.50	3.70

Consolidated statement of comprehensive income

Year ended 31 December (€ million)	**2011**	**2010**
Profit for the year	395.4	418.9
Re-measurement of hedging instruments	(2.2)	(10.6)
Gains and losses recognised directly to equity of associates	(8.8)	(5.0)
Tax on items recognised directly to equity (*)	1.0	3.7
Total income and expense recognised directly to equity	(10.0)	(11.9)
Comprehensive income for the year	385.4	407.0
Attributable to:		
- Equity holders of the parent company	385.2	406.8
- Non-controlling interests	0.2	0.2

(*) Tax relates exclusively to the fair value adjustments of derivative hedging instruments.

3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ million)	**Share capital**	**Share premium**	**Reserves**	**Financial instruments**	**Group share**	**Non controlling interests**	**Total equity**
At 1 January 2010	**33.9**	**0.3**	**220.1**	**(33.9)**	**220.5**	**0.1**	**220.6**
Share-based payments			0.3		0.3		0.3
Dividends			(291.6)		(291.6)	(0.2)	(291.8)
Profit for the year			418.7		418.7	0.2	418.9
Income and expense recognised directly to equity				(11.9)	(11.9)		(11.9)
Total recognised income and expense	-	-	*418.7*	*(11.9)*	*406.8*	*0.2*	*407.0*
Changes in scope and reclassifications			0.2		0.2		0.2
At 31 December 2010	**33.9**	**0.3**	**347.6**	**(45.8)**	**336.1**	**0.1**	**336.2**
At 1 January 2011	**33.9**	**0.3**	**347.6**	**(45.8)**	**336.1**	**0.1**	**336.2**
Share-based payments			0.3		0.3		0.3
Dividends			(11.3)		(11.3)	(0.1)	(11.4)
Profit for the year			395.2		395.2	0.2	395.4
Income and expense recognised directly to equity				(10.0)	(10.0)		(10.0)
Total recognised income and expense	-	-	*395.2*	*(10.0)*	*385.2*	*0.2*	*385.4*
Changes in scope and reclassifications			0.5		0.5		0.5
At 31 December 2011	**33.9**	**0.3**	**732.3**	**(55.8)**	**710.8**	**0.2**	**711.0**

4. CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December (€ million)	Notes	2011	2010
Cash and cash equivalents at the beginning of the year	**9**	**53.3**	**105.0**
- Profit for the year		395.4	418.9
- Net impact of associates		6.0	9.5
- Depreciation and amortisation expense and provisions	19	354.9	355.3
- Other adjustments		22.2	(2.0)
- Gains on disposals		(1.0)	(0.9)
Cash generated by operations		**777.5**	**780.8**
- Net interest expense		340.2	304.6
- Interest paid		(291.3)	(291.7)
- Income tax expense	23	227.1	226.2
- Income taxes paid		(266.9)	(248.4)
- Movement in working capital related to ordinary activities		17.7	(56.2)
Net cash from operating activities (I)		**804.4**	**715.2**
- Purchases of non-current assets		(247.5)	(371.6)
- Purchases of non-current financial assets		-	-
Total purchases on non-current assets		(247.5)	(371.6)
Proceeds from disposals of non-current assets		1.4	1.1
Net cash from (used in) investing activities (II)		**(246.1)**	**(370.5)**
Dividends paid to the shareholders	25	(11.4)	(291.8)
Repayment of borrowings	10	(1,419.3)	(758.2)
New borrowings	10	2,033.2	653.7
Net cash used from (used in) financing activities (III)		**602.4**	**(396.4)**
Net increase (decrease) in cash and cash equivalents (I+II+III)		**1,160.7**	**(51.6)**
Cash and cash equivalents at the end of the year	**9**	**1,214.0**	**53.3**

NOTES TO THE 2011 CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Autoroutes Paris-Rhin-Rhône Group is primarily composed of two companies - Autoroutes Paris-Rhin-Rhône (APRR) and Autoroutes Rhône-Alpes (AREA) - which operate motorway networks whose construction they financed under the terms of two different motorway concession agreements that expire in 2032. Contract-based plans define the investment programmes for the two concessions and practices regarding tariffs for the periods covered by the plans.

The network covers a total of 2,282 kilometres of motorways, 2,264 kilometres of which are in service.

The motorway concession agreements and the related specifications are the principal instruments defining the relations between the French government, Autoroutes Paris-Rhin-Rhône and Autoroutes Rhône-Alpes: they govern the construction and operation of the motorways, the financial provisions applicable, the term of the concessions and the conditions for the return of the facilities at the end of the concession.

The principal provisions that could influence the operating outlook include:

- the obligation to maintain all structures in good service condition and to use every resource to maintain the continuity of traffic flows under good conditions;
- the provisions setting the toll rates and the rules for changing the rates;
- the clauses stipulating the provisions that will apply in the event of a change in the technical regulations or tax rules applicable to motorway companies; if such a change were likely to seriously compromise the financial position of the concessions, the State and the motorway company would come to a mutual agreement regarding compensation;
- the provisions that would guarantee the repair of the concession works at the expiration date, particularly the establishment, seven years prior to the end of the concession, of a maintenance and replacement programme for the last five years;
- the conditions for returning the assets to the State at the end of the concession and the restrictions on the assets: the assets to be returned shall revert to the State without financial consideration and they may not be sold, pledged as security or subjected to easements;
- the option for the French government of pre-emptively terminating concession contracts and buying back concession contracts: under public law, the State has a unilateral option to terminate concessions in the public interest and under the control of the courts; in addition, the agreement gives the French government a buyback right as of 1 January 2012 on the grounds of the public interest.

A separate concession agreement covers the operation of the Maurice Lemaire tunnel by Autoroutes Paris-Rhin-Rhône until 31 December 2068.

The parent company, APRR, is a limited company (*Société Anonyme - SA*) having its registered office at 36, rue du Docteur Schmitt, 21850 Saint-Apollinaire, France.

It is controlled by Eiffage Group through its subsidiary Eiffarie, which is owned jointly by Eiffage Group and investment funds of Macquarie group. At 31 December 2011, the free float represented 1.1% of the capital.

The 2011 consolidated financial statements were approved by the Board of Directors on 17 February 2012 and shareholders will be invited to approve these financial statements at the General Meeting that is to be held on 19 June 2012.

Significant events in 2011

The Group completed several bond issues in the year ended 31 December 2011 totalling €2.05 billion. Details are provided in note 3.

Following inspections covering the years ended 31 December 2007, 2008 and 2009, the French tax authorities issued additional tax assessments. These additional tax assessments did not have a material impact on the Group’s results for the reasons provided in Note 12.

2. SIGNIFICANT ACCOUNTING POLICIES AND METHODS

2.1. Basis of preparation

The consolidated financial statements of APRR Group for the year ended 31 December 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union on 31 December 2011.

The information contained in the consolidated financial statements is presented in millions of euros unless otherwise indicated.

As a rule, assets and liabilities are reported at cost in the balance sheet, net of any amortisation and depreciation, subject to the following exceptions:

- cash equivalents, financial investments and derivative instruments are measured at fair value;
- provisions for liabilities and charges represent the discounted present value of the estimated expenditure to settle the obligation;
- provisions for employee benefits provided under defined benefit plans are measured on the basis described in Note 2.9 and section 13.

Changes in International Financial Reporting Standards (IFRS) up to the balance sheet date are summarised below:

The following new standards, interpretations and amendments issued by the International Accounting Standards Board took effect for annual periods beginning on or after 1 January 2011 (or before if adopted early) and had been adopted by the European Union for application from that date:

- IAS 24 (revised), “Related Party Disclosures, and the amendment to IAS 32, “Financial Instruments: Presentation – Disclosure provisions”;

- IFRIC 19, “Extinguishing Financial Liabilities with Equity Instruments”, and amendments to IFRIC 14, relating to minimum funding requirements of employee benefits.

The above standards, interpretations and amendments had no impact on the consolidated financial statements.

A number of new standards, interpretations and amendments will be effective for annual periods beginning on or after 1 January 2011. These were not applied for the preparation of these consolidation financial statements. These texts are not expected to have a material impact on the Group's consolidated financial statements except for IFRS 9, "Financial Instruments: Recognition and Measurement of Financial Assets and Financial Liabilities", for which the effective date has been deferred to annual periods beginning on or after 1 January 2015 (subject to the standard's adoption by the European Union), and the amendment to IAS 19 relating to post-employment benefits.

The Group is currently examining the possible impact on the accounts of standards and interpretations published at 31 December 2011 but effective for annual periods beginning on or after 1 January 2012, notably IFRS 9.

2.2. Basis and methods of consolidation

Companies are consolidated under the full consolidation method when the Group controls directly or indirectly more than 50% of the voting rights or exercises effective control. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of the enterprise so as to obtain economic benefits from its activity.

Companies are accounted for using the equity method when the Group exercises, directly or indirectly, significant influence over the enterprise. When the company is not controlled exclusively, the Group is presumed to exercise significant influence when it controls at least 20% of the voting rights.

APRR Group consists of the parent company Société des Autoroutes Paris-Rhin-Rhône (APRR), Société des Autoroutes Rhône-Alpes (AREA), its 99.84%-owned subsidiary which is consolidated under the full method, and Adelac, a 49.9%-owned associate of AREA that is consolidated under the equity method. It also includes Axxès, which is 28.09% owned by APRR (including 5.30% by AREA) and consolidated under the equity method.

2.3. Non-current assets

Non-current assets are classified in three categories:

- Property, plant and equipment;
- Intangible assets arising from concessions; and
- Other intangible assets.

2.3.1 Property, plant and equipment

Property, plant and equipment consist of "renewable" assets that have a useful life shorter than the concession (toll equipment, signage, remote transmission, video surveillance and computer equipment, motor vehicles and tooling). These assets are reported on the balance sheet at their historical cost, net of accumulated depreciation.

They are depreciated using the straight line method over their useful life, which is estimated at between 3 and 10 years.

2.3.2 Intangible assets arising from concessions

Since the application of IFRIC 12 in 2009, intangible assets arising from concessions correspond to the right of the operator to charge users of the motorway networks held under concession arrangements, which was given in return for building the infrastructures.

The right granted to the operator is measured at the fair value of the construction services of the infrastructures, to which are added borrowing costs incurred during the period of construction and from which are deducted all remuneration received in cash, i.e. subsidies received from the party having granted the concession.

The intangible asset is amortised using an appropriate method to reflect the rate at which the economic benefits derived from the service concession arrangement are consumed, as from the date the infrastructure is brought into service.

2.3.3 Other intangible assets

Other intangible assets comprise mainly software applications that are amortised using the straight-line method over their useful life, estimated at between three and five years.

2.4. Borrowing costs

Borrowing costs incurred during the period of construction of a qualifying asset are capitalised as part of the cost of the asset. In the Group’s case, qualifying assets are intangible assets arising from concessions for which construction took longer than 12 months to complete.

In respect of qualifying assets:

- interest is capitalised on the basis of the average monthly value of the assets or work in progress for which a payment has been made during the year;
- the specific effective interest rate for the loan is applied to this monthly average disbursement, if the qualifying asset has been financed by a specific loan, or the weighted average effective interest rate for other loans for qualifying assets not financed by a specific loan.

2.5. Asset impairment

Given the legal terms of the existing concession agreements and the financial provisions governing these agreements, two distinct cash-generating units (CGU) have been identified: one for the two APRR concessions and the other for the AREA concession.

Impairments tests are performed when there is any indication that an asset may be impaired. When there is an indication of impairment, the net carrying amount of the asset is compared to its recoverable amount, which is defined as the higher of an asset's fair value less costs to sell and its value in use. The value in use is the discounted present value of the future cash flows expected to be generated by the cash-generating unit, taking into account the asset’s residual value when appropriate. The present value of this cash flow is determined using a discount rate appropriate to the nature of the cash-generating unit.

2.6. Financial instruments

2.6.1 Financial assets and liabilities

Financial assets comprise available-for-sale financial assets, held-to-maturity financial assets, financial assets at fair value through profit or loss, derivative instruments, operating loans and receivables, and cash and cash equivalents.

Financial liabilities comprise financial liabilities measured at amortised cost, financial liabilities at fair value through profit or loss, other financings and bank facilities, derivative instruments, and operating liabilities.

The above financial assets and financial liabilities are recognised and measured in accordance with IAS 39, “Financial Instruments: Recognition and Measurement”.

2.6.2 Recognition and measurement

a) Held-to-maturity financial assets are investments with a determinable payment and fixed maturity. After initial recognition at fair value, these assets are measured and accounted for at amortised cost using the effective interest method, less any impairment losses.

b) Available-for-sale financial assets comprise mainly non-consolidated participating interests (included under other non-current financial assets) and marketable securities not meeting the definition of the other categories of financial assets. After initial recognition, these assets are measured at fair value, any change in fair value being recognised directly in equity except for impairment losses. When these assets are derecognised, any cumulative gain or loss that has been recognised in equity is reversed to profit or loss (included under other financial income and expenses).

c) Financial assets and financial liabilities at fair value through profit or loss comprise assets and liabilities that the Group intends to sell or repurchase in the near term to generate a gain as well as those assets that the Group has opted to designate as at fair value. Gains and losses on these assets correspond to interest, dividends, changes in fair value and gains or losses on disposal.

d) Cash and cash equivalents are also measured at fair value through profit or loss. They include cash in hand, cash at bank, short-term deposits on the date of initial recognition, and very short-term UCITS not presenting significant risk of an impairment in value.

   Bank facilities reimbursable on demand form an integral part of the Group’s treasury management and constitute a component of cash positions for the purpose of the statement of cash flows.

e) Loans and other financial liabilities are recognised initially at fair value less transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

f) Derivative financial instruments held by the Group to hedge its exposure to risks of changes in interest rates in respect of certain variable rate loans are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent changes in fair value, obtained from the financial institutions having issued the instruments, are recognised directly in equity for the effective portion of the derivative instruments designated as cash flow hedges.

Derivative instruments, when they have been entered into to hedge risks of changes in fair value arising from the interest rate risk on certain fixed rate loans, are recognised initially at fair value. Subsequent changes in fair value, obtained from the financial institutions having issued the instruments, are recognised directly in profit or loss, the hedged loans being re-measured to reflect the interest risk and any changes are recognised in profit or loss.

Changes in fair value of the ineffective portion are recognised in profit or loss. Instruments not qualifying as hedging instruments for accounting purposes are recognised initially and measured subsequently at fair value, with changes in fair value recognised in profit or loss.

The gain or loss relating to the effective portion of a hedge is recognised as a component of borrowing costs in the periods during which the hedged items affect the income statement.

2.7. Inventories

Inventories are valued applying the weighted average cost method. An impairment loss is recognised when net realisable value is less than the cost of acquisition.

2.8. Trade and other receivables

Trade and other receivables have due dates under six months. They are measured at face value. Appropriate allowances for estimated irrecoverable amounts are recognised when it is uncertain whether these amounts can be collected.

2.9. Employee benefits

2.9.1 Retirement indemnities

Employee benefits under defined benefit plans concern retirement indemnities. The actuarial method used to measure these obligations is the projected unit credit method.

Assets allocated to cover these obligations are measured at fair value and deducted from the actuarial obligation reported on the balance sheet.

The Group uses the corridor method for recognising actuarial gains and losses arising in respect of the provision for retirement indemnities.

2.9.2 Commitments arising under the early retirement scheme

A provision has been recognised in respect of the Group’s commitments arising from the agreement signed in 2007 regarding early retirement. Payments that are to be made are accounted for as termination benefits.

The provision was determined on an actuarial basis for the population concerned. The average retirement age was estimated at 62 years (given the particular characteristics of the population). The same discount hypotheses were used as for retirement indemnities and the provision was based on the average number of employees having taken early retirement as a percentage of eligible employees, which amounted to 80%.

The provision covers the bonus paid to the employee on agreeing to take early retirement as well as the part of the replacement indemnity to be paid to the employee until the effective retirement date that is borne by the employer.

2.10. Provisions

2.10.1 Non-current provisions

Non-current provisions comprise provisions for retirement indemnities and for long service medals (see Note 2.9 above) as well as provisions for maintaining infrastructures in condition.

Contractual obligations for maintaining infrastructures in condition require provisions to be recognised, mainly to cover the cost of heavy repairs to the surface courses. These provisions are determined based on a multi-year spending programme, which is revised each year. This spending is re-measured by applying appropriate indexes (mainly the TP09 index).

Provisions are also recognised when it is established that repairs must be carried out to specific engineering works to remedy problems.

These provisions are recognised at their present value. The cost of discounting provisions is recognised under other finance costs.

The current portion of these provisions is classified as current provisions.

2.10.2 Current provisions

Current provisions comprise mainly:

- the current portion of provisions for maintaining infrastructures in condition;
- the current portion of provisions for retirement indemnities and for long service medals; and
- other provisions for liabilities and charges, which include the provisions for early retirement (see Note 2.9 above), for staff disputes and for disputes related to the activities (i.e. disputes with customers, sub-contractors and suppliers).

2.11. Leasing agreements

2.11.1 Operating leases

When assets are made available to the Group under operating leases (equipment, offices, buildings and parking lots), lease payments are recognised by spreading all expenses related to these leases, including set-up costs, over the term of the lease agreement using the straight line method.

When assets built by the Group are made available under operating leases (fibre optic cables leased to telecommunication operators, commercial facilities leased to operators at rest areas), these assets are recognised as assets in the balance sheet and are accounted for in the same way as other items of property, plant and equipment. Income guaranteed under these lease agreements is recognised over the term of the lease agreements using the straight line method. Conditional rents are recognised when earned.

2.11.2 Finance leases

Assets made available under finance leasing agreements are recognised as non-current assets when the lease agreement transfers substantially all the risks and rewards incident to ownership to the Group, the other side of the entry being to recognize the corresponding liability.

Assets made available under finance leases are depreciated over their estimated useful life.

2.12. Revenue and other income

Revenue from the operation of infrastructures is generated mainly by the tolls collected for the use of these infrastructures. It is recognised as and when the corresponding services are provided.

As required by IFRIC 12, revenue from the construction of infrastructures held under concessions includes the income relating to construction services subcontracted by the Group (determined using the percentage of completion method as required by IAS 11). Related costs are included under purchases and external charges.

2.13. Income tax

Income tax includes current tax and deferred tax.

Income tax is calculated in accordance with tax regulations applicable in France.

As a rule, deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset realised insofar as these rates are known at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which to obtain relief.

Deferred tax assets and liabilities are offset, regardless of the period when expected to reverse, given the existence of a tax group, provided these assets and liabilities relate to transactions entered into since the election to be assessed on a group basis.

2.14. Dividends

Dividends distributed to the Company’s shareholders are recognised as a liability in the consolidated financial statements in the period when these dividends have been approved by the Shareholders’ General Meeting.

2.15. Segment reporting

The Group has a single activity consisting of the operation of motorway networks under concession agreements. In the case of the two main concessions consolidated under the full method, the agreements expire on the same date in 2032. These networks are located exclusively in France. All key indicators for the Group and its performances are analysed by management at consolidated level. Furthermore, the Toll activity accounts for 97% of revenue (excluding revenue from the construction of infrastructures held under concessions), so that ancillary activities are not material as regards the Group's performances. Consequently, no information broken down by business segment or by geographic region is provided in the consolidated financial statements.

2.16. Basis of presentation

In the balance sheet, assets and liabilities are analysed and reported as either current or non-current items.

In the income statement, operating expenses are analysed and reported according to their nature.

Operating profit on ordinary activities, operating profit, finance costs and net finance costs reported in the income statement and in the statement of comprehensive income are presented in accordance with recommendation 2009-R-03 issued by the French National Accounting Board (*Conseil National de la Comptabilité – CNC*).

Net finance costs represent total finance cost on borrowings less financial income generated by cash and cash equivalents.

3. FINANCIAL RISK MANAGEMENT

Currency risk
The Group operates principally in the countries of the euro zone, essentially in France. It is therefore exposed to a limited currency risk on the transactions to which it is party.

All of the Group's borrowings are denominated in euro.

Liquidity risk
The liquidity risk is mitigated by the recurring nature of the cash flow and debt repayments.

To finance its day-to-day operations, the Group has negotiated a €1,800 million syndicated loan bearing a variable interest rate. At 31 December 2011, no amount had been drawn down against this loan.

Several bond issues were made in 2011 as part of the €6 billion EMTN programme put into place in October 2007. Two issues were made in January, one involving the issue of €1 billion of bonds maturing in January 2017, the other in the form of a €50 million private placement of bonds indexed to inflation maturing in 2021. The third issue in the year took place in May and consisted of €500 million of bonds maturing in January 2019. Finally, the fourth issue in November consisted of €500 million of bonds maturing in January 2016.

To date €2,950 million has already been issued in connection with this programme.

The Group has given undertakings to Caisse Nationale des Autoroutes (CNA) and the members of the banking pool to comply with the following ratios:

- Net debt will be less than 7 times EBITDA
- EBITDA will be more than 2.2 times net financial charges

These two ratios were 4.5 times and 3.8 times, respectively, at 31 December 2011.

Non-compliance with either of these ratios would be regarded as a default event, triggering the early repayment of APRR's entire debt.

The Group's long-term debt is rated BBB- (Stable outlook) by Standard & Poors and Baa3 (Stable outlook) by Moody's.

Were these ratings to be downgraded, this would increase spreads and interest rates on the banks loans and on the bonds issued in connection with the EMTN programme.

An analysis of financial liabilities is provided in Note 10.

Interest rate risk
At 31 December 2011, 84% of the Group's gross borrowings bore fixed rates, 12% fixed rates on a nominal amount indexed to inflation, and 4% variable rates.

Based on borrowing at the year-end, the Group does not have significant exposure in terms of interest expenses to a rise in interest rates.

A sensitivity analysis was performed, which indicates that:

- Based on borrowings at 31 December 2010, a 100 basis point change in variable rates would impact finance costs by €7.8 million and net profit by €5.2 million.

- Based on borrowings at 31 December 2011, a 100 basis point change in variable rates would impact finance costs by €0.8 million and net profit by €0.5 million.

Inflation risk

As toll fares are indexed to the annual retail price index, excluding tobacco, the Group is exposed to a fall in inflation.

This exposure is partly mitigated to the extent that a portion of the Group's borrowing bear a rate fixed on a nominal indexed to inflation.

The portion of the borrowings in question amounted to 12% at 31 December 2011, stable compared with the year before.

In this way, the Group benefits from a partial hedge of the risk attendant to weaker inflation. If inflation is weaker, this will lead to a lower increase in toll fares but it will also reduce finance costs in the portion of the borrowings indexed to inflation, as a result reducing the overall negative impact of weaker inflation on the Group's earnings.

Credit risk

(€ million)	**2011**	**2010**
Past dues: up to 3 months	2.3	4.7
Past dues: between 3 and 6 months	0.9	1.3
Past dues: over 6 months	3.7	4.6
Total past dues	6.9	10.5

Apart from the above amounts, past dues concern a very large number of customers given the activities carried on by the Group. It is therefore impossible to assess the overall financial solidity of these customers.

The provisioning rate in respect of past dues is around 48% of the total amount receivable.

For the purpose of managing its cash position and hedging transactions, the Group enters into relations only with the most reputable financial institutions.

Risk management
Risk management is aimed at identifying, assessing, processing and monitoring the risks to which the Group is exposed. These risks are of diverse nature: operational, financial, strategic, human, regulatory and reputational.

Risk management is based on a structured, documented process and on the risk management policy as defined by top management.

The mapping of the risks to which the Group is exposed was updated in 2010.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the consolidated financial statements, reliance is placed on estimates and assumptions that could affect the amounts of the assets and liabilities at the balance sheet date and income and charges for the period.

These estimates take into account economic data as well as assumptions that may vary over time, and contain elements of uncertainty.

The estimates primarily concern the determination of recoverable amounts of the assets, retirement obligations, the fair value of derivative instruments, and current and non-current provisions.

5. NON-CURRENT ASSETS

2011

(€ million)	**At 1 January**	**Increases**	**Decreases**	**At 31 December**
a) Cost or valuation				
Property, plant and equipment	718	56	(27)	748
Intangible assets arising from concessions	12,174	166	(3)	12,337
Other intangible assets	147	11	-	158
Investments in associates	31	-	(15)	17
Unlisted participating interests	61	4	-	65
Loans	4	1	-	4
Sundry financial assets	5	4	-	9
Other financial assets	**70**	**9**	**(1)**	**78**
Total	**13,141**	**242**	**(46)**	**13,338**

(€ million)	**At 1 January**	**Increases**	**Decreases**	**At 31 December**
b) Accumulated depreciation and impairment (1)				
Property, plant and equipment	(552)	(51)	27	(576)
Intangible assets arising from concessions	(4,919)	(328)	3	(5,244)
Other intangible assets	(114)	(11)	-	(125)
Investments in associates	-	-	-	-
Unlisted participating interests	(2)	-	-	(2)
Other investments	-	-	-	-
Loans	-	-	-	-
Sundry financial assets	-	-	-	-
Other financial assets	(2)	-	-	(2)
Total	**(5,586)**	**(390)**	**30**	**(5,957)**
Carrying value (a-b)	**7,555**	**(148)**	**(16)**	**7,391**

(1) No impairment loss was recognised in 2011.

The increase in intangible assets arising from concessions in 2011 was due notably to new constructions (Mâcon South bypass, Les Echets–La Boisse section, Montluçon slip road) and to work widening motorway sections (A36 motorway).

Borrowing costs amounting to €4.7 million were capitalised in 2011 (2010: €19.8 million).

2010

(€ million)	At 1 January	Increases	Decreases	At 31 December
a) Cost or valuation				
Property, plant and equipment	694	47	(23)	718
Intangible assets arising from concessions	11,866	309	(1)	12,174
Other intangible assets	140	10	(2)	147
Investments in associates	46	-	(14)	31
Unlisted participating interests	58	4	-	61
Other investments	-	-	-	-
Loans	4	1	-	4
Sundry financial assets	4	-	-	5
Other financial assets	**66**	**5**	**(1)**	**70**
Total	**12,812**	**370**	**(41)**	**13,140**

(€ million)	At 1 January	Increases	Decreases	At 31 December
b) Accumulated depreciation and impairment (1)				
Property, plant and equipment	(524)	(50)	23	(551)
Intangible assets arising from concessions	(4,615)	(305)	1	(4,919)
Other intangible assets	(102)	(14)	2	114
Investments in associates	-	-	-	-
Unlisted participating interests	(2)	-	-	(2)
Other investments	-	-	-	-
Loans	-	-	-	-
Sundry financial assets	-	-	-	-
Other financial assets	**(2)**	**-**	**-**	**(2)**
Total	**(5,243)**	**(369)**	**26**	**(5,586)**
Carrying value (a-b)	**7,569**	**1**	**(15)**	**7,555**

(1) No impairment loss was recognised in 2010.

(€ million)	31 December 2011	31 December 2010
Signed works contracts not executed	118.5	97.3

Furthermore, from 2012 to 2016, the Group is committed to undertaking work to build and widen motorways and to create new interchanges that are expected to cost €514 million.

6. INVESTMENTS IN ASSOCIATES

Investments in associates consist of the Group's shareholding in Adelac (which has been awarded the concession for a 19-kilometre section of the A41 motorway between Villy le Pelloux-Saint Martin Bellevue and Saint-Julien en Genevois) and Axxès (which markets and manages electronic toll subscriptions for heavy goods vehicles).

Key financial data for associates are summarised in the table below:

(€ million)	Country	Total assets	Borrowings	Capital and reserves	Revenue	Net profit	% held
31 December 2011							
Adelac	France	811.3	765.6	42.0	32.7	(21.7)	49.90%
Axxès	France	269.4	4.8	14.8	842.8	3.9	28.09%
Total		1,080.7	770.4	56.8	875.5	(17.8)	

31 December 2010							
Adelac	France	824.2	756.2	63.7	27.6	(28.8)	49.90%
Axxès	France	241.9	3.9	10.8	752.5	3.0	28.09%
Total		1,066.1	760.1	74.5	780.1	(25.8)	

Changes in investments in associates during the period are summarised in the table below:

(€ million)	31 December 2011	31 December 2010
At 1 January	**31.4**	**45.8**
Share of net profit (loss)	(6.0)	(8.6)
Dividends paid	-	(0.8)
Share of gains and losses recognized directly to equity	(8.8)	(5.0)
31 December	**16.6**	**31.4**

7. TRADE AND OTHER RECEIVABLES

(€ million)	31 December 2011	31 December 2010
Trade receivables – Tolls	63.6	52.6
Trade receivables - Other activities	64.7	44.9
Impairment losses	(2.8)	(3.3)
Total	**125.6**	**94.2**

8. OTHER CURRENT ASSETS

(€ million)	31 December 2011	31 December 2010
State - Value added tax	33.8	33.3
Sundry receivables	122.6	131.8
Prepayments	25.5	25.0
Sundry current assets	0.8	0.6
Total	**182.8**	**190.7**

9. CASH AND CASH EQUIVALENTS

(€ million)	31 December 2011	31 December 2010
Cash at bank and in hand	50.5	20.0
Cash equivalents	1,163.5	33.3
Total	**1,214.0**	**53.3**

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that present negligible risk of changes in value.

10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In 2011, four new bond issues totalling €2,050 million were completed in connection with the EMTN programme.

Loans totalling €530 million were repaid to Caisse Nationale des Autoroutes (CNA) in 2011. At 31 December 2011, no amount had been drawn against the €1,800 million syndicated loan, while repayments totalling €840 million were made in the year ended.

Net debt analysed by maturity and related interest receivable and payable

At 31 December 2011 (€ million)	Carrying value	Capital and interest movements	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years
Financial assets: cash and cash equivalents								
Marketable securities	1,163.5							
Cash at bank and in hand	50.5							
Financial assets	**1,214.0**							
Financial liabilities: current and non current								
Long-term borrowings	6,546.2	6,546.2	-	349.2	1,116.2	1,331.1	928.2	2,821.4
Derivative instruments – liabilities	127.3							
Interest payable in respect of non-current financial liabilities		*1,810.3*	*308.4*	*334.4*	*304.6*	*257.6*	*163.2*	*442.1*
Non-current financial liabilities	**6,673.5**	**8,356.5**	**308.4**	**683.6**	**1,420.8**	**1,588.8**	**1,091.4**	**3,263.6**
Long-term borrowings due within 1 year	538.9	532.0	532.0					
Interest payable in respect of long-term borrowings due within 1 year		*30.1*	*30.1*					
Non-current borrowings due within 1 year	**538.9**	**562.1**	**562.1**	**-**	**-**	**-**	**-**	**-**
Current borrowings and other debts	**224.9**							
Total borrowings	**7,437.3**	**8,918.6**	**870.5**	**683.6**	**1,420.8**	**1,588.8**	**1,091.4**	**3,263.6**
Net debt	**6,223.3**							

Capital and interest movements in the above table concern the debt as reported on the balance sheet at 31 December 2011. They do not reflect any early repayments or new loans that may occur in the future.

Interest movements include movements relating to derivative instruments reported as assets and liabilities (i.e. interest rate swaps). They were not discounted to their present value.

Interest movements for variable rate loans are based on interest rates ruling on 31 December 2011. Movements for loans with fixed rates on an indexed nominal are based on projected annual inflation of 2.25%.

Movements in respect of short term borrowings and other debts, which consist exclusively of accrued interest payable, are included in the interest movements shown above.

Net debt analysed by maturity and related interest receivable and payable

At 31 December 2010 (€ million)	Carrying value	Capital and interest movements	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years
Financial assets: cash and cash equivalents								
Marketable securities	33.3							
Cash at bank and in hand	20.0							
Financial assets	**53.3**							
Financial liabilities: current and non current								
Long-term borrowings	5,918.2	5,902.9	-	580.7	1,188.6	1,115.7	1,326.2	1,691.7
Derivative instruments – liabilities	107.5							
Interest payable in respect of non-current financial liabilities		*1,530.6*	*276.2*	*277.0*	*236.6*	*207.3*	*189.9*	*343.7*
Non-current financial liabilities	**6,025.7**	**7,433.5**	**276.2**	**857.6**	**1,425.2**	**1,323.0**	**1,516.1**	**2,035.4**
Long-term borrowings due within 1 year	540.8	530.9	530.9					
Interest payable in respect of long-term borrowings due within 1 year		*32.0*	*32.0*					
Non-current borrowings due within 1 year	**540.8**	**563.0**	**563.0**	**-**	**-**	**-**	**-**	**-**
Current borrowings and other debts	**176.0**							
Total borrowings	**6,742.5**	**7,996.4**	**839.1**	**857.6**	**1,425.2**	**1,323.0**	**1,516.1**	**2,035.4**
Net debt	**6,689.2**							

(€ million)	31 December 2011		31 December 2010	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Cash and cash equivalents	1,214.0	1,214.0	53.3	53.3
Loans	4.1	4.1	3.9	3.9
Interest rate swaps	8.9	8.9	4.8	4.8
Other financial assets	63.0	63.0	59.0	59.0
Trade and other receivables	125.6	125.6	94.2	94.2
Other current assets	182.8	182.8	190.7	190.7
Liabilities				
Variable-rate loans	284.8	322.8	1,028.4	1,153.9
Fixed rate loans on indexed nominal	831.0	1,000.9	769.4	903.0
Fixed rate loans	5,944.4	6,644.9	4,638.3	4,934.8
Interest rate swaps	127.3	127.3	107.5	107.5
Other financial liabilities	249.8	249.8	198.9	198.9
Trade and other payables	113.2	113.2	146.4	146.4
Other non-current liabilities	62.0	62.0	32.0	32.0
Other current liabilities	204.2	204.2	181.0	181.0

The fair value of the derivative instruments was determined on the basis of the mark-to-market value communicated by the different counterparties.

At 31 December 2011, the portfolio of derivative instruments held by the Autoroutes Paris-Rhin-Rhône Group consisted of:

- a swap, entered into 2004, under the terms of which the Company receives a fixed rate on a nominal amount of €300 million and pays a fixed rate on this amount indexed to inflation as well as inflation capitalised at maturity;

- a remaining group of five derivative contracts (including one swap receiving a fixed rate and paying a variable rate, designated as a fair value hedge, with a nominal of €75 million and maturing in 2018, along with three options entered into to mitigate to some extent the exposure to an increase in interest rates, and a swap paying a fixed rate and receiving a variable rate, resulting from the exercise of the swaption that matured in April 2010, treated as autonomous instruments for accounting purposes) entered into in the second half of 2005 as part of a variable rate programme scaled back to €300 million at 30 June 2010, matched to the following loans:

  - €208.4 million against the 4.50% CNA loan maturing on 28 March 2018; and
  - €91.6 million until April 2020, corresponding to a portion of debt equivalent to the 4.50% CNA loan that matured on 25 April 2010;

- five interest rate swaps entered into in March 2008 for a total nominal amount of €500 million that are backed to a loan for the same amount arranged in August 2007 and for which interest periods are identical. Under these swaps, the Company pays a fixed rate and receives a variable rate until they mature in August 2014; hedge accounting is applied to these instruments;

- two swaps entered into the first half of 2009 for nominal amounts of respectively €250 million and €50 million, under the terms of which the Company pays fixed rates and receives variable rates, for which the respective maturity dates are in July 2014 and December 2012 and for which the interest periods are matched to those of two loans for the same nominal amounts arranged respectively in July 2008 and in December 2008. Following the early repayment in the first half of 2011 of the underlying €50 million loan, due to mature in December 2012, the second of the swaps, intended to hedge the interest flows on said loan until its repayment, no longer qualified as a cash flow hedge and therefore ceased to be accounted for as such.

Financial assets and financial liabilities analysed by category

At 31 December 2011

Financial assets (€ million)	Carrying value	Financial asset category: Financial assets available for sale	Financial at fair value through profit or loss	Loans and receivables	Financial hedging instruments	Fair value	
Other non-current financial assets	92.6	2.2	16.6	65.0	8.9	92.6	(2)
Trade and other receivables	125.6	-	-	125.6	-	125.6	(2)
Other current assets	182.8	-	-	182.8	-	182.8	(2)
Cash and cash equivalents	1,214.0	-	1,214.0	-	-	1,214.0	(1) (2)
Total	**1,615.0**	**2.2**	**1,230.6**	**373.3**	**8.9**	**1,615.0**	

(*) There was no reclassification of financial assets between categories in 2011.

Financial liabilities (€ million)	Carrying value	Liability at amortised cost	Financial hedging instruments	Fair value	
Borrowings and other debts	7,437.3	7,310.0	127.3	8,345.7	(2)
Trade payables	113.2	113.2	-	113.2	(2)
Other current and non-current liabilities	266.2	266.2	-	266.2	(2)
Total	**7,816.7**	**7,689.4**	**127.3**	**8,725.1**	

Fair value determined by reference to:
(1) quotation on an active market
(2) observable market data

At 31 December 2010

Financial assets (€ million)	Carrying value	Financial asset category: Financial assets available for sale	Financial at fair value through profit or loss	Loans and receivables	Financial hedging instruments	Fair value	
Other non-current financial assets	99.0	2.2	31.4	60.7	4.8	99.0	(2)
Trade and other receivables	94.2	-	-	94.2	-	94.2	(2)
Other current assets	190.7	-	-	190.7	-	190.7	(2)
Cash and cash equivalents	53.3	-	53.3	-	-	53.3	(1) (2)
Total	**437.3**	**2.2**	**84.7**	**345.6**	**4.8**	**437.3**	

(*) There was no reclassification of financial assets between categories in 2010.

Financial liabilities (€ million)	Carrying value	Liability at amortised cost	Financial hedging instruments	Fair value	
Borrowings and other debts	6,742.5	6,635.0	107.5	7,298.1	(2)
Trade payables	146.4	146.4	-	146.4	(2)
Other current and non-current liabilities	213.0	213.0	-	213.0	(2)
Total	**7,101.9**	**6,994.4**	**107.5**	**7,657.5**	

11. SHARE CAPITAL

At 31 December 2011	Number of shares	€
Ordinary shares issued and fully paid	113,038,156	33,911,446.80

The share capital consists of shares with a par value of €0.30 each.

The number of shares in issue and their par value have not changed since 1 January 2011.

The company does not hold any of its shares in treasury. No particular right, preference or restriction is attached to the shares.

12. PROVISIONS

(€ million)	At 1 January 2011	Additional provisions in the year	Provisions utilised	Provisions reversed	Other	At 31 December 2011
Provision for retirement indemnities	24.4	3.0	(0.9)	-	(0.4)	26.1
Provision for long service medals	1.2	0.2	(0.1)	(0.2)	-	1.1
Provision for maintaining infrastructures in condition	249.3	27.5	(58.4)	-	-	218.5
Non-current provisions	**274.9**	**30.6**	**(59.3)**	**(0.2)**	**(0.4)**	**245.6**
Provision for retirement indemnities	0.4	-	-	-	0.4	0.8
Provision for long service medals	0.2	-	-	-	-	0.2
Provision for maintaining infrastructures in condition	50.8	-	-	-	-	50.8
Other provisions for liabilities and charges	6.6	11.2	(2.2)	(0.5)	-	15.0
Current provisions	**58.0**	**11.2**	**(2.2)**	**(0.5)**	**0.4**	**66.9**

APRR and AREA were the object of an inspection by the tax authorities covering the years ended 31 December 2007, 2008 and 2009.

Based on the tax adjustments notified, discussions are being held with the tax authorities over differences of opinion regarding the application of certain accounting and tax regulations, notably as regards the mechanism for deducting and adding back items to taxable income. The eventual impact on the consolidated income statement of APRR Group will not be material given that deferred taxation has been recognised.

13. EMPLOYEE BENEFITS PROVIDED UNDER DEFINED BENEFIT PLANS AND LONG-TERM BENEFITS

These benefits consist of retirement indemnities and long service medals.

Assumptions

The expected return on plan assets was 4.5% in 2010 and 4.5% in 2011.

The actual return on plan assets was 3.87% in 2010 and 3.68% in 2011.

Changes during the year

	Retirement indemnities		Long service medals	
	2011	2010	2011	2010
Discount rate	4.50%	4.50%	4.50%	4.50%
Expected rate of inflation	2.00%	2.00%	2.00%	2.00%
Expected rate of salary increases	3.00%	3.00%	3.00%	3.00%
Mortality tables for men	TH 06-08	TH 04-06	TH 06-08	TH 04-06
Mortality tables for women	TF 06-08	TF 04-06	TF 06-08	TF 04-06
Retirement age for managers	63 years	63 years	63 years	63 years
Retirement age for non-managers	63 years	63 years	63 years	63 years
Social security charges	45.00%	45.00%	45.00%	45.00%

(€ million)	Retirement indemnities		Long service medals	
	2011	2010	2011	2010
Actuarial obligation at 1 January	28.5	23.7	1.4	1.3
Cost of past services	1.8	1.5	0.2	0.1
Interest on actuarial obligation	1.3	1.2	-	0.1
Benefits paid	(1.1)	(1.3)	(0.2)	(0.2)
Actuarial losses (gains) generated	(1.8)	3.4	-	0.1
Actuarial obligation at 31 December	**28.7**	**28.5**	**1.3**	**1.4**

Charge for the year

(€ million)	Retirement indemnities		Long service medals	
	2011	2010	2011	2010
Cost of past services	1.8	1.5	0.1	0.1
Interest on actuarial obligation	1.3	1.2	0.1	0.1
Expected return on plan assets	(0.1)	(0.1)	-	-
Amortisation of actuarial losses (gains) not recognised	-	-	-	-
Charge (income) recognised	**2.9**	**2.5**	**0.2**	**0.2**

The corresponding charge is included under employee benefit expenses in the income statement.

Plan assets

(€ million)	Retirement indemnities		Long service medals	
	2011	2010	2011	2010
Plan assets at 1 January	2.7	2.8	-	-
Expected return on plan assets	0.1	0.1	-	-
Actuarial losses (gains)	0.1	(0.1)	-	-
Benefits paid	(0.2)	(0.2)	-	-
Plan assets at 31 December	**2.6**	**2.7**	**-**	**-**

Retirement indemnities

(€ million)	2011	2010	2009	2008	2007
Actuarial obligation in respect of retirement indemnities	28.7	28.5	23.7	19.4	21.7
Fair value of plan assets	2.6	2.7	2.8	3.3	4.1
Net actuarial obligation	**26.0**	**25.8**	**20.9**	**16.1**	**17.6**

Deferred items

(€ million)	Retirement indemnities		Long service medals	
	2011	**2010**	**2011**	**2010**
At 1 January	1.0	(2.6)	-	-
Losses (gains) on assets	(0.1)	0	-	-
Losses (gains) on actuarial obligation	(1.8)	3.5	-	-
Actuarial losses (gains) at 31 December	**(0.9)**	**1.0**	**-**	**-**

Reconciliation of provision recognised in the balance sheet to the actuarial obligation

(€ million)	Retirement indemnities		Long service medals	
	2011	**2010**	**2011**	**2010**
Provision recognised in the balance sheet	26.9	24.9	1.3	1.4
Actuarial differences not recognised	(0.9)	1.0	-	-
Plan assets	2.6	2.7	-	-
Actuarial obligation	**28.7**	**28.5**	**1.3**	**1.4**

Benefits in respect of retirement indemnities and long service medals totalling €1.1 million are expected to be paid in 2012.

Sensitivity analysis

A 0.5 point change in the discount rate has an impact of 5% on the actuarial obligation in respect of retirement indemnities.

14. OTHER CURRENT AND NON-CURRENT LIABILITIES

(€ million)	31 December 2011	31 December 2010
Payments on account	10.9	3.2
Tax and social security	145.6	130.7
Deferred income	8.7	5.1
Other debts	39.0	42.0
Other current liabilities	**204.2**	**181.0**
Deferred income	62.0	32.0
Other non-current liabilities	**62.0**	**32.0**

15. REVENUE

Year ended 31 December (€ million)	2011	2010
Toll revenue	1,961.0	1,882.2
Rental income from commercial facilities	34.9	33.1
Revenue from leasing telecommunication installations	12.3	11.4
Other	13.4	12.9
Revenue excluding construction services	**2,021.6**	**1,939.6**
Construction services (IFRIC 12)	**159.0**	**301.9**
Total	**2,180.6**	**2,241.5**

Rental income from commercial facilities is collected from third parties that operate the commercial establishments located at the rest areas.

Revenue from leasing telecommunication installations corresponds essentially to leases entered into with telecommunication operators for the use of fibre optic cables and towers.

16. PURCHASES AND EXTERNAL CHARGES

Year ended 31 December (€ million)	**2011**	**2010**
Energy	14.2	13.6
Supplies	7.4	16.7
Spare parts	5.9	6.5
Infrastructure maintenance	30.2	31.8
Routine maintenance	20.0	18.2
Construction services (IFRIC 12)	159.0	301.9
Other external charges	65.4	73.9
Total	**302.1**	**462.6**

17. EMPLOYEE BENEFIT EXPENSES AND HEADCOUNT

Year ended 31 December (€ million)	**2011**	**2010**
Wages and salaries	119.0	120.9
Social security contributions and deferred benefits	74.7	70.3
Discretionary employee profit sharing	5.6	6.3
Mandatory employee profit sharing	14.3	15.9
Employer's contribution to profit sharing plans	5.1	4.6
Total	**218.7**	**217.9**

Headcount Year ended 31 December	**2011**	**2010**
Management grade	529	528
Supervisor grade	1,784	1,774
Workers and office staff	1,409	1,482
Total	**3,722**	**3,784**

18. TAXES (OTHER THAN INCOME TAX)

Year ended 31 December (€ million)	**2011**	**2010**
Regional development tax	148.5	136.3
Territorial economic contribution	61.8	50.2
Fee for the use of public property	47.8	46.7
Other taxes and duties	6.3	6.2
Total	**264.4**	**239.5**

The Territorial Economic Contribution is composed of two different taxes: a Company Real Property Contribution (*Cotisation Foncière des Entreprises - CFE*), assessed only on real estate assets, and a Company Contribution on the Added Value (*Cotisation sur la Valeur Ajoutée des Entreprises - CVAE*). Since 2010, these two components of the Territorial Economic Contribution have been treated as operating expenses in the same way as the local business tax before it was repealed.

The fee for the use of public property is based on the revenue, the rental value and the length of the motorway network in kilometres, and is therefore treated as an operating expense.

The regional development tax is based on the number of kilometres travelled and is therefore treated as an operating expense.

19. DEPRECIATION AND AMORTISATION EXPENSE

Year ended 31 December (€ million)	2011	2010
Amortisation of other intangible assets	11.4	14.0
Amortisation of intangible assets arising from concessions	320.9	298.3
Depreciation of property, plant and equipment (other than assets made available under finance leases)	48.8	48.8
Depreciation of property, plant and equipment made available under finance leases	2.1	1.5
Total	**383.1**	**361.7**

20. OTHER OPERATING INCOME AND EXPENSES

Year ended 31 December (€ million)	2011	2010
Impairment losses recognised in respect of current assets	0.6	6.3
Gains on disposals	1.0	0.9
Other income	6.0	4.5
Other expenses	(4.5)	(7.1)
Other operating income (expenses) from ordinary activities	**3.1**	**4.6**

21. INCOME FROM CASH AND CASH EQUIVALENTS

Year ended 31 December (€ million)	2011	2010
Net proceeds from the disposal of marketable securities	0.7	0.3
Income from debt-related derivative instruments	3.5	0.1
Other financial income	6.8	3.6
Total	**11.0**	**4.0**

22. FINANCE COSTS

Year ended 31 December (€ million)	2011	2010
Interest and other financial charges	(358.3)	(311.8)
Charges on debt-related financial instruments	3.3	5.2
Financial charges transferred	4.7	19.8
Finance costs	**(350.3)**	**(286.8)**
Other financial income	0.4	11.5
Other financial charges	(26.5)	(11.9)
Other financial income and charges	**(26.2)**	**(0.4)**

Fees in respect of unutilised credit lines came to €2.2 million in 2011 (2010: €1.1 million).

23. INCOME TAX EXPENSE

Tax charge for the year

Year ended 31 December (€ million)	2011	2010
Current tax	(240.3)	(236.5)
Deferred tax credit (charge)	13.1	10.4
Total	**(227.1)**	**(226.2)**

Reconciliation of theoretical tax charge to effective tax charge

Year ended 31 December (€ million)	**2011**	**2010**
Net profit for the year	395.4	418.9
Income tax expense	227.1	226.2
Share of profit of associates	6.0	8.6
Profit before tax	**628.6**	**653.7**
Applicable tax rate	34.43%	34.43%
Theoretical tax on the profit before tax determined above	216.4	225.1
Permanent differences	0.4	0.7
Other differences	10.4	0.4
Income tax expense recognised	**227.2**	**226.2**

Analysis of deferred tax assets and liabilities

At 31 December (€ million)	**2011**	**2010**
Deferred tax assets resulting from		
IFRIC 12	138.0	137.4
Provisions for retirement indemnities	11.3	10.2
Provisions for holiday pay	5.8	5.4
Employee profit sharing	5.2	5.5
Swap reversals	1.8	3.2
Other	19.3	18.3
Deferred tax assets	**181.4**	**179.9**
Deferred tax liabilities arising from		
Charges capitalised, net of depreciation	(170.7)	(183.7)
Depreciation of renewable fixed assets	(41.8)	(41.7)
Regulated provisions	(19.8)	(18.4)
Provisions for replacement	(30.9)	(33.5)
Other	(5.0)	(3.5)
Deferred tax liabilities	**(268.1)**	**(280.7)**
Net deferred tax liabilities	**(86.7)**	**(100.8)**

24. EARNINGS PER SHARE

The average number of shares was calculated taking into account the number of days elapsed since the dates of the last transactions having affected the capital.

Earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Year ended 31 December (€ million)	**2011**	**2010**
Basic earnings per share		
Net profit for the year attributable to ordinary equity holders of the parent entity	395.4	418.9
Weighted average number of ordinary shares outstanding during the year	113,038,156	113,038,156
Basic earnings per share	**3.50**	**3.71**
Diluted earnings per share		
Net profit for the year attributable to ordinary equity holders of the parent entity	395.5	418.9
Weighted average number of ordinary shares outstanding during the year	113,038,156	113,038,156
Diluted earnings per share	**3.50**	**3.71**

There are no potentially dilutive instruments in issue.

25. DIVIDEND

In 2011, a dividend of €0.10 per share was distributed in respect of 2010.

26. COMMITMENTS

Commitments given

(€ million)	31 December 2011	31 December 2010
Sundry guarantees	23.2	24.0
Work to be performed (1% landscape)	0.1	0.1
Total	**23.3**	**24.1**

Sundry guarantees relate to commitments given by AREA in respect of its participating interest in Adelac.

Commitments received

(€ million)	31 December 2011	31 December 2010
Bank guarantees	24.8	38.3
Other	-	-
Total	**24.8**	**38.3**

Reciprocal commitments

(€ million)	31 December 2011	31 December 2010
Works contracts signed, not executed at the balance sheet date	118.5	97.3

Amounts payable under operating leases

(€ million)	31 December 2011	31 December 2010
Within 1 year	2.6	2.0
Between 1 and 5 years	3.6	3.0
After 5 years	-	-
Total	**6.3**	**5.0**

Amounts receivable under operating leases

(€ million)	31 December 2011	31 December 2010
Within 1 year	29.4	15.5
Between 1 and 5 years	97.7	47.4
After 5 years	129.6	24.9
Total	**256.7**	**87.9**

27. RELATED PARTY TRANSACTIONS

Related parties include: (i) entities over which the Group exercises exclusive control, joint control or significant influence (i.e. joint ventures and associates); (ii) shareholders exercising joint control over group joint ventures; (iii) non-controlling shareholders exercising significant influence over the group subsidiaries; and finally (iv) the directors, officers and managers of the Group and the companies over which they exercise exclusive control, joint control or significant influence or in which they hold significant voting rights.

Work carried out by Eiffage group is negotiated on an arm's length basis and after inviting tenders from other construction and civil engineering groups.

Material transactions with related parties are summarised in the table below:

Company	Nature	Type	Amount (€ million)	Payable (Receivable)
Eiffage Group	Sundry services	Income	1.2	(0.3)
	Work	Charges	31.1	12.5
Eiffarie	Staff made available	Charges	0.9	0.1
Financière Eiffarie	Tax group current account			(3.8)
Axxès	Heavy goods vehicles remote toll collection	Charges	1.7	(42.5)
	Financial income	Income	-	-
Sira	Radio services (Autoroute Info)	Charges	1.6	-
	Sundry services	Income	0.2	(0.3)
	Cash advance	Income	0.2	-
	Cash advance	Charges	-	1.0
Park +	Cash advance	Income	-	(0.1)
	Sundry services	Income	0.1	-
	Sundry services	Charges	-	-
Adelac	Sundry services	Income	4.0	(0.4)
	Sundry services	Charges	0.1	-
	Staff made available	Income	0.1	(0.1)
	Cash advance	Income	3.4	(60.6)
Autoroute Trafic	Financial income	Income	0.2	-

28. MANAGEMENT INDICATORS

(€ million)	2011	2010
Operating cash flow	806	816
EBITDA	1,399	1,326
EBITDA margin	69.2%	68.4%

EBITDA (earnings before interest, tax, depreciation and amortisation) corresponds to the operating profit on ordinary activities adjusted for employee profit sharing and before amortisation, depreciation and provisions.

Operating cash flow corresponds to the net profit adjusted by adding back depreciation and amortisation expense and provisions and deducting profits on disposals and the share of profit of associates.

29. EVENTS AFTER THE BALANCE SHEET DATE

When it met on 3 February 2012, the Board of Directors of APRR decided to distribute an interim dividend of €9.14 per share.

30. FEES PAID TO THE STATUTORY AUDITORS

	KPMG SA (*)				**PricewaterhouseCoopers Audit**			
	Amount (excluding VAT)		%		Amount (excluding VAT)		%	
	2011	2010	2011	2010	2011	2010	2011	2010
Audit								
• Statutory audit, certification, review of company and consolidated financial statements								
- Issuer	137,850	135,350	84%	91%	137,850	167,850	60%	61%
- Fully consolidated subsidiaries	-	-		-	66,200	69,380	29%	25%
• Other reviews and services directly linked to the statutory audit assignment								
- Issuer	26,750	13,500	16%	9%	26,750	38,500	12%	14%
- Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Subtotal	**164,600**	**148,850**	**100%**	**100%**	**230,800**	**275,730**	**100%**	**100%**
• Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and employment matters	-	-	-	-	-	-	-	-
- Issuer	-	-	-	-	-	-	-	-
- Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
- Issuer	-	-	-	-	-	-	-	-
- Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
Total	**164,600**	**148,850**	**100%**	**100%**	**230,800**	**275,730**	**100%**	**100%**

(*) Salustro Reydel in 2010

IV. Management Report

APRR

2011 Management Report

Contents

I GROUP ACTIVITIES

I.1 Traffic volume and tariffs

I.1.1 Traffic volume

In 2011, traffic on the network operated by APRR Group (excluding Adelac), as measured by paid kilometres travelled, increased by 1.6% compared with 2010, this in an environment marked by an increase in petrol prices (to their highest level ever over a full year) and an economic crisis that shook Europe in the middle of the year. On the other hand, weather conditions were more favourable in 2011.

The recovery in heavy goods vehicle traffic was confirmed in first half but faltered in the second half. Although traffic was up 2.9% compared with 2010, it remains 7.7% below its 2007 peak.

Kilometres travelled by light vehicles increased by 1.4% compared with 2010 despite a relatively disappointing performance over the summer holidays when traffic was stable compared with 2010.

While the entire network benefited from the recovery in heavy goods vehicle traffic, light vehicle traffic was down compared with 2010 in the northern part of the APRR network (i.e. the A6 North and A5).

Three new sections were brought into service on the A406, A432 and A714 motorways, extending the network by nearly 30 kilometres.

Traffic intensity increased by 0.8% compared with 2010.

The number of transactions at exit toll stations rose by 4.1% year-on-year, slightly more than the increase in kilometres travelled, indicating that the average distance travelled resumed its decline after rising slightly in 2010.

I.1.2 Tariffs

Toll fares charged by APRR and AREA are regulated by the concession agreements and five-year management contracts entered into by these companies. Fare adjustments comprise a variable portion indexed to inflation and a fixed portion tied to investments to improve and develop the network.

For the period 2011 to 2013, the management contracts for APRR and AREA set tariff increases at 85% of inflation plus a fixed 0.50% increase tied to the investments (other than network maintenance) that these companies have committed to.

Further to the above, tariffs were increased on 1 February 2011 by 1.79% for the networks operated by both companies, for both light vehicles and heavy goods vehicles.

At end-2010, negotiations with the French State over the increase in the regional development tax (*Taxe d'Aménagement du Territoire - TAT*) resulted in the parties agreeing to additional increases on 1 February 2011 and 1 February 2012, of 0.33% and 0.17% for APRR, and 0.29% and 0.14% for AREA, respectively.

A decree published on 28 January 2011 confirmed these increases. The two concession agreements were amended through riders to reflect these adjustments.

As a result, the overall increase in tariffs on 1 February 2011 came to 2.12% for APRR and 2.08% for AREA.

An information campaign was organised to inform customers of the tariff revisions.

I.2 Service and safety

The Group's priority remains to provide customers with optimum conditions in terms of safety, fluidity and comfort on its 2,244-kilometre network as well as on the 19-kilometre concession granted to Adelac and managed by AREA.

In 2011, new motorway sections were opened on the A432 (12 kilometres, reducing significantly travel time for users on the north-east route to the north of Lyon), the A406 (9 kilometres, reducing significantly travel time for users and improving safety on the south-east route to the south of Mâcon) and the A714 (9.6 kilometres between the A71 and Montluçon, raising safety standards in line with those for motorways on a trunk road that, previously, was very accident prone).

In 2011, when the Group celebrated APRR's 50th birthday and AREA's 40th birthday, the focus was very much on security and traffic fluidity as well as information and services provided to motorway users.

I.2.1 Service

By being attentive to the findings of the surveys conducted regularly on the needs of its customers and their satisfaction, APRR has sought to cater even better to their expectations.

Specifically, traffic flow management and information on a real time basis are provided by the personnel manning the command centres, using a wide range of media: variable message signs, route guidance by the mesh network, FM 107.7 radio station, the APRR web site (which has been completely overhauled), information panels at sections undergoing roadworks, as well as further speed regulation tests and the communication of travel time information.

The launch of the SOS Autoroute smartphone application, providing users with an onboard emergency call terminal, was given much media coverage. It takes the driving experience on motorways to a whole new level, weaving closer ties between the operator and the user as well as improving responsiveness and, especially, safety.

Free organised activities are staged at service areas over the summer and winter holidays, when large numbers of people take to the road, the goal being to encourage drivers to break their journey and in this way improve safety.

To mark the 23rd edition of its summer service area festival, APRR chose as theme the motorway and the forest. Resources were harnessed at some 20 service areas to provide more than 3,000 hours of organised activities, exhibitions, games and insights into this theme, which were a resounding success.

In 2011, efforts focused on developing clearer signalling at some of the networks' toll stations and barriers. The year was marked by another significant development in remote and automated payment systems, the automation rate at toll stations increasing to 84.8% in 2011, up from 77.5% in 2010.

Remote toll collection increased to represent 47% of transactions, up from 44.6% in 2010, with a peak in November 2011 when it exceeded 50%.

Heavy goods vehicles contributed to the success of remote toll collection systems, with 82.7% of transactions involving these vehicles being paid in this way.

To further improve services, notably in terms of throughflow speeds, and capitalising on trials conducted at the Dijon Crimolois, Pérouges, Chignin and Saint-Exupéry toll stations, the Group embarked on a vast programme at the end of 2010 to develop non-stop toll collection lanes enabling customers with special badges to pass through the toll gates while maintaining a speed of 30 kilometres an hour.

In 2011, the toll stations at Mionnay, La Boisse (including the satellite stations), Crottet, Val de Saône, Villefranche Nord, Montluel, Genay and Chesnes were equipped with non-stop toll collection lanes.

Other changes were made to improve customer comfort and safety at the toll plazas, notably by continuing to equip these with remote toll collection systems, introducing more all vehicle class, all payment type lanes, improving signalling in the feeder lanes, reconfiguring and extending the number of lanes, and improving the reliability of the non-stop toll collection lanes.

At the year-end, 132 of APRR's 150 toll stations were totally or partially automated.

Thanks to the success of the various subscription packages (Fréquence, Détente, Balade, Evolyon, Diagon'Alpes, Directicimes, Multi-cité, Liane't, student offers and APRR/AREA offers for specific routes), to the dynamic rollout of diversified distribution channels such as the Internet, and to major corporate account fleets (Veritas, Sanofi, IPSEN, Initial Rentokill) and partnerships (CIC, Crédit Mutuel), almost 240,000 Liber-t badges were sold in 2011. As a result, the number of active Liber-t badges increased to more than 1,060,000 at the year-end, up 19% over 2010. APRR remains one of the leading vendors of badges in its sector of activity.

Since 1 April 2008, Axxès, Eurotoll, Total and DKV - the four European issuers approved by the ad-hoc commission of the Federation of French Motorway and Toll Facility Companies (*Association des Sociétés Françaises d'Autoroutes et d'Ouvrages à Péage - ASFA*) - are responsible for marketing and managing remote toll services provided to heavy good vehicles on behalf of the motorway companies.

In 2011, the Group pressed ahead with its efforts to combat motorway toll fraud, which involved improving equipment reliability, mobilising the entire personnel, and taking advantage of the so-called Grenelle II Act (which provides access to the car registration database, enabling the operator to recover the amount due augmented by a flat rate indemnity).

An information campaign was organised on motorway toll fraud and the risks to which lawbreakers expose themselves.

The Group's operational activities have ISO 9001 quality assurance certification and ISO 14001 environmental certification. The Group has devoted much effort to developing an integrated management approach in both areas with a view to achieving greater streamlining and effectiveness.

There were numerous exchanges between the Group's ISO-certified entities to share their experience, notably on the use of key performance indicators for steering operations and on the methods used for audits and surveys.

In 2011, following the renewal of 60 partnership agreements at its service areas, APRR embarked on a vast programme to renovate these installations and improve services provided to customers.

The more modern and more comfortable services areas are part of a drive by the Group to improve still further customer satisfaction and to strengthen its brand image.

This programme will carry on in 2012.

These efforts have been rewarded, customer satisfaction (as measured by the survey conducted each year) having held stable at 7.7 in 2011, unchanged from 2010.

I.2.2 Network safety and surveillance

Ongoing improvements in safety remain a paramount concern for the Group, which has harnessed its resources to this end, implementing concrete actions as part of a global strategy aimed at achieving positive results over the short to medium term.

The results obtained mark an improvement, the proportion of accidents resulting in bodily injuries having decreased by 11.9% compared with 2010: 327 such accidents at a rate of 14.7 per billion kilometres travelled in 2011 against 364 accidents at a rate of 16.6 in 2010.

The number of fatalities declined to 30 in 2011 from 39 in 2010, 31 in 2009 and 2008, and 61 in 2007.

The overall accident rate also decreased, down by 12% from 2010.

APRR's goal being to achieve a constant improvement in this area, it has put in place resources to enable it to react to any event in real time. It has installed a remote surveillance system covering its entire network, for example, using service vehicles fitted with global positioning systems and command centres positioned strategically and linked to one another. In this way, the Group can tailor its response to the type of event and keep drivers informed.

In addition to the above measures, the Group manages all calls received from emergency roadside phones in house. All systems and centres operate 24 hours a day, seven days a week, and are on a state of heightened alert during the winter months to ensure the viability of the network.

In 2011, despite the far milder weather conditions than in 2010, more than 1,000 members of staff were mobilised to keep the traffic moving during the winter, ensuring that our motorways stayed open nearly permanently.

I.2.3 Acting on customer behaviour

Driver-awareness campaigns are held at regular intervals to improve driver behaviour. In 2011, these campaigns - covering a variety of topics: "driving in winter conditions", "drowsiness", "alcohol and drugs behind the wheel", and "excessive or inappropriate driving speed" - involved poster messages, variable message signs, radio commercials, handouts, and information on the Internet.

In addition, at the start of the holiday seasons, staff organised events for drivers breaking off their journey to raise awareness about road safety. In partnership with IKEA, for example, the Group installed a pop-up hotel at the Beaune Tailly service area that enabled more than 10,000 motorway users to take a 20-minute nap before resuming their journey.

To get these points across, each year Motorway Days are organised by Association of French Motorway Companies (*Association des Sociétés Françaises d'Autoroute – ASFA*) that, in 2011, focused more particularly on drowsiness and falling asleep behind the wheel, which remain among the main causes of accidents on motorways.

In addition, persons received training or attended awareness raising sessions at the Sécurodrome (including courses held for companies and for schoolchildren in connection with road safety certificates), while the Centaure and Minotaure centres, set up by the Group in partnership with Groupama, continued to raise public awareness of safety issues.

I.2.4 Acting on infrastructure and equipment

The Group devoted significant resources to improving driver and passenger safety through its programme renovating carriageways, opening new motorway sections (on the A406, A432 and A714), widening motorways (work completed on the A31, second phase started up on the A36), improving tunnel lighting (Chamoise and Dullin), improving security and signalling at toll stations, and reinforcing protection systems and network-sealing barriers (wrong-way driving signs and fencing to prevent wild animals roaming onto the motorways, construction of animal crossings, etc.). Other measures included systems to improve safety for drivers and road crews working on the network and toll station approaches, and the use of global satellite positioning to improve responsiveness to events.

I.3 New motorway construction

Investments in the construction of new motorway infrastructures amounted to €54 million in 2011 compared with €189 million in 2010 and €159 million in 2009.

These investments correspond to the completion of three sections: the Mâcon southern bypass on the A406 motorway, Les Echets-La Boisse section on the A432 motorway, and the Montluçon slip road on the A714 motorway. The major construction projects under the current management contract will not get under way before 2013.

The Mâcon southern bypass on the A406 motorway was opened to traffic at the start of March 2011.

The Les Echets-La Boisse section on the A432 motorway was brought into service at the start of February 2011.

The Montluçon slip road on the A714 motorway was completed in the spring of 2011 and brought into service at the end of June 2011.

Addressing the needs expressed locally for many years, the project to develop the Gannat-Vichy section was finally recognised to be in the public interest on 16 August 2011. As a result, it was possible to launch immediately the procedures relating to water and archaeological protection laws and to start the preliminary design studies.

Finally, the A466 section north of Lyon entered its operational phase. The route was finalised with local stakeholders within the band defined for the project when it was declared to be in the public interest. The public enquiry relating to water protection laws was held at the end of 2011.

I.4 Major works on motorways in service

Part of the investment programme covers the projects linked to the execution of the 2009-2013 management contract.

In 2011, the Group made €123 million in additional investments compared with €109 million in 2010 and €171 million in 2009. The main investment projects are presented below:

I.4.1 <u>New interchanges (€4.8 million)</u>

Two projects were completed in 2011: the Mionnay partial interchange was brought into service, while the finishing touches were put to the Seynod Sud interchange.

On the A719 motorway, two new partial interchanges are under study at Ebreuil and Gannat Nord, both in the direction of Vichy. The co-financing of these projects is being finalised with the local authorities.

The modification of the A43 and A432 junction, south of the St Exupéry airport, was declared to be in the public interest on 27 October 2011. Procedures for releasing the land holdings have now been completed. This development, planned in conjunction with the Lyon rail bypass, has now received all the necessary authorisations for the construction work to begin.

Finally, in Isère, projects for several additional interchanges were relaunched in 2011, notably at Mauvernay on the A48 motorway, Crolles on the southern section of the A41 motorway and Tour du Pin on the A43 motorway.

I.4.2 <u>Service and rest areas (€5.8 million)</u>

In 2011, the Group press ahead with the preliminary work for the renewal of sub-concessions at several service areas. The main sub-concessions concerned are at the Toul and Jura service areas.

Work continued at the APRR network renovating the signalling at service and rest areas.

I.4.3 <u>Road widening (€46.2 million)</u>

Following the conversion of the Beaune to Dijon section of the A31 to a dual three-lane motorway, the final surface courses were laid for the last 40 kilometres in the first half of 2011.

On the 7-kilometre section of the A36 motorway from Montbéliard-Centre to Voujeaucourt, earthmoving got under way in 2011. The widening of this motorway section will continue into 2013.

Concerning the 6-kilometre stretch from Genay to Quincieux on the northern section of the A46 motorway, enquiries for the project's recognition as being in the public interest and regarding its implications with regards to the water protection laws were held at the end of 2011. The project is located in the Saône flood plain and close to potable water resources, for which reason preventive measures have been taken and monitoring is performed at regular intervals under the supervision of the Rhône Prefecture.

Finally, ministerial decisions were taken concerning the addition of a third lane on the section of the A43 motorway between La Tour du Pin and Chambéry, which means that procedures for recognising the project as being in the public interest can now be launched.

I.4.4 Surface courses other than replacement (€19.8 million)

Work renovating surface courses on the A5 motorway, the A36 motorway near Belfort, and the A43 motorway between Chambéry and Aix was completed in 2011.

I.4.5 Engineering structures and tunnels (€15 million)

Work was carried out on the lighting systems in the Chamoise and Dullin tunnels.

Renovation work was carried out on the Nantua and Sylans/Glacière viaducts.

The Group also pressed ahead with the programme for the renovation of metallic ducts throughout the network.

I.4.6 Tolls (€8.8 million)

In addition to pressing ahead with the programme for the automation of tolls station and barriers throughout the network, the Group has launched the first phase of the programme for rolling out non-stop collection lanes, as part of the management contract.

I.4.7 Safety (€9.5 million)

Investments were made to further improve customer safety through projects coming under the management contract. In addition, work was carried out on an ad-hoc basis to strengthen central reservations on the motorways, to improve lateral containment barriers and to create service access roads.

I.4.8 Environment (water, noise) (€6 million)

The investment programme under the management contract got under way in 2011, with notably a series of projects for protecting water resources throughout the network and others for improving phonic protection.

I.5 Development of the Group's IT and telecoms activities

Telecommunication and radio networks and infrastructures

The Group commissioned or modernised several components of the information system in 2011.

Upgrades and modernisations have been made and others are being rolled out to improve the financial information system (invoice digitalisation, financial management, cash management, capital expenditure management, and integration of new SEPA and PCI Data Security Standards for banking applications), the human resources information system (employee savings plan management, paperless filing of staff declarations, studies for upgrading the HR Access software package, new human resources info centre, and shift planning and management), and the commercial information system (electronic document management, improving performances for large accounts, updating info centres, studies to merge and modernise APRR and AREA subscriber sites).

As regards the web, the www.aprr.fr website was enhanced and expanded (new home page, new section on service areas, etc.). The site will undergo a technical overhaul to improve its performances during peak viewing times (at the start of the holidays and when there are extreme weather conditions). Also, an application has been developed for the web publication of the tender invitations staged by the Group.

As regards IT infrastructures, the main accomplishment in 2011 was the centralisation in March of the IT resources of APRR and AREA at a data centre located in Dijon. All the management information systems of the Group are now under one roof in two fully secure computer rooms. Studies were performed, in some cases calling on the expertise of outside consultants, with a view to modernising the information storage systems. New information storage equipment is scheduled to be installed at the data centre at the start of 2012. The Group's messaging system was modernised, the work coinciding with its migration to a new version (Exchange 2010). Finally, improvements were made to IT work stations to coincide with the upgrade of the office suite (Office 2010).

As regards telecommunications, the upgrading of APRR's broadband backbone (ARTEMIS) was completed at AREA. The Group now possesses a high speed network (2 times 10 gigabytes per second) that is very modern and that covers its entire motorway network. The renovation of the terrestrial network (which supports the traffic management and security installations: cameras, counting stations, weather stations, variable message signs, etc.) has been completed for the APRR network. This work will get under way at the AREA network in 2012. The video surveillance of the APRR network underwent a major modernisation programme with the migration to IP flows. In partnership with DIR Centre-Est, another motorway concession operator, AREA's fibre optic network was extended to the bypass south of Grenoble, enhancing the security of the AREA networks between the A48, A41 and A51 motorways. Also, work was carried out on the Group's telecommunication infrastructure to enable it to support the future PCI Data Security Standards IT bunker that will manage all toll bank card transactions.

Finally, APRR makes its telecommunication infrastructures available to telecom operators, internet service providers, and other third parties providing telecommunication services under public service delegations. Despite the still unfavourable environment for these activities, the Group recorded an increase in revenue to €12.25 million (from €11.49 million in 2010) thanks to the signing of new contracts for the lease of fibre optic capacity.

II GOVERNANCE AND CORPORATE LIFE

II.1 Board of Directors

The first part of the report by the Chairman of the Board of Directors on the preparation and organisation of the work of the Board of Directors and on the internal control system describes the company's general management and the functioning of the Board of Directors.

On the date of this report, the composition of APRR's Board of Directors was as follows:

- Philippe Nourry, Chairman of the Board, Chief Executive Officer
- Bruno Angles, Director
- Edward Beckley, Director
- Pierre Berger, Director
- Philippe Delmotte, Director
- Thomas Gelot, Director
- Mary Nicholson, Director
- Max Roche, Director
- Jean-François Roverato, Director
- Peter Trent, Director

Mrs Mary Nicholson was appointed to the Board of Directors further to the decision of the Shareholders' General Meeting held on 21 June 2011.

Mr Philippe Nourry was appointed to the Board of Directors further to the decision of the Shareholders' General Meeting held on 21 June 2011. He was then appointed as Chairman of the Board of Directors and Chief Executive Officer at the Board of Directors meeting held on 21 June 2011.

II.2 Information concerning Company directors and officers

II.2.1 <u>Positions and offices held by the Company's directors and officers</u>

The list of the positions and offices held by the Company's directors and officers is presented below:

Name, age and office or position held within the Company	Date of initial appointment or date when position taken up	Start and end date of current term of office	Principal position	Other offices and positions held currently	Other offices and positions held previously outside the company during the last five years
Philippe Nourry Chairman and Chief Executive Officer Born 1 December 1958	21 June 2011	2011-2013		Chief Executive Officer of AREA Permanent representative of AREA on the Board of Directors of Centaure Rhône Alpes Chairman and Chief Executive Officer of Compagnie Eiffage du Viaduc de Millau (CEVM) Director: Verdun Participation 1 SAS Verdun Participation 2 SAS Chairman: Adelac SAS Apollinaire Participations 1 SAS	Manager of SIRA Chairman and Chief Executive Officer of SGTBA
Bruno Angles Director Born 14 November 1964	20 February 2006	2011-2013	President France of Macquarie Infrastructure & Real Assets	Director: AREA Eiffarie SAS Financière Eiffarie SAS Chairman of Macquarie Autoroutes de France SAS Member of the Supervisory Board of SAFT and Group Assystem In France and abroad, Director or Chairman of various companies of Macquarie Group	Managing Director of Vinci Energies and director of various subsidiaries Chairman of the Board of Directors: Holding Farnier Compteurs Farnier Director: Adelac SAS MacqPisto SAS MacqPisto GP Pisto SAS
Edward Beckley Director Born 17 June 1975	23 June 2009	2011-2013	Senior Managing Director, Macquarie Infrastructure & Real Assets	Director: AREA Eiffarie SAS Macquarie Autoroutes de France SAS In France and abroad, Director or Chairman of various companies of Macquarie Group	

Pierre Berger Director Born 9 July 1968	22 February 2011	2011-2013	Chief Executive Officer of Eiffage	Director of AREA Chairman: Eiffarie SAS Financière Eiffarie SAS
Philippe Delmotte Director Born 10 February 1952	5 May 2008	2011-2013	Director, Eiffage	Director: AREA Clemessy Permanent representative of Eiffage TP on the Board of Directors of SMTPC Member of the Supervisory Board: FCP Eiffage 2011 Chairman: Verdun Participation 2 SAS Director: Verdun Participation 1 SAS Eiffarie SAS Financière Eiffarie SAS Managing Director of SICAVAS Eiffage 2000 (but not board director) Member of the Executive Board of A'lienor Chairman of the Board of Norscut (Portugal)
Thomas Gelot Director Born 21 June 1975	21 December 2010	2011-2013	Senior Vice President, Macquarie Infrastructure & Real Assets	Director : MAF SAS Financière Eiffarie SAS Eiffarie SAS AREA Adelac MacqPisto SAS Chairman of the Contract Award Commissions of APRR and AREA Chairman of the Supervisory Board of Pisto SAS Member of the Management Committee of CIM SNC Président of MacqPisto GP SAS Member of the Supervisory Board of Chartreuse & Mont-Blanc SAS In France and abroad, Director or Chairman of various companies of Macquarie Group

Mary Nicholson Director Born 4 June 1972	21 June 2011	2011-2013	CFO, Macquarie Atlas Roads	Director of AREA Abroad, Director of various companies of Macquarie group	
Max Roche Director Born 30 January 1953	20 February 2006	2011-2013	Deputy Chief Executive Officer of Eiffage	Permanent representative of APRR on the Board of Directors of AREA Permanent representative of Eiffage Travaux Publics on the Board of Directors of SMTPC Director: Compagnie Eiffage du Viaduc de Millau (CEVM) Clemessy Director: Eiffarie SAS Financière Eiffarie SAS Verdun Participation 1 SAS Verdun Participation 2 SAS Permanent representative of Omnium Général Laborde on the Supervisory Board of Prado Sud SAS Member of the Executive Board of A'lienor Non-shareholding manager: Agenofim Entreprise Sofra Omnium Général Laborde Representative of Eiffage and Chairman: EFI SOCFI Director: Norscut (Portugal) TP Ferro (Spain)	Member of the Supervisory Board of FCPE Eiffage Director, Crystal
Jean-François Roverato Director Born 10 September 1944	From 20 February 2006 to 26 June 2007 and then from 7 January 2008	2011-2013	Chairman of the Board of Directors, Eiffage	Chairman of the Board of Directors of AREA	Permanent representative of Eiffage on the Board of Directors of Cofiroute Chairman and Chief Executive Officer of APRR

Peter Trent Director Born 30 September 1958	28 January 2010	2011-2013	CEO, Macquarie Atlas Roads	Director: AREA Eiffarie SAS Financière Eiffarie SAS Macquarie Autoroutes de France SAS In France and abroad, Director or Chairman of various companies of Macquarie group

II.2.2 Compensation and benefits in kind paid to the Company's directors and officers

II.2.2.1 Compensation paid to directors and officers

The Company's sole executive director is its Chairman and Chief Executive Officer.

No compensation was paid to Mr Jean-François Roverato in his capacity as Chairman and Chief Executive Officer from 1 January to 21 June 2011.

Mr Philippe Nourry, in his capacity as the Company's Deputy Chief Executive Officer from 1 January to 21 June 2011 and then as Chairman and Chief Executive Officer, received compensation totalling €513,000, consisting of a fixed salary of €263,000 and a variable amount of €250,000 for the year ended 31 December 2011.

No options to subscribe to or acquire shares in APRR have ever been granted to any of the executive directors.

II.2.2.2 Directors' fees

No directors' fees were paid to members of the Company's Board of Directors or to members of the various committees in 2011.

II.2.3 Securities transactions involving directors and related parties

No options to subscribe to or acquire shares in the Company were granted to any of its directors or officers.

To the best of the Company's knowledge, none of the Company's directors or officers owned any share in APRR on 31 December 2011, apart from the qualifying share held by those directors required to do so by Article 11.2 of the Company's Memorandum and Articles of Association.

II.2.4 AFEP-MEDEF code of corporate governance – Disclosure of compensation

When the Company's Board of Directors met on 17 December 2008, it decided by a unanimous vote to adhere to the recommendations issued by the French Association of Private Companies (*Association Française des Entreprises Privées – AFEP*) and the French Confederation of Business Enterprises (*Mouvement des Entreprises de France – MEDEF*) on 6 October 2008 regarding the compensation of the directors and officers of companies whose shares are listed on a regulated market. These recommendations can be consulted on MEDEF's site at www.medef.fr.

The information provided in Notes I.2.2 and I.2.3 above comply with the AFEP-MEDEF recommendations of 6 October 2008 regarding standard disclosure requirements of compensation paid to company directors and officers.

II.3 Internal Regulations governing the Board of Directors and Ad-hoc Committees

The Internal Regulations of the Board of Directors prescribe how the Board functions. They determine the scope of responsibility of the Board of Directors and its members and how the Board operates. The Internal Regulations also establish the roles of and rules governing the Audit Committee and the Compensation and Selection Committee as well as the Directors' Charter.

More detailed information on this subject is provided in the report on the work of the Board of Directors and on internal control.

II.4 Contract Award Commission

APRR and AREA each have a Contract Award Commission, responsible for defining the internal rules for awarding and performing contracts and for issuing prior opinions on the allocation of contracts for work, supplies, and services exceeding certain thresholds.

The Contract Award Commissions of APRR and AREA comply with the recommendations issued by France's public procurement commission (*Commission Nationale des Marchés Publics*), which meets once a year to examine the work of the commissions established by the motorway concession operators.

In 2011, the APRR Contract Award Commission met eight times, while that of AREA met six times.

II.5 Audit and Internal Control

Internal audit is an independent, objective function that provides APRR Group with assurances as to the level of the control exercised over its operations as well as recommendations for improving these operations, and that contributes to improving the effectiveness and efficiency of its processes.

In 2011, the internal auditors performed six internal audits at APRR and AREA. These ad-hoc, transversal audits or follow-up audits focused on the operational and functional activities, the operations and the information system.

The operation of the internal control function within the Group was defined in accordance with the recommendations contained in the report published by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and with the framework defined by the French financial markets regulator (*Autorité des Marchés Financiers - AMF*). These define the processes to be implemented by the board of directors, the management and other personnel of an organisation to provide assurances regarding the achievement of the following objectives:

- effectiveness and efficiency of the operations;
- reliability of the financial reporting; and
- compliance with applicable laws and regulations.

This definition is based on several key concepts, which are that:

- internal control is implemented by people at every level of the organisation; it is not merely a set of procedure manuals; an internal controller was appointed in 2010, reporting directly to the Group's Corporate Secretariat, to guarantee internal control procedures.
- internal control can be expected to provide reasonable assurance as to its functioning to the entity's management and board of directors.

Internal control consists of five interrelated components integrated into the management process: control environment, risk assessment, control activities, information and communication, and monitoring.

III RESEARCH AND DEVELOPMENT

APRR's policy is to maintain an active technological and innovation watch so as to remain at the forefront of technological developments and to constantly improve its competitiveness in all aspects of its activities as well as the safety of its personnel and customers, and at the same time respond to new customer expectations.

The main projects undertaken in 2011 concerned:

- The generation of alternative energy to power equipment, with the installation of a third-generation, vertical axis micro wind turbine alongside the A6 motorway. Trials are under way to determine if electricity generation is sufficiently reliable to power safety equipment;
- The continuing development and improvement of non-stop electronic toll collection systems, which will procure significant environmental benefits and improve customer service;
- Car registration plate recognition at toll exits to combat fraud (through access to car registration database further to the so-called Grenelle II Law) and preparation for the likely introduction of free flow tolling over the medium term;
- Availability of parking spaces for heavy goods vehicles at the service and rest areas; the trials that have been conducted at the Beaune site over a period of several years have now ended, opening the way for a new phase with pilot sites at service and rest areas on the A5 and A105 motorways near the Paris region;
- Testing of LED lighting systems at certain sites, particularly in tunnels; after the trials conducted in 2010, contracts were signed to equip one tube of the Chamoise tunnel on the A40 motorway in 2011 and then the other tube and the entire Dullin tunnel on the A43 motorway in 2012;
- Continuation of the trials conducted in recent years, notably for low temperature coated materials on the A43 motorway and for acoustic coated materials on various sections of the AREA network;
- Qualification of the structural behaviour of surface courses through a partnership between École Nationale des Travaux Publics de l'État (ENTPE) and the R&D department of Eiffage Travaux Publics, aimed at optimising the planning of road maintenance; in connection with this project, AREA hired the holder of a PhD for three years in July 2011;
- Further trials in the recycling of macadam aggregates with cementitious binders and added fibres (Recyroute project conducted by APRR and Eiffage Travaux Publics);
- In connection with the construction of the Dakar-Diamniado motorway in Senegal, APRR has been asked by SENAC to perform a critical analysis of highly innovative conventional and remote toll systems and variable message signs to ensure their compatibility with the country's socio-economic profile.
- In partnership with the Savoie General Council, AREA is examining the feasibility of the re-use of fine salt, a by-product of a local industry previously disposed of in the Mediterranean, at one of its plants making salt brine, modified to this end;

However, the most important technical innovation in 2011 remains the launch of the SOS Autoroute smartphone application, providing users with an onboard emergency call terminal, which attracted much media coverage and was welcomed by the authorities. This will be essential in improving safety and reassuring motorway users.

At the same time, APRR and AREA remain actively involved in:

- Programmes for the development of intelligent transport systems in Europe, notably in connection with the Easy Ways 2 programme (display of HGV parking place availability at service and rest areas, widespread travel time display, speed control systems, etc.)
- The Co-Drive project (Co-Pilot for an Intelligent Road and Vehicular Communication System) in partnership with Valeo, Clemessy, Institut Français des Sciences et Technologies des Transports, de l'Aménagement et des Réseaux (IFSTTAR) and Institut National des Sciences Appliquées (INSA);

- The Pôle du Véhicule du Futur, a competitiveness cluster in Lure (Haute Saône) working on solutions for future vehicles and mobility, and its PVF-ITS test platform for intelligent and communicating systems, approved by the authorities on 18 October 2011;
- The Phosphore project, a multi-disciplinary think tank set up by Eiffage to research the concept of a “high quality of life” town, notably through the development of eco-mobility concepts; the findings for the Strasbourg urban area were presented in 2011, hot on the heels of which a new project has started for Grenoble, with the help of the Grenoble-Alpes Métropole urban area authority, which is co-financing this work.

IV GROUP HUMAN RESOURCES POLICY

IV.1 Human resources management

At 31 December 2011, the Group employed 3,870 persons on permanent contracts, which on an average weighted basis was equivalent to 3,722 persons over the year as a whole.

The **average weighted headcount** represents the number of persons employed on permanent contracts restated on a full-time basis, for a given period (weighted according to the rate of employment and hours worked during the period).

At 31 December 2011, 123 employees benefited from the early retirement scheme (*Cessation Anticipée d’Activité de Certains Travailleurs Salariés - CATS*), including 43 new beneficiaries in 2011. Provided they have worked at least 15 years at night or under a system of shift work or they come within the scope of regulations governing employment of disabled persons, employees who are more than 57 years old have the possibility to apply for early retirement. To date, 51 eligible employees have taken early retirement under this scheme.

This scheme ends on 30 April 2012. It will have enabled employees eligible because of the difficulty of their work to leave on retirement before the legal age for full pension benefits, all the while receiving replacement income. In this way, the scheme has been an effective support for the action plan for the prevention of difficult working conditions, implemented for three years.

On an average weighted basis, management grade staff accounted for 14% of the workforce in 2011, supervisor grade staff for 48% and workers and office staff for 38%. At Group level, 33% of the workforce was involved in toll collection and customer sales and 43% in road operation, safety and maintenance or employed at the workshops, while 24% worked in management or support functions at head office.

In 2011, the Group hired 96 persons on permanent contracts, including 18 management grade staff, 29 supervisor grade staff and 49 workers and office staff. During this period, 135 persons left the Group, mainly upon reaching retirement age or having tendered their resignation, and 21 employees eligible for the early retirement scheme exercised this right. Group companies continued to give preference to internal promotion, and over the year 49 members of staff were promoted, including 9 management grade staff and 40 supervisor grade staff.

The Group uses temporary workers for toll collection and administrative functions mainly in order to fill seasonal jobs or as replacements. Their number has declined steadily since 2006 as a result of toll automation and organisational streamlining. In 2011, temporary workers represented the equivalent of 146 full-time employees, having declined by 45% over five years from 255 in 2006.

The reduction in the number of toll collectors is of the same order, their number having declined by 42% over five years, whereas the headcount for road operation, safety and maintenance and at the workshops has been stable over this period.

Generally, overtime is worked to carry out unscheduled interventions on the network due to extreme winter weather conditions, to carry out maintenance work on safety equipment or to deal with accidents. Overtime declined sharply in 2011, down to 14,672 hours from 21,820 hours in 2010, due notably to the much milder weather conditions in 2011 than in 2010, requiring fewer interventions during the winter.

IV.2 Work scheduling

In response to the high quality standards expected by customers and its obligations as regards toll collection, traffic management and infrastructure maintenance, the Group's operations run non-stop, 24 hours a day and seven days a week, relying mainly on the following methods of work scheduling:

- Shift work (3x8, 2x8) cycled by day on a six-month or annualised basis (systematically annualised for toll station employees);
- Rotating basis from Sunday to Saturday, or staggered shift basis, in particular for teams responsible for roadway operation; or
- Variable working hours, mainly for the head office functions.

In 2011, the overall absentee rate declined further to 6.35% from 6.54% in 2010 and 6.75% in 2009. Note that this overall rate includes unpaid leave, business creation leave and sabbatical leave.

The absentee rate due to illness continued its sharp decline, down to 4.46% in 2011 from 4.74% in 2010 and 4.83% in 2009. It has declined steadily for five years in a row.

IV.3 Compensation and equality of employment opportunities

IV.3.1 Compensation

The average compensation of current employees increased by 3.28% in 2011, of which 1.30% in the form of individual pay awards, 1.53% in the form of general pay awards, and 0.28% as a result of the agreements reached at company level by AREA concerning toll operations.

IV.3.2 Employee savings plans

Sicavas Eiffage 2000 is the main investment vehicle for both the Group Savings Plan and the individual savings plans of APRR and AREA. The employer's contribution paid by Group companies is reserved for payments into Sicavas Eiffage 2000 in the conditions and limits defined by applicable laws and regulations.

The employer's contribution towards the discretionary employee profit sharing plan is 50%, while since 2009 its contribution towards the mandatory employee profit sharing plan has been 25%, as provided for by the Eiffage and APRR Group employee saving plans.

Amounts due in respect of mandatory employee profit-sharing plans came to €14.3 million in 2011, while amounts due in respect of discretionary employee profit-sharing plans came to €5.6 million.

In 2011, payments made in respect of the mandatory employee profit sharing plans averaged €1,349 per employee and payments made in respect of the discretionary employee profit sharing plans averaged €3,438 per employee.

IV.4 Development and human resources

After the implementation of the agreements and conventions dealing with diversity from 2008 to 2010, the year ended was marked by the start of concrete actions to address the following three commitments:

- improve diversity and equal opportunities at the recruitment phase;
- guarantee diversity and equal opportunities through the professional career; and
- continued employment in the face of working difficulties.

During a one-day event devoted to diversity and equal opportunities, the Group's top management met to share with attendees the action plan scheduled from 2011 to 2013, mobilise everyone around the objectives that have been set, and press on with efforts to change mindsets.

Furthermore, the Group has started the publication of a new newsletter providing an update on measures to address diversity. Five editions have been published so far and distributed to management and supervisory grade staff (more than 650 people in total), the intention being to involve the personnel in this approach and encourage them to adjust their day-to-day management behaviour accordingly.

With regards to continued employment, the Group's policy is to mitigate impossibilities for reallocation of employees by providing support earlier on for those employees experiencing difficulties performing their job.

The "Disabled" network is structured around coordinating entities (i.e. companies) and referring entities (i.e. establishments) that promote achieve grassroots involvement and facilitate the implementation of solutions through ad-hoc commission meetings.

In 2011, information on these issues was communicated to all Group employees in connection with the national campaign staged by Gestion du Fonds pour l'Insertion Professionnelle des Personnes Handicapées (AGEFIPH), the association managing the fund for the professional integration of disabled people, which involved displays at their place of work and participation in a series of articles on disabilities at the workplace. In addition, an information brochure was distributed during the National Disabled Week.

All members of the ad-hoc disability commissions received training in 2011, while a training programme was launched for the purchasing function to encourage sourcing from adapted or protected sector companies. 15 members of staff were trained in 2011 and more will receive training in 2012.

At the start of the year, the renegotiation of the agreement relating to the predictive management of human resources and skills was an opportunity for the Group to reaffirm its proactive policy in this area. In a sector undergoing a sweeping transformation, the staff's professionalism is a decisive strength in favouring the Group's development by accompanying and anticipating the evolution of its activities, the changes due to the environment, and the demographic and professional challenges. In this respect, the joint committee established to monitor the implementation of this agreement also produces each year an analysis of quantitative and qualitative indicators provided to the works committees. This is also an opportunity for updating the various tools developed in connection with predictive management (job mapping, progress interviews, expertise summary sheets, job description sheets, professional interviews, later career appraisal interviews, personnel reviews, training plans, management support measures, etc.).

Furthermore, one year on, the young managers development scheme produced its first graduates. This scheme has provided nine young members of staff with access to a specific educational programme (sponsoring, professional assignments, training curriculum and conferences) equipping them with the core knowledge necessary to put into practice their management skills, interpersonal skills and the capacity in terms of adaptation and pragmatism required to attain demanding managerial positions and thereby prepare the succession of those managers currently in charges of divisions, departments, units, districts and centres.

The support provided to managers also included holding 25 training sessions for 200 grassroots managers to make them feel more at ease and more in control of the interpersonal negotiations in which they are involved daily in their managerial capacity.

As part of the implementation of the policy to prevent psycho-social risks, APRR held 28 training sessions in 2011. These courses were given to the members of the commission overseeing well-being at work (46 course attendees) and to managerial grade staff (190 course attendees) to help them better understand their role in preventing and dealing with psycho-social risks.

More courses will be given in 2012 and 2013, the intention being for all managers to receive this training.

IV.5 Training

In 2011, access to training remained around 80% as in previous years, meaning that four in five employees attended at least one training course. This shows that the Group is very much committed to making a substantial investment in training over the long term.

With more than 75,000 hours of training given each year, this investment has resulted in the acquisition of new expertise aimed at consolidating the employability of staff in the context of perpetually evolving work requirements.

IV.6 Labour relations

2011 was an opportunity for APRR and AREA to tackle the issue of difficult working conditions with renewed effort. In addition to the many measures and actions already taken to address this issue, the two companies defined a new action plan for the prevention of difficult working conditions. New measures are planned to adapt and enhance work stations, improve working conditions and provide continuing employment for workers exposed to difficult working conditions. There will also be measures to develop expertise and qualifications. The goal pursued with these measures is to ensure employees' physical wellbeing, minimise specific difficult working conditions, improve workplace conditions generally and help employees pursue their professional career when the retirement age is being increased.

In 2009, APRR signed an important agreement relating to toll operations. Two years since the implementation of this agreement, having paid attention to the comments made by managers and by the monitoring commission, APRR decided to amend its terms. Work and absences are now scheduled by reference to one calendar year instead of astride two years. Some additional rest days and paid leave are no longer scheduled in advance to enable employees on 3x8 shift work cycled by day to better manage unexpected absences from work. An agreement addressing the same issues was also implemented by AREA at the start of 2011, successfully reconciling automation-related imperatives and the needs of employees working in toll collection operations.

A new company-level agreement relating to the predictive management of jobs and skills was reached at APRR aimed at identifying more precisely job opportunities now and in the future, anticipating the evolution of current job roles, and detecting and managing deficiencies resulting from the evolution of job positions over time.

AREA signed three major labour agreements addressing societal issues in 2011. They concerned the prevention of psycho-social risks, gender equality in the workplace and the recruitment of disabled persons. These agreements strengthen the measures already being implemented to promote workplace diversity and equality.

Finally, in addition to the standard pay agreements, the existing employee profit-sharing agreements at APRR and AREA were renewed.

IV.7 Other labour issues related to the Group's activities

IV.7.1 Health and safety conditions

Workplace accident prevention remains a major objective for the Group. The workplace accident frequency rate was 11.47 at Group level in 2011 compared with 13.30 in 2010. The rate of serious accidents was 0.84 compared with 0.65 the previous year.

Despite the mobilisation of the entire personnel, the Group's accident prevention record was tarnished by the fatal accident involving one of its employees.

IV.7.2 Employee benefit schemes

Employee benefit schemes are administered by the works committees at APRR and by the works council at AREA. Each body provides financial assistance in a variety of forms: contributions towards school outings, subsidised holidays for children, holiday vouchers, rental of holiday accommodation, etc..

In 2011, contributions paid by Group companies towards these employee benefit schemes amounted to €1,019,053.

V MANAGING THE IMPACT OF THE COMPANY'S ACTIVITIES ON THE ENVIRONMENT

V.1 Consumption of water, raw materials and energy

V.1.1 Water resources

It is estimated that almost 467,000 cubic metres of potable water were consumed in 2011 by the entire network operated by the Group. Measured in relation to the traffic, water consumption was stable compared with 2010.

V.1.2 Raw materials

Nearly 1,039,000 metric tons of materials were used for road courses on new and on existing motorway sections, including recycled materials amounting to 49,960 metric tons, or 4.8% of the total.

V.1.3 Energy

Total energy consumption (electricity and fossil fuel) came to almost 145,155,000 KWh in 2011. Measured in relation to traffic, energy consumption decreased by 7% compared with 2010. This decrease reflects a decrease in fossil fuel consumption (down 16%) but a slight increase in electricity consumption (up 3%). Almost 6 million KWh of the electricity consumed was certified as renewable energy (supplied under the KWh Equilibre offer signed with EDF.

Furthermore, solar panels and mini wind turbines power certain installations. The two solar photovoltaic canopies on the A39 and A41 motorways generated 57,230KWh of electricity in 2011. Trials are continuing on the A6 motorway on vertical axis turbines.

In order to reduce electricity consumption for lighting motorway networks, APRR and AREA have launched programmes for the replacement of existing lighting systems at service areas, rest areas, toll stations and tunnels by LED lighting systems. The Chamoise tunnel on the A40 motorway is the first tunnel in France to be equipped with this new technology.

V.2 Measures to limit the threat to ecological balance and natural environments

V.2.1 Environmental pollution

Priority continues to be given to areas distant from potable water catchments when it comes to environmental protection in zones abutting on APRR's network. The multi-year programme is also aimed at protecting waterways of significant interest.

Eight accidents involving hazardous material spills were reported on the network in service, of which only one required an intervention outside the motorway boundaries.

Work continues to be carried out to improve wastewater treatment systems at the service areas.

Additionally, the Group has made very significant progress towards achieving its objective to reduce the use of herbicides on the motorway's green areas further to the Ecophyto 2018 framework agreement signed by the Federation of French Motorway and Toll Facility Companies (*Association des Sociétés Françaises d'Autoroutes et d'Ouvrages à Péage - ASFA*) and the French State. The objective, which is halve the quantity of herbicides used compared with 2008, could be achieved over the next two years.

Note that all the stocks of snow-clearing salts used during the winter now stored under cover.

V.2.2 Waste materials

All Group operations centres and 73% of its service areas (excluding toll stations) have waste sorting systems at source.

The Group's overall recycling rate for the waste it produces increased to 27% in 2011.

V.2.3 Fauna

APRR's existing network and motorway sections under construction are equipped with 159 purpose-built or adapted crossings for animals. In particular, AREA has completed five infrastructure projects to help restore the Grésivaudan biological corridors on the A41, A48 and A49 motorways further to the agreement signed in 2010 with the Isère General Council.

Furthermore, there are some 90 structures (roadway or hydraulic installations) that, while helping maintain biological corridors, are not purpose-built for animals. Finally, 20 wildlife extraction systems were constructed in 2011.

V.2.4 Land management

Group practices in land management integrate constraints arising from the need to protect water and aquatic environments and to preserve biodiversity. More than 50% of the Group's green areas are managed extensively. A study of plant diversity on the embankments of the APRR network is under way and will be completed in 2012.

Research to develop techniques to fight the spread of ragweed and other invasive plants is ongoing.

V.2.5 Noise

In 2011, measures were taken in respect of the Group's 88 noise trouble spots as defined by regulations, with work carried out at 20% of these locations and the other 80% being reclassified.

Noise reduction and motoring performance trials are ongoing at the three motorway sections where acoustic coated materials have been laid. So far, the physical performances of these materials are in line with expectations and they are still providing acoustic benefits. Traffic noise reduction performances for these new materials are superior to those achieved with conventional coated materials.

V.3 Company environmental impact assessment and certification

V.3.1 Environmental certification

As at the end of 2011, all the Group's operational activities were ISO 14001 certified, with environmental management certification having been confirmed for the regional departments of APRR and AREA.

V.3.2 Specific assessments

Environmentally sensitive areas are assessed at regular intervals in partnership with the relevant authorities. This concerns in particular the monitoring of water quality for the various waterways and effluents.

APRR is also a partner in an ongoing scientific research project into landscape connectivity in relation to fauna, which is due to be completed in 2012. More than 1,000 newt samples were taken from the 560 ponds concerned by the survey, and the corresponding genetic analyses are starting to yield promising results in assessing the longitudinal corridor effect of the A6 motorway in Burgundy.

The ad-hoc scientific committee tasked with monitoring environmental compensatory measures for the A406 motorway continued its work.

V.4 Measures taken to ensure the Group's activities comply with legislative and regulatory requirements

The organisation of the environmental regulations watch and the monitoring of the level of compliance now come within the scope of ISO 14001 certification.

The Group's various environmental databases now constitute an operational tool for operators and developers alike. Certain thematic databases, such as the one on basins for water resource protection, are used directly in the Nikita application, which means that relevant information can be shared with police and rescue teams in the event of an emergency, throughout the networks operated by the Group.

V.5 Expenditure committed to mitigate the environmental impact of the Group's activities

The portion earmarked strictly for the environment is estimated at 12% of the construction cost of a new motorway.

For motorways already in service, including work to widen these, the Group invested €7,388 thousand in 2011 to reduce environmental impacts and mitigate pollution risks:

- Water protection: €4,068 thousand;
- Acoustic protection: €696 thousand;
- Landscape and biodiversity: €1,708 thousand;
- Other (waste processing): €916 thousand

Operating expenses incurred in respect of waste management and network cleaning operations amounted to nearly €12,655 thousand.

V.6 Sustainable development policy

The Group's sustainable development policy is structured around ten commitments, which concern: the customers of the APRR and AREA networks, the employees of these two companies, the natural environment and living environment, the regions connected or crossed by the network, suppliers, and service area commercial concession operators. All the different Group entities are mobilised through their own annual action plan to ensure these commitments are honoured.

V.7 Provisions and guarantees for environmental risks

In 2011, APRR Group was covered by an environmental risk insurance policy with two facets:

- Insurance against environmental civil liability within the limit of €25 million for all claims in any given insurance year, intended notably to cover:
  - costs incurred to take immediate measures to neutralise, isolate or eliminate a real and present threat of damage, with third-party liability in the amount of €4 million; and
  - clean-up costs at potable water catchment areas in the amount of €2.5 million.
- Insurance against costs to prevent and remedy environmental damage within the limit of €2.5 million for all claims in any given insurance year, of which €1.5 million in respect of damage to protected wildlife species and natural habitats.

APRR has put in place two financial guarantees amounting to €162 thousand each pursuant to prefectural decrees relating to the creation and operation of floodwater run-off zones in connection with the construction of the A406 motorway.

V.8 Damages settled in 2011 pursuant to a legal ruling in an environmental matter

In 2011, no damages of any kind were paid by the Group pursuant to a legal ruling in an environmental matter.

VI FINANCES

VI.1 <u>Consolidated financial statements</u>

The Group has applied IFRIC 12, "Service Concession Arrangements", since 1 January 2009.

VI.1.1 <u>Revenue</u>

At Group level, revenue came to €2,180.6 million in the year ended 31 December 2011, down 2.7% from €2,241.5 million the year before.

This decrease was due entirely to the decrease in construction services. Excluding these services, revenue increased to €2,021.6 million in 2011, up 4.2% from €1,939.6 million the year before.

This growth was almost entirely due to the €78.8 million increase in toll revenues, up 4.2% to €1,961.0 million in 2011 from €1,882.2 million in 2010. This was due to a 1.4% increase in light vehicle traffic and a 2.9% increase in heavy goods vehicle traffic, as well the impact of tariff adjustments.

Other sources of revenue increased as follows:

- Increase of €1.9 million in rental income from commercial facilities, up 5.7% year-on-year;
- Increase of €0.8 million in revenue from telecommunications, up 7.3% year-on-year; and
- Increase of €0.5 million in other income, up 3.7% year-on-year.

VI.1.2 Earnings before interest, tax, depreciation and amortisation

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by €72.5 million, up 5.5% to €1,398.6 million in 2011 from €1,326.1 million in 2010. This was equivalent to 69.2% of revenue in 2011 compared with 68.4% in 2010.

VI.1.3 Operating profit

Operating profit on ordinary activities increased to €994.8 million in 2011, up 6.2% from €937 million in 2010.

Not taking into account construction services or amortisation, depreciation and provisions, operating expenses in respect of ordinary activities continued to be tightly controlled, increasing by only €9.6 million. The strong increases in taxes (other than corporation tax), up €24.9 million, was partly offset by significantly lower costs to keep the network open over the winter, with a €16.5 million decrease in expenditure on road salt, de-icing fluids and subcontractors.

VI.1.4 Finance costs

Finance costs amounted to €339.2 million in 2011 compared with €282.8 million in 2010. This increase was due notably to the €2.05 billion of bonds issued in 2011 and to the lower amount of finance costs that were capitalised.

Other financial income and expenses amounted to a net charge of €26.2 million in 2011 compared with net income of €0.4 million in 2010. This line includes mainly the effect of restating at present value the provisions, notably the provision for maintaining road courses in working condition and changes in the fair value of certain swaps.

VI.1.5 Net profit

Income tax expense increased by €1 million to €227.2 million in 2011 and includes the additional 5% contribution.

Net profit decreased by €23.5 million to €395.4 million in 2011, down 5.6% from €418.9 million in 2010.

VI.1.6 Consolidated balance sheet

Capital and reserves amounted to €710.8 million at 31 December 2011 compared with €336.2 million at 31 December 2010. The increase reflects the profit for the year, amounting to €395.2 million, and the payment of an ordinary dividend of €11.3 million.

Borrowings totalled €7,437.3 million at 31 December 2011 compared with €6,742.5 million at 31 December 2010.

As regards borrowings, four bond issues totalling €2,050 million were completed in 2011, while €530 million of loans were repaid to Caisse Nationale des Autoroutes (CNA).

Finally, at 31 December 2011, no amount had been drawn down by the Group against the €1,800 million syndicated loan facility.

VI.2 Company financial statements

VI.2.1 Income statement

In 2011, the operating profit increased by €20.1 million, reflecting a €59.6 million increase in revenue that was partly offset by a €39.5 million increase in operating expenses (€7.9 million increase excluding amortisation, depreciation and provisions).

Finance costs increased by €140 million compared with 2010, reflecting notably the reversal the previous year of part of the Lehman Brothers provision, a decrease in dividends received from AREA, and a decrease in the capitalisation of interest during construction, with the rest of the increase due to higher interest payable because of the four bond issues completed in 2011.

Net profit decreased by €119.9 million, down 27.2%.

Earnings before interest, tax, depreciation and amortisation (EBITDA) improved by €53.1 million to €1,047.8 million, equivalent to 68.5% of revenue compared with 67.7% in 2010.

VI.2.2 Five-year financial summary

	2007	2008	2009	2010	2011
Share capital at 31 December (€ thousand)					
Share capital	33,911	33,911	33,911	33,911	33,911
Number of ordinary shares in issue	113,038,156	113,038,156	113,038,156	113,038,156	113,038,156
Number of preference shares in issue	-	-	-	-	-
Maximum number of shares to be created in the future:					
Through the conversion of bonds	-	-	-	-	-
Through the exercise of subscription rights	-	-	-	-	-
Results (€ thousand)					
Revenue	1,370,925	1,395,510	1,407,169	1,469,768	1,529,414
Profit before depreciation, amortisation, provisions, employee profit-sharing and tax	761,749	806,754	825,747	910,765	860,029
Income tax expense	121,534	62,290	136,934	165,136	159,692
Employee profit sharing for year ended	8,707	7,366	9,658	10,346	8,980
Profit after depreciation, amortisation, provisions, employee profit-sharing and tax	333,342	237,061	362,906	441,213	321,357
Dividends	332,332	96,082	94,952	207,990	(1)
Results per share (€)					
Profit after employee profit-sharing and tax, but before depreciation, amortisation and provisions	5.59	6.52	6.01	6.50	6.12
Profit after depreciation, amortisation, provisions, employee profit-sharing and tax	2.95	2.10	3.21	3.90	2.84
Dividend per share	2.94	0.85	0.84	1.84	(1)
Employees					
Average number of employees during the year	2,960	2,891	2,822	2,776	2,730
Salaries and wages (including discretionary profit sharing)	105,618	107,961	111,150	108,240	107,083
Employee benefits (excluding provisions for retirement indemnities)	46,215	43,930	44,942	46,801	50,670

(1) Amount to be decided by the General Meeting

VI.2.3 Dividends distributed in respect of previous years

As required by the provisions of Article 243bis of the French General Tax Code (*Code Général des Impôts - CGI*), you are informed that the following amounts were distributed by way of dividend in respect of the last three years:

2008		
Number of shares	113,038,156	
Dividend per share		€0.85
Distribution eligible for the allowance provided in Article 158-3-2° of the French General Tax Code		€96,082,432.60
Distribution not eligible for the allowance provided in Article 158-3-2° of the French General Tax Code		-

2009		
Number of shares	113,038,156	
Dividend per share		€0.84
Distribution eligible for the allowance provided in Article 158-3-2° of the French General Tax Code		€94,952,051.04
Distribution not eligible for the allowance provided in Article 158-3-2° of the French General Tax Code		-

2010		
Number of shares	113,038,156	
Dividend per share		€1.84
Distribution eligible for the allowance provided in Article 158-3-2° of the French General Tax Code		€207,990,207.04
Distribution not eligible for the allowance provided in Article 158-3-2° of the French General Tax Code		-

VI.2.4 Non-tax deductible charges (Article 39-4 of the French General Tax Code)

Non-tax deductible charges totalled €60,602 and the corresponding income tax was €21,877.

VI.2.5 Payment terms for suppliers

Trade payables amounted to €45.7 million ad consisted of amounts payable for goods and services for €11 million, invoices not yet received from suppliers for €23.8 million and payments on account for €10.9 million.

Amounts due to fixed asset suppliers consisted of amounts payable for €13.8 million, the rest relating invoices not yet received from suppliers.

As required by the provisions of Article L441-6 of the French Commercial Code (*Code du Commerce*), you are informed that the amounts payable to trade suppliers of €11.0 million and to fixed asset suppliers of €13.8 million at 31 December 2011 were due as follows:

In € million	Total liability	Past due	Payable on 31 December 2011	Payable on 31 January 2012	Payable on 28 February 2012	Payable on 31 March 2012
Suppliers of goods and services	11.0	0.7	1.2	6.3	2.9	0.0
Suppliers of fixed assets	13.8	0.4	0.7	10.3	2.3	0.0
Total payable to suppliers	**24.8**	**1.1**	**1.9**	**16.6**	**5.2**	**0.0**
As a percentage	**100%**	**4.2%**	**7.6%**	**67.0%**	**21.2%**	**0.0%**
At as 31 December 2010	**100%**	**1.7%**	**5.7%**	**80.1%**	**12.1%**	**0.4%**

The existence of past dues is explained notably by ongoing disputes over certain invoices and by the fact that credit notes are expected for some amounts invoiced by suppliers.

VII INFORMATION CONCERNING THE SHARE CAPITAL AND SHAREHOLDERS

VII.1 Breakdown of share capital and voting rights

On the date of this report, the Company's share capital came to €33,911,446.80 and consisted of 113,038,156 fully-paid up ordinary shares of €0.30 each.

To the best of the Company's knowledge, its shareholders at 31 December 2011 were as follows:

Shareholder	Number of shares	% of the capital	Number of voting rights	% of voting rights
Eiffarie	111,824,788	98.93%	118,824,788	98.93%
Free float	1,213,368	1.07%	1,213,368	1.07%
Total	**113,038,156**	**100.00%**	**113,038,156**	**100.00%**

VII.2 Minority buyout and squeeze-out procedure

On 23 June 2010, Eiffarie acquired over-the-counter 15,522,702 APRR shares for €55 per share (cum the 2009 dividend amounting to €0.84 per share).

With a view to acquiring the rest of the capital of APRR, Eiffarie then filed with the French financial markets regulator (*Autorité des Marchés Financiers – AMF*) a public purchase offer followed by a squeeze out procedure for the shares it did not already own, at €54.16 per share, excluding coupons.

On 8 September 2010, AMF indicated that the public purchase offer followed by a squeeze out procedure for the APRR shares complied with regulations, with the purchases to take place from 10 to 20 September 2010, followed by the shares' delisting on 24 September.

On 17 September 2010, however, the Saône-et-Loire Department appealed the AMF's decision and sought an injunction to obtain a stay of this decision before the Paris Court of Appeal.

In response, the AMF extended the deadline for the offer to at least eight days following the ruling of the Paris Court of Appeal on the request to overturn its decisions.

On 7 October 2010, the Paris Court of Appeal issued an injunction suspending the decision taken by AMF.

On 18 January 2011, the Saône-et-Loire Department petitioned the Paris Appeal Court in order to question the constitutionality of the law being applied in the present case. On 9 February 2011, the Paris Appeal Court ruled that this claim was admissible as to form but lacking in substance.

On 19 March 2011, after the Saône-et-Loire Department petitioned the court over a preliminary issue of law relating to the public ownership of its APRR shares, the Paris Court of Appeal adjourned the ruling until 8 November 2011, referring this issue of law to the Paris Administrative Court, which had already been petitioned by APRR and Eiffarie on this same issue.

On 21 October 2011, the Paris Administrative Court ruled in favour of APRR and Eiffarie, stating that the APRR shares were the private assets of the Saône-et-Loire Department. Notwithstanding this ruling, the Saône-et-Loire Department decided to proceed with its case before the Paris Appeal Court on the same grounds as the case brought before the Administrative Court. It also filed an appeal against the ruling of the administrative jurisdiction on 21 December 2011.

As this appeal was filed before the Paris Appeal Court, therefore in violation of the competence of the Council of State, the Administrative Appeal Court decided on 19 January 2012 to refer the matter for the administrative appeal jurisdiction.

VII.3 Delegations of authority for capital increases

All delegations of authority for capital increases previously granted by the Shareholders' General Meeting have expired.

There is no right to acquire shares or obligation attached to capital issued but not paid-up, nor is there any commitment to increase the capital.

There is no security providing access to the Company's capital apart from the ordinary shares.

VII.4 Employee share ownership

Employees held no shares in the Company's capital on 31 December 2011.

Employees of APRR benefit from the employee savings policy in place at companies belonging to the Eiffage Group.

VII.5 Additional financial information (Article L225-100-3 of the French Commercial Code)

<u>Structure of the capital – Direct and indirect shareholders known to the Company</u>

The identity of the shareholders, as known to the Company on the date of the report, is disclosed is Note VII.1 above.

<u>Restrictions on the exercise of voting rights and share transfers contained in the Memorandum and Articles of Association</u>

Article 9 of the Memorandum and Articles of Association requires any shareholder, acting alone or in concert, coming to own directly or indirectly shares representing 1% or more of the capital or voting rights, and then any subsequent block of shares representing 1% or more of the capital or voting rights, to inform the Company of the total number of shares and securities owned providing access to the capital or voting rights. This notification must be made within five trading sessions following the date on which said threshold or thresholds were passed by way of a letter sent by recorded delivery, signed for, to the Company's registered office.

The same disclosure requirements apply when the shares held and voting rights exercisable by a shareholder come to be less than the threshold or thresholds mentioned above.

Failure to comply with this disclosure requirement would result in those shares in excess of the threshold or thresholds passed being deprived of voting rights at all General Meetings held within two years from the date on which notification was received by the Company in fulfilment of this requirement.

Clauses in agreements for the sale of securities on preferential terms

On the date of this report, the Company was not aware of any clauses of this type.

List of holders of securities featuring special control rights and description of these rights

On the date of this report, the Company had not issued any securities providing holders with special control rights.

Control mechanism provided for in employee share ownership plan

There being no employee share ownership plan, no mechanism of this type exists.

Agreements between shareholders, of which the Company is aware, that could restrict share transfers and the exercise of voting rights

On the date of this report, the Company was not aware of any agreement of this type.

Rules governing the appointment or replacement of members of the Board of Directors and amendments to the Memorandum and Articles of Association

In accordance with Article L225-18 of the French Commercial Code and Article 11 of the Memorandum and Articles of Association, the members of the Board of Directors are appointed by the General Meeting, voting under the quorum and majority required for ordinary meetings.

Article 12 of the Memorandum and Articles of Association authorises the Board of Directors to fill temporarily a board vacancy arising from the death or resignation of a board director, provided this appointment is submitted for approval at the next General Meeting.

Article 11 of the Memorandum and Articles of Association requires members of the Board of Directors to hold at least one share in the Company.

Article 26 of the Memorandum and Articles of Association stipulates that any changes to the Memorandum and Articles of Association must be decided by the General Meeting, voting under the quorum and majority required for extraordinary meetings.

Powers of the Board of Directors

In accordance with Article 14 of the Memorandum and Articles of Association, the Board of Directors determines the orientations of the Company's activity and oversees their implementation. Subject to those powers granted expressly to the General Meeting and within the limit of the Company's object clause, the Board of Directors considers all matters that have a bearing on the proper conduct of the Company's affairs and settles all those matters that concern it through its deliberations. The Board is authorised to issue bonds and to set the terms and conditions for such issue in accordance with the provisions of Article L228-40 of the French Commercial Code.

The Board of Directors performs those controls and verifications it deems necessary. It may decide to create ad-hoc committees to consider issues submitted for their opinion by itself or its Chairman. The Board decides the composition and powers of these committees, which carry on their activities under the Board's responsibility.

Agreements entered into by the Company that would be modified or terminated if there was a change in the control of the Company

There is no agreement of this type requiring disclosure in this report.

Agreements providing for the payment of indemnities to members of the Board of Directors or to employees on their resignation, on being made redundant without real or serious cause, or on termination of their employment in connection with a public purchase offer

There is no agreement of this type requiring disclosure in this report.

VIII SUBSIDIARIES AND PARTICIPATING INTERESTS

For accounting purposes, the Group is constituted of the parent company APRR, its 99.84% owned subsidiary Autoroutes Rhône-Alpes (AREA), which is consolidated under the full method, and AREA's 49.9% owned subsidiary Adelac, which is consolidated under the equity method. It also includes Axxès, which is owned for 22.8% by APRR and for 5.3% by AREA, and is consolidated under the equity method.

All the above companies have a 31 December year-end and prepared interim accounts to 30 June 2011.

Details of the company's subsidiaries and participating interests are provided in the table below:

Subsidiaries and participating interests (€ thousand)	Capital 2011	Reserves	Share of capital	Gross value	Carrying value	Outstanding loans and advances	Dividends received	Revenue 2011	Net profit 2011
Subsidiaries (more than 50%-owned)									
- AREA	82,900	177,183	99.84%	215,269	215,269	771,645	58,962	493,370	126,619
- Sira	10	456	100.00%	11	11	-	187	3,228	173
- Park +	5,232	(1,332)	60.00%	3,139	831	66	-	262	(379)
- Cera	8	26	100.00%	315	315	-	-	686	34
Participating interests									
- Autoroutes Trafic	349	584	24.00%	72	72	-	52	2,221	379
- Centaure Grand Est	450	572	35.55%	212	212	-	-	1,397	100
- Centaure Ile de France	900	na	49.00%	441	441	-	-	na	na
- Altech	40	1,359	14.50%	6	6	-	3	1,513	189
- Axxès	7,500	7,291	22.80%	1,710	1,710	-	-	842,835	3,926
- Devtel	25	13	100.00%	25	25	-	-	-	-
- Apollinaire Participations	37	(6)	100.00%	37	37	-	-	-	(2)
- SEM Alésia	515	na	3.88%	20	20			na	na
Total				**221,257**	**218,949**	**771,711**	**59,203**		

na: not available

IX SIGNIFICANT EVENTS IN PROGRESS AND OUTLOOK

IX.1 Significant events in progress

In the first half of 2011, the Group extended its motorway network by bringing into service three new sections of around ten kilometres each on the A432 (Les Echets-La Boisse), the A406 (Mâcon) and the A714 (Montluçon).

Riders to the current management contracts between the French State and APRR and AREA, to introduce performance-related indicators, have been finalised and will be signed at the start of 2012.

IX.2 Outlook

2012 will mark an important phase in the implementation of the capital expenditure programmes provided for in the current management contracts (rollout of non-stop toll collection and improvements to the network's safety and environmental integration).

The major infrastructure projects planned – such as the new section on the A466 motorway and the widening of sections on the A46 (northbound), A71 (Clermont) and A43 (Coiranne Chambéry) - are still at a preparatory phase, with construction work expected to start at the end of the year in some cases.

The negotiation of the next contract-based plans for the period 2014 to 2018 will get under way with the French State in the second half of 2012.

Although prospects are uncertain for the evolution in heavy goods vehicle traffic given the economic and financial environment, further growth in revenue is anticipated as a result of the expected increase in light vehicle traffic and tariff hikes.

At the same time, the Group will keep up its efforts to manage its business rigorously and to maintain a tight grip over operating expenses.

The Board of Directors

Philippe Nourry - Chairman of the Board of Directors

V. Auditors’ report on the company financial statements

SOCIETE DES AUTOROUTES PARIS RHIN RHONE

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
(For the year ended 31 December 2011)

PricewaterhouseCoopers Audit
63 rue de Villiers
92208 Neuilly-sur-Seine cedex

KPMG Audit
1, cours Valmy
92923 Paris – La Défense cedex

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
(For the year ended 31 December 2011)

SOCIETE DES AUTOROUTES PARIS RHIN RHONE
36, rue du Docteur Schmitt
21850 SAINT-APOLLINAIRE

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting of Shareholders, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the company financial statements of APRR SA, as attached to this report;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2011 and of the results of its operations for the year then ended in accordance with French accounting principles

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

- Note 2.2 to the company financial statements describes the accounting policies and methods applied to tangible assets held under service concession agreements and their depreciation as well as the method for recognising the provisions for the replacement of these assets. We verified that the accounting methods applied are appropriate and that they were applied correctly.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Management Report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (*code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

As required by law, we verified that all appropriate information regarding the identity of the shareholders has been provided in the Management Report.

Neuilly-sur-Seine and Paris La Défense, 27 April 2012

The Staturory Auditors

PricewaterhouseCoopers Audit

KPMG Audit
Department of KPMG S.A.

Louis-Pierre Schneider

Philippe Mathis

VI. Auditors' report on the consolidated financial statements

SOCIETE DES AUTOROUTES PARIS RHIN RHONE

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended 31 December 2011)

PricewaterhouseCoopers Audit
63 rue de Villiers
92208 Neuilly-sur-Seine cedex

KPMG Audit
1, cours Valmy
92923 Paris – La Défense cedex

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended 31 December 2011))

SOCIETE DES AUTOROUTES PARIS RHIN RHONE
36, rue du Docteur Schmitt
21850 SAINT-APOLLINAIRE

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting of Shareholders, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying consolidated financial statements of APRR SA ;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Notes 2.3.2 and 2.10.1 to the consolidated financial statements describe the accounting treatment applied to the Group as regards the recognition of assets arising from concession and their subsequent maintenance. As part of our assessment of the accounting policies applied by the Group, we determined that the accounting policies referred to above and disclosures provided in the notes to the consolidated financial statements are appropriate and these accounting policies were applied properly.
- Notes 2.6 and 10 to the consolidated financial statements describe the accounting methods used to recognise and measure derivative instruments. We assessed the data, assumptions and parameters upon which theses estimates are based and reviewed the calculations.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, 27 April 2012

The Stautory Auditors

PricewaterhouseCoopers Audit

KPMG Audit
Department of KPMG S.A.

Louis-Pierre Schneider

Philippe Mathis