ANNUAL REPORT 2012

ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETING, APRIL 16, 2013

COLAS

The road forward

BOARD OF DIRECTORS

AS OF APRIL 16, 2013 (1)

Hervé LE BOUC
Chairman and Chief Executive Officer

Christian BALMES
Director

François BERTIÈRE
Director

Olivier BOUYGUES
Director

Louis GABANNA
Director

Thierry GENESTAR
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Jacques LEOST
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Colette LEWINER
Director

Philippe MARIEN
Permanent Representative of Bouygues SA

Thierry MONTOUCHÉ
Director

Jean-Claude TOSTIVIN
Director

Gilles ZANCANARO
Director

(1) If approved by the Annual General Shareholders' Meeting on April 16, 2013.

AUDITORS

KPMG Audit IS SAS
Statutory Auditor

Mazars
Statutory Auditor

KPMG Audit ID SAS
Substitute

Thierry COLIN
Substitute

REPORT OF THE BOARD OF DIRECTORS

TO THE COMBINED ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETING, APRIL 16, 2013

Dear Shareholders,

We have convened this Combined Annual and Extraordinary Shareholders' Meeting to deal with the following matters of business in compliance with French law and our Company by-laws:

• in the section dealing with ordinary business, we present a report on our management of the Group during the past year, together with its current position and trends, and submit for your approval the 2012 financial statements and the proposed appropriation of earnings, the agreements and transactions governed by article L. 225-38 *et seq.* of the French Commercial Code, as well as proposals to renew the appointments of nine Directors, to renew the authorization granted to the Board to allow the Company to buy back its own shares, and to appoint a Principal Statutory Auditor and an Alternate Statutory Auditor;

• in the section dealing with extraordinary business, we invite you to renew your authorizations granting powers to the Board of Directors for the purposes of:
– reducing the Company's share capital by retiring treasury shares held by the Company;
– carrying out capital increases with preferential subscription rights for existing shareholders;
– carrying out capital increases by way of a public offering or private placement, without preferential subscription rights for existing shareholders;
– raising the number of new shares to be issued in the event of a capital increase with or without preferential subscription rights for existing shareholders;
– carrying out capital increases through capitalization of share premiums, reserves or unappropriated retained earnings;
– carrying out capital increases reserved for Group employees pursuant to the provisions of article L. 225-138 of the French Commercial Code and article L. 3332-18 *et seq.* of the French Labor Code.

ORDINARY PORTION OF THE COMBINED SHAREHOLDERS' MEETING

2012

The key figures for fiscal year 2012 are shown in the table below:

in millions of euros	2012	2011	Change 2012/2011
Consolidated revenue	13,036	12,412	+5%
o/w France	*7,363*	*7,250*	*+2%*
o/w International	*5,673*	*5,162*	*+10%*
Operating income	406	466	–13%
Net profit attributable to the Group	302	336	–10%
Net cash flow	723	728	–5 M€
Free cash flow[1]	407	327	+80 M€
(Net debt) / Net cash	(170)	+ 28	–198 M€

(1) Free cash flow: cash flow (determined after cost of net debt and net income tax expense, but before changes in working capital), minus net capital expenditure, excluding purchases of assets attributable to external growth (29 million euros in 2012; 13 million euros in 2011). Free cash flow including purchases of assets attributable to external growth came to 314 million euros in 2011 and 378 million euros in 2012.

Revenue for fiscal year 2012 totaled 13.0 billion euros, up 5%. Revenue increased slightly in France (up 2%) and most growth was international (up 10%), with improvements in all geographical regions except central Europe. On a like-for-like basis, revenue rose slightly (up 3%).

Operating income came to 406 million euros, against 466 million euros in 2011, with an operating margin of 3.1% (3.8% in 2011). This change reflects:
• lower profitability in North America after a difficult year in the United States, due to:
– tight markets in certain States,
– the delayed adoption of a new long-term federal highway plan to finance road infrastructure, that was only passed in June 2012, thus resulting in the postponement of State investments,

– losses related to certain projects and to the development of an itinerant low-cost maintenance business in States where Colas has no permanent foothold;
• a loss in the Sales of refined products, as the rising price of the crude oil used as a raw material could not be fully passed on to the sale price of certain products in a crisis-ridden refining market;
• good performance in the Roads business in Mainland France, which enabled profitability to stabilize, despite unfavorable weather in the first half of the year;
• improved results in central Europe, which reached the targeted breakeven point, thanks to the many reorganization initiatives undertaken since 2010.

Net profit attributable to the Group came to 302 million euros (336 million euros in 2011) and includes the following items:
• a financial expense of 18 million euros, near that of fiscal year 2011;
• a tax expense of 137 million euros (163 million euros in 2011);
• a contribution from equity accounted associates, mainly Cofiroute and Tipco Asphalt (Thai subsidiary), which remained unchanged at 59 million euros.

Net cash flow was 723 million euros, nearly equivalent to that of 2011.

Net capital expenditure[(1)] came to 316 million euros, down 85 million euros from the previous fiscal year, which demonstrates the Group's ability to control and adapt the pace of its investments.

Free cash flow[(1)], i.e. cash flow (determined after cost of net debt and net income tax expense, but before changes in working capital) minus net capital expenditure, came to 407 million euros, an improvement over 2011 (327 million euros).

In 2012, Colas pursued a policy of dynamic, targeted external growth, notably by strengthening its position in construction materials (quarries), in accordance with its vertical integration strategy, and in railways, a sector with high growth potential. Thus, the Group acquired the companies Pullman Rail Ltd (railways) in the United Kingdom, Aguilar (waterproofing) in Chile, Dust-A-Side (mining) in South Africa (50% of its capital), and construction materials companies (50% stake) in New Caledonia, as well as the assets of the Rambaud group (quarries) in France. In total, net investments in targeted external growth (shares, including the acquisition of minority shares, and assets) totaled 88 million euros (102 million euros in 2011).

The Group's financial structure is sound, with substantial shareholders' equity totaling 2,544 million euros and net financial debt of 170 million euros at December 31, 2012, for which changes compared to year end 2011 (net cash position of 28 million euros) are due to additional maturity mismatches (maturity of December 31, 2011 deferred to January 1, 2012 for a total of 114 million euros).

BUSINESS ACTIVITY

With operations in some 50 countries across five continents, with 800 work centers and 1,400 materials production sites, Colas is a leader in the construction and maintenance of transport infrastructures.

The Group works in every field of transport infrastructure construction and maintenance, through two operating divisions : Roads, which is the Group's core business and accounts for more than 80% of its revenue, and additional Specialized Activities (Waterproofing, Railways, Sales of Refined Products, Road Safety and Signaling, Pipelines).

Colas integrates all the production and recycling activities involved in most of these businesses via an international network of quarries, emulsion plants, asphalt and ready-mix concrete plants, and plants that produce bitumen, manufacture waterproofing membranes, and make road safety equipment.

The breakdown of revenue by business segment is as follows:

in millions of euros	**2012**	**2011**	**Change**	**Change on like-for-like basis**
Roads – Mainland France	5,187	5,143	+1%	+1%
Roads – Europe	1,479	1,478	=	+1%
Roads – North America	2,583	2,348	+10%	+2%
Roads – Rest of the world	1,486	1,295	+15%	+11%
Roads Total	**10,735**	**10,264**	**+5%**	**+2%**
Specialized Activities	**2,275**	**2,141**	**+6%**	**+4%**
Holding company	**26**	**7**	**ns**	**ns**
TOTAL	**13,036**	**12,412**	**+5%**	**+3%**

ROADS

Roads are the Group's main business activity and accounted for revenue of 10,735 million euros in 2012 (against 10,264 million euros in 2011, i.e. up 5%), representing 82% of the Group's revenue.

The Roads business is very diverse, covering a wide range of jobs and skill sets. It can be broken down into two activities:

(1) Excluding acquisition of assets attributable to external growth (29 million euros in 2012; 13 million euros in 2011).

• **Construction and maintenance of road infrastructure**

Each year, Colas builds and/or maintains roads and highways on roughly 80,000 projects worldwide, but it also works on airfield runways and aprons, seaports, industrial sites, logistics and commercial premises, street construction and urban development (pedestrian walkways, city squares), reserved-lane public transport (tramways, bus lanes, subways), recreational amenities (bicycle paths, motor racing tracks, sports facilities), and environmental protection (retention ponds, landscaping, wind farms), etc.

This also includes small-scale civil engineering and drainage work often linked to roads projects, as well as more complex civil engineering jobs (major structures) required when bidding for road or highway contracts.

Finally, in certain geographical regions, the road work companies sometimes carry out marginal building activities including conventional new construction and renovation projects in the Paris region or the Indian Ocean and Pacific islands, where this is an indispensable addition to road work, and the demolition and deconstruction of existing buildings in France, often in connection with the recycling of materials.

The Group's road construction business covers a very large number of mid-sized contracts, but also major projects, which are sometimes carried out with complex financial backing structures such as concession contracts, PPP/PFI, or MAC (new designation: ASC), for example:
– the Portsmouth PFI, the first public-private partnership for urban road renewal and maintenance in the United Kingdom, signed in 2004 for a term of twenty-five years;
– the PPP for the M6-M60 Motorway in Hungary, which has finished construction and is currently in use;
– the concession contract for the Reims tramway in France, which has finished construction and is currently in use;
– multi-year contracts for the management and maintenance of British road and highway networks (MAC contracts);
– the concession contract for Highway A63 in south-west France, which started upgrading and widening in September 2011;
– the Nîmes-Montpellier railway bypass PPP contract in France, signed in June 2012.

In connection with these activities, Colas sometimes acquires interests, usually minority ones, in companies commissioned to work on highway infrastructure, urban roadways, and urban public transit.

The road construction business posted revenue of 8,800 million euros in 2012, i.e. 67% of the Group's total revenue.

• **The production and recycling of construction materials (aggregates, emulsions and binders, asphalt mixes, ready-mix concrete, bitumen)**

Upstream of road construction and maintenance, Colas runs a major business producing and recycling construction materials, at all its locations around the world, for internal re-use or sale to third parties, via a dense international network of 683(1) quarries and gravel pits, 138 emulsion and binder plants, 567 asphalt plants, 212 ready-mix concrete plants, and 2 bitumen production plants. In 2012, the Group produced 102 million tons of aggregates, 1.6 million tons of emulsions and binders, 42 million tons of asphalt, 2.8 million cubic meters of ready mix concrete, and 1.1 million tons of bitumen(2). Colas also has 2.6 billion tons of authorized aggregate reserves(3) (equivalent to twenty-five years of production), as well as 1.8 billion additional tons of potential reserves(4).

Sales of construction materials to third parties accounted for revenue of 1,935 million euros in 2012, i.e. 15% of the Group's total revenue.

Roads in Mainland France

(revenue in 2012: 5,187 million euros)

In Mainland France, Colas operates in the Roads sector via a dense network of profit centers and production sites located throughout the country.

In 2012, the Roads activity was carried out by 16 regional subsidiaries operating under three brand names (7 Colas subsidiaries, 3 Sacer subsidiaries and 6 Screg subsidiaries).

In the last quarter of 2012, a new organization was rolled out for the Roads business in Mainland France, which will now operate via 7 regional subsidiaries under the single Colas banner as of January 1, 2013. All the entities of a given region, regardless of the brand name they operate under (Colas, Sacer or Screg), have been grouped together into a single regional Colas subsidiary.

This new organization, designed to prepare for the future in optimal conditions, will simplify and increase the efficiency of the Roads business in France, while retaining the flexibility of a decentralized structure. It also marks a further step in the process of change that has been taking place over the last few years, with the setting up of shared regional head offices, the creation of regional quarry operating companies common to all three brands, transfers of business between subsidiaries, etc.

(1) 2011 data.
(2) This figure reflects 100% of production from the plants in Dunkirk (SRD) and Kemaman (Malaysia).
(3) Authorized reserves (2011 figure) refers to the annual tonnages authorized by the authorities, multiplied by the number of years remaining until expiration of the operating permit, at all premises controlled by the Group. This figure cannot exceed the number of tons that are economically viable within the scope of the permit.
(4) Potential reserves (2011 figure) refers to tonnages currently on controlled premises, with the reasonable likelihood that a local permit will be obtained, and not already counted under "Authorized reserves". This figure cannot exceed fifty years of production, based on the assumption that a permit will be obtained or an existing permit renewed.

In a mainland roads market estimated by Euroconstruct to be worth around 20 billion euros, Colas is the leader ahead of Eurovia (Vinci group) and Eiffage Travaux Publics (Eiffage group). In the markets comprising roads and public works activities, Colas subsidiaries are also competing against large regional companies like Ramery, Charrier, Pigeon and NGE, as well as a very dense network of some 1,400 small and medium-size enterprises that may be regional or local. In the aggregates and ready-mix concrete market, competitors include cement groups like Lafarge, Cemex, Holcim, Ciments Français and Vicat, and a regional or local network of aggregates producers, which in some cases also possess a public works activity.

In Mainland France in 2012, Roads generated revenue of 5.2 billion euros, which was virtually stable (+1%) compared to 2011.

After a first half marked by particularly unfavorable weather conditions, some of the time lost was made up in the second half of the year. However, taking into account construction costs (bitumen, energy, raw materials, etc.) that are rising by around 4%, activity in volume actually fell. The market is characterized by great disparities, especially between urban and rural areas, and continues to be highly competitive with prices stabilized at a low level.

A total of over 60,000 projects were completed by the Roads subsidiaries in Mainland France in 2012.

The Atlandes consortium, led by Colas, is continuing work on the largest ongoing highway project in France, the upgrading and widening of a 105-km section of Highway A63 in the Landes region via a concession contract. The project is advancing at a rapid pace and is ahead of schedule: at the end of the first phase of bringing the road into line with highway and environmental standards, toll-charging is scheduled for May 2013. After enlargement to 2x3 lanes, the section should be fully operational by the end of 2013.

The following examples illustrate Colas' broad diversity of know-how and expertise:

<u>Construction, maintenance and renovation of highway networks:</u> A54: roadway repairs to a 24-km section between Nîmes-Ouest and Arles using 60% reclaimed asphalt pavement; A11: roadway repairs to a 40-km section between Le Mans and Luigny; A6: refurbishment of the roadway near Villabé with the breaking up of concrete slabs and use of Ecoflex warm mixes; A330: construction of an access road on the outskirts of Nancy and repairs to an existing access road at Houdemont, using reclaimed materials and warm mix; A16: repairs to a 5-km section near Beauvais; roadway repairs to the Mont Blanc Highway near Étrembières using cold mix.

<u>Construction, maintenance and renovation of road networks:</u> construction of a new 9.5-km 2x2 lane road between Borgo and Vescovato in Upper Corsica; construction of a new section and widening of an existing section of Route RN21 between Tarbes and Lourdes; construction of a road for slow vehicles and cyclists running parallel to the future Chablais expressway; construction of an interchange on the 2x2 lane route between Rennes and Redon near Guignen; repairs to Route RN89 between Libourne and Bordeaux; demolition and recycling of the old Route RN124 in the Gers and reinforcing 10 km of four minor roads using the materials reclaimed; use of cold mix on five minor roads in the Landes region; roadway repairs to minor roads in the Haute-Vienne using low-temperature Ecomac® mix; construction of access roads into the Stadium of Lille; roadway repairs to the Lyon ring road using noise-reducing mix; use of Rugosoft® and Nanosoft® noise-reducing mixes on a 400-m section of the Paris ring road near Porte de Vincennes.

<u>Airports and ports:</u> repairing and widening two taxiways at Toulouse-Blagnac Airport; construction of seawalls and improvements to the access roads into the liquefied natural gas terminal at the Port of Dunkirk; development work on the Port of Sète.

<u>Urban development projects:</u> continuation of repairs to and improvement of the urban roads of Le-Plessis-Robinson as part of a twenty-year PPP; repairing the Promenade des Anglais roadway in Nice using 3E® warm mix and Rugosoft® noise-reducing and skid-resistant mix; improvement of the area around Porte de Valenciennes in Lille with the construction of roads and cycle paths; improvement of the approaches to Agen station using visually-appealing and noise-reducing mixes; improvement of a square in the Deux-Lions district of Belleu, including the hiring of employees on job-access programs; improvement to roadways and construction of a square as part of work to upgrade Route RD910 to a "Royal Way" at Sèvres; repairs to the esplanade of the Palais des Festivals of Cannes using Scintiflex® visually-appealing mix; improvement of the area around the royal lodgings of Angers castle; improvement of the public spaces around the Louvre in Lens; redevelopment of the landscaped area at Les Halles in Paris, including the hiring of employees on job-access programs; landscaping of the Cour Leyteire at Bordeaux University.

<u>Public transport:</u> construction of the Besançon tramway, including a special section of "green track"; construction of the Tours tramway with the hiring of employees on job-access programs; improvement of roadways for the Le Havre tramway; upgrading of the roadways prior to the introduction of a bus rapid transit (BRT) network in Belfort; supply and laying of crushed stone mixes to form the ballast track of the LGV East Europe high-speed line.

Logistics, retail and industrial platforms: improvement of the roadways of an industrial and logistics zone at Vaas using recycled materials and warm mixes; construction of roads, other networks and parking lots for an R&D facility at Ladoux; excavation and construction of roads and other networks for a vatting plant at Oiry; rehabilitation of the roads and other networks of the Bourscheid military base; construction of an industrial platform at Longueil-Sainte-Marie on the site of a former gravel pit; construction of a logistics platform at Saint-Martin-de-Crau; construction of a retail distribution platform at Chasse-sur-Rhône; renovation of a parking lot for a shopping center in Chalon-sur-Saône.

Environment: construction of a radioactive waste storage facility following the dismantling of the Brennilis nuclear power plant, with the use of Multicol® (surface offering very high mechanical performance and resistance to shearing); excavation and riddling of materials on the Lacq depollution site; construction of a biomass heating plant at Vitry-le-François; construction of a water treatment and collection plant at the Cirque de Gavarnie in the Ariege region.

Other: excavation prior to the construction of an office building with underground parking in Issy-les-Moulineaux; repairs to a karting track at Lescar using a high-grip mix; rehabilitation of the stormwater systems at the Petit Palais in Paris.

Roads in Europe

(revenue in 2012: 1,479 million euros)

Colas does road work both in northern Europe, including **Belgium, Switzerland, Denmark,** the **United Kingdom** and **Ireland,** and in central Europe, including **Slovakia, Hungary,** the **Czech Republic, Poland, Croatia,** and **Romania**.

In most of the European countries where Colas operates, the Group enjoys a prominent position in the roads industry. Its main competitors in these countries are national corporations or subsidiaries of large international groups (construction and public works, cement makers, manufacturers of building materials).

In Europe, the Roads business accounted for revenue of 1,479 million euros in 2012, the same amount as in 2011 (up 1% on a like-for-like basis), with an increase in northern Europe offsetting the slump in business in central Europe.

NORTHERN EUROPE

In northern Europe, revenue came to 972 million euros in 2012, up 6%.

In the **United Kingdom,** where the market was highly competitive and the economy sluggish, revenue for Colas Ltd was up thanks to its diverse portfolio of business activities combining long-term maintenance contracts, industrial operations (production of emulsions), and the development of an airport maintenance service.

In **Denmark,** revenue jumped thanks to good order intakes by subsidiaries at the start of the year.

In **Ireland,** with the public works market in recession and despite unfavorable weather conditions, the Group's subsidiaries managed to keep their market share and post steady revenue.

In **Belgium,** revenue remained high thanks to a good level of public investment.

In **Switzerland,** revenue stabilized at a high level in markets that remained upbeat thanks to the continuation of numerous infrastructure projects, both local and federal, and to the good resilience of the economy.

CENTRAL EUROPE

In central Europe, in markets where public investments were down and competitive pressure high, like-for-like revenue was stabilized (down 2%). In **Romania,** the disposal of the subsidiary SCCF Lasi was finalized in 2012, with business activity now confined to the production and sale of construction materials. Revenue was down in **Poland**, **Hungary,** and the **Czech Republic,** and up in **Slovakia.** Overall, revenue totaled 507 million euros, down 10%.

Major projects handled in 2012 in Europe included: in the United Kingdom, resurfacing of the main runway at Gatwick airport, as well as runway refurbishment and extension at the Birmingham airport, including diversion of Highway A45; in Belgium, construction of an add-on to the R6 ring road north of Malines and landscaping of the plaza outside the Liège railway station; in Denmark, resurfacing of the Aalborg airport runway; in Switzerland, refurbishment of the H144 road at Villeneuve using Valorcol® cold mix with 100% reclaimed asphalt pavement, and street construction in a new district of Lancry; in Hungary, construction of a section of the M3 Motorway to Ukraine and a section of the M0 beltway around Budapest; in the Czech Republic, construction of a water treatment plant in Ivančice; in Poland, construction of the 7-km western Poznan bypass, including the building of numerous major engineering structures.

Roads in North America

(revenue in 2012: 2,583 million euros)

The Group operates in 27 US States as well as 6 Canadian provinces and territories (Quebec, Alberta, British Columbia, the Yukon, the Northwest Territories, and more recently Saskatchewan). The Group's business in the United States is also heavily involved in industry (aggregates, asphalt mixes, ready-mix concrete) and bitumen storage.

In the fragmented markets of North America, Colas' competitors are not only local, regional, and national entities (such as, in the United States, Granite Construction in the building and refurbishment of transport infrastructures, or Martin Marietta and Vulcan Materials in materials), but also multinational corporations, especially in the materials production business (e.g. CHR, Holcim, Hanson Heidelberg, Lafarge).

In North America, the Roads business accounted for revenue of 2,583 million euros in 2012, up 10% from 2011 and 2% on a like-for-like basis.

In the **United States,** revenue was slightly down on a like-for-like basis.

Business from road maintenance activities and industrial production (asphalt mixes, aggregates) was down, although virtually offset by contributions from civil engineering and diversification in economical maintenance processes.

The market was less upbeat than predicted at the start of the year, due to:
– the delayed enactment of a new multi-year federal plan to finance road infrastructure, which was not passed until June 2012. This delay led to the postponement of State investments;
– market slowdowns in some States (North Carolina, South Carolina, Georgia, Pennsylvania, California);
– the postponement of certain shale gas extraction projects as natural gas prices dropped.

In **Canada,** revenue increased on a like-for-like basis, setting a new record despite an early winter in the western part of the country, which brought work to a halt one month ahead of schedule. Drawing on their strong positioning, wide geographical coverage, and policy of vertical integration, Colas' companies continued to make the most of a resilient economy and the momentum of the mining and petroleum sectors, once again turning out a very good year. Some minor external growth operations went forward.

Major contracts performed in 2012 in North America included:
– in the United States: the refurbishment of 20 major engineering structures on Interstate 80 in Pennsylvania; the laying of cold mix with RAP over 68 km of roads through the Adirondack Park in New York State; the resurfacing and widening of roadways in Virginia Beach, Virginia; the reconstruction and widening of a drainage canal in Savannah, Georgia; the rehabilitation of a portion of Interstate 55 near Blytheville, Arkansas; the replacement of two major engineering structures on Interstate 57 in Illinois; the resurfacing of a 42-km section of Highway 71 in Limon, Colorado using recycled materials; the resurfacing of a taxiway at Los Angeles International Airport, in California; airport work in Chefornak, Alaska;
– in Canada: the upgrade of Route 185 to freeway status (Autoroute 85) between Dégelis and Témiscouata-sur-le-Lac, and the extension of Autoroute 410 by Sherbrooke in the run-up to the 2013 Canada Games in Quebec; construction of an intermodal railway logistics park in Calgary, refurbishment and expansion of airport facilities at Fort McMurray and resurfacing of Highway 88 in Alberta; the supply of 110,000 m^3 of ready-mix concrete for the overhaul of an aluminum production plant in Kitimat and work on a seaport terminal at Prince Rupert in British Columbia.

Roads in the Rest of the world

(revenue in 2012: 1,486 million euros)

Throughout the rest of the world, the Group operates:
– in all of France's overseas departments (Martinique, Guadeloupe, French Guiana, Mayotte, Reunion);
– in Africa and the Indian Ocean (mainly Morocco, western and southern Africa, Madagascar, the Comoros, Mauritius, and New Caledonia);
– in Asia/Australia, where the production, storage, transformation, distribution, and sale of petroleum products is the Group's main business, carried out via a network comprising one bitumen production plant in Kemaman, Malaysia coupled with 17 emulsion plants and 18 bitumen storage centers.

In most of the countries and regions where it operates, Colas is a prominent player in the road construction sector. It competes in each country with national corporations or the subsidiaries of major international groups (construction and public works, cement makers, materials manufacturers).

In 2012, the Roads business in the Rest of the world accounted for revenue of 1,486 million euros, up 15% from 2011 (up 11% on a like-for-like basis). This change reflects a mixture of situations.

FRENCH OVERSEAS DEPARTMENTS

In the French overseas departments, revenue for 2012 came to 446 million euros, up 6%.

Business activity was down in the **French Caribbean,** with a depressed construction and public works market in **Martinique.** In **Guadeloupe,** business activity was virtually stable, and the merger of the various construction subsidiaries into one entity (Sogetra) was completed.

The subsidiaries in the other overseas departments, conversely, posted higher revenue: in **French Guiana,** where the market was upbeat, as well as in **Reunion** and **Mayotte,** which enjoyed a stimulus package.

Major contracts performed in 2012 in the French overseas departments included: urban and highway development work surrounding the construction of reserved public transport lanes in Martinique; construction of a new terminal for the expansion of the Guadeloupe seaport; construction of a runway and parking area at Saint-Laurent-du-Maroni Airport in French Guiana; the design and build expansion and renovation of the Majicavo jail in Mayotte; building of paths and ancillary work for a new pipeline to be built in Saint-Paul, Reunion in partnership with Spac.

AFRICA AND THE INDIAN OCEAN

In Africa and the Indian Ocean, revenue was 639 million euros in 2012, i.e. up 11% from 2011.

In **Morocco**, business activity was steady, with the delayed enactment of public financing in 2012 offset by the completion of major projects (earthworks for the Tanger Kenitra high-speed train, Casablanca tramway, logistics facility for the Renault plant in Tanger) and several major engineering structures. The Group's Moroccan subsidiaries GTR, LRM, and Urbis Signalétique were rebranded together as GTR.

In **western Africa,** lower revenue reflected different realities in different countries: **Gabon** had a good year thanks to work accomplished with large multinational corporations as well as public sector clients. Business was slow, however, in **Benin,** the **Ivory Coast,** and **Togo.** In **Burkina Faso,** construction work on the Banfora-Sindou road began with American backing.

In **southern Africa,** the emulsion-making business enjoyed increased sales volumes. Amid the region's changing economics and demographics, as well as heavy infrastructure needs, revenue grew in **South Africa,** where business is most concentrated, in **Zambia,** and to a lesser extent in **Namibia.** The Group acquired 50% of the capital of the South African company Dust-A-Side, which specializes in services to mining businesses and posts annual revenue of approximately 40 million euros[(1)].

Business activity in **Djibouti** revolved around work on behalf of France's Ministry of Defense.

Amid a still fragile political climate, revenue recovered slightly in **Madagascar** thanks to business activities focusing on services to mining industry clients and ongoing road work. After more than ten years off, Colas restarted its business in the **Comoros**. In **Mauritius**, revenue was up with the full-year integration of Gamma Materials, a construction materials production company 50% of whose capital had been acquired in 2011, and the completion of airport runway resurfacing work.

In **New Caledonia,** business activity was the same as the previous year. At the end of 2012, Colas acquired a 50% stake in the share capital of several companies specialized in the production of construction materials (aggregates, ready-mix concrete, prefab.) with revenue of approximately 30 million euros per year[(1)]. These companies produce each year some 680,000 tons of aggregates out of three quarries and 70,000 m^3 of ready-mix concrete out of two plants. This enabled Colas to strengthen its positions in construction materials and secure supplies in a raw material rich region with good prospects for growth in the medium term.

Major projects handled in 2012 in Africa and the Indian Ocean include: construction completed on a 9-km section of track, including road work, for the Casablanca tramway (contracted out to Colas Rail) in Morocco; construction of the 37-km Djougou-Ouaké road, including two major engineering structures, and of the 14-km Ouaké-Semere connection, in Benin; reinforcement and extension of the runway at the Port-Gentil airport and the construction of 9 km of road surfaces in an industrial zone for a multinational agro food company in Gabon; the rehabilitation of a 52-km section of the RN43 in Madagascar; the rehabilitation of three roads totaling 41 km in the Comoros; resurfacing and extension of the runway and construction of a taxiway at the Mauritius international airport; roadway reinforcement work at Kaala-Gomen in New Caledonia.

ASIA/AUSTRALIA

In Asia/Australia, revenue (401 million euros in 2012) grew compared with 2011 (up 35%). The increase in volumes of bituminous products sold throughout the region was magnified by rising oil prices.

Australia experienced a jump in business activity thanks to good sales of imported bitumen and the opening of a new bitumen depot in Sydney.

Colas' bituminous products trade also grew in **Vietnam** and **Indonesia.** In this country, road construction enjoyed higher volumes of public infrastructure investments and work for mining companies. In **India,** with the construction in Calcutta of a ninth emulsion plant and an upbeat economic background, both the volume of emulsions sold and revenue increased. In **Thailand,** sales of bituminous binders and the construction activities of Colas' subsidiaries gained ground, buoyed by investments in maintenance following the floods that hit the country in late 2011. The Thai company Tipco, in which the Group holds a

(1) At 100%.

32.1% stake, also enjoyed high demand in all Asia/Australia zone countries, thus posting a sharp rise in tonnages sold.

Major projects handled in 2012 in Asia/Australia include: the resurfacing of a runway at the international airport of Bangkok, Thailand; maintenance work on a mining road on the island of Borneo in Indonesia; the supply of modified binders and bitumen for the international airport of Phú Quốc, Vietnam; and the resurfacing of the Harbour Bridge in Sydney, Australia.

SPECIALIZED BUSINESS ACTIVITIES

Specialized Activities, which complement the Roads business, posted combined revenue of 2,275 million euros in 2012 (against 2,141 million euros in 2011, i.e. up 6%), equaling 18% of the Group's total revenue.

Waterproofing

(revenue in 2012: 644 million euros)

Waterproofing business activities, performed by Smac and its subsidiaries, include:
– the production and sale of waterproofing membranes (22.9 million m² of product in 2012) in France and internationally (in over 70 countries), lighting and smoke/fume removal systems, and the installation and maintenance of control systems;
– the performance, mainly in France but also in Morocco since 2011 and in Chile and Peru since 2012, of road work and other mastic asphalt street-level construction (sidewalks, road surfaces, town squares, pedestrian zones, roundabouts, gutters, bus lanes), waterproofing work on buildings, major engineering structures and parking lots, and building envelope work (roofing, siding, cladding and acoustics, e.g. for offices, industrial facilities, concert halls, museums).

Thanks to its advanced research and development capabilities and engineering design offices, Smac can take on highly technical projects, in which it is a recognized expert and a major market player competing mainly with Soprema.

In 2012, Smac held up well and posted revenue of 644 million euros, down slightly from 2011 (decrease of 2%).

The works-related business was definitely affected by unfavorable weather conditions in France in the first half of the year, leading to jobsite delays, and by a sluggish construction market with fewer new home starts. Against this backdrop, sales of waterproofing membranes also fell in volume.

In 2012, Smac acquired Aguilar, a Chile- and Peru-based company specializing in building envelopes that boasts annual revenue of approximately 20 million euros.

Major projects for the year included: the laying of 500,000 m² of Colétanche® waterproofing membrane in roadside ditches along Highway A63 in southwest France; waterproofing and cladding work on the velodrome at Saint-Quentin-en-Yvelines; mastic asphalt waterproofing for the new hospital in Orléans; roofing for the Le Corbusier high school in Strasbourg; and building envelope work for the Lyon regional archives.

Railways

(revenue in 2012: 644 million euros)

The Railways business, performed by Colas Rail and its subsidiaries, includes the design and engineering of large, complex projects and the construction, renewal, and maintenance of rail networks (high-speed and conventional train routes, tramways, subways) as regards their fixed installations and infrastructure, namely the laying and maintenance of track, electrification (substations, overhead power supplies), signaling and safety systems, specialty projects (retractable bridges, special branch lines, tunnels), the manufacturing of ties, and a rail freight business (transport of construction aggregates for the Group's subsidiaries as well as other goods for private clients).

This business takes place mainly in France and the United Kingdom, but also in Belgium, Romania, Venezuela, Egypt, Algeria, Morocco, and Malaysia.

Colas Rail's main competitors in France are ETF (Eurovia), TSO (NGE), Alstom (TGS), Eiffage Rail, and a number of independent mid-sized companies. In the United Kingdom, they are Balfour Beatty, Carillion, Babcock, VolkerWessels, Vinci, Skanska, BAM, and Ferrovial.

In 2012, Colas Rail posted revenue of 644 million euros, up 10% from 2011 (up 7% on a like-for-like basis). This growth came essentially from international business in Europe and the rest of the world.

In France, business activity remained virtually stable. It benefited from the continuation of numerous tramway jobs and conventional renovation/maintenance work on the national rail system (including the Fast track renewal contract). Colas Rail also won a joint contract with Europorte for the management, operation, and maintenance of the Paris Port authority's rail system.

In the United Kingdom, work continued on the renewal and maintenance of railways under long-term contracts and, in May 2012, the Group acquired Pullman Rail Ltd, a company specializing in the maintenance and repair of railway equipment, with annual revenue of roughly 20 million euros.

In the rest of the world revenue rose appreciably, with construction continuing on line 2 of the Los Teques metro in Venezuela and the extension of the Kelana Jaya rapid transit line in Malaysia.

Besides the foreign contracts acknowledged above, major projects performed in 2012 or currently underway also include, in France, the construction of tramways in Besançon and Valenciennes, the extension of tramway lines in Grenoble, Toulouse, and Tours, the completion of the T2, T7, and T3 lines in Paris, and the construction of 17 km of new track as part of a third track built on the Marseille-Aubagne line.

Sales of refined oil products

(revenue in 2012: 431 million euros)

The Société de la Raffinerie de Dunkerque (SRD) makes bitumen from crude oil for the production of paving materials and waterproofing membranes, as well as base oils, paraffins, and fuel oils used by non-road industries. Until the end of 2012, these products were sold to Colas (60%) and Total (40%) under a processing contract, which came to an end on December 31, 2012. Colas will thus operate this business alone as of January 1, 2013. Within Colas, a special Bitumen division is responsible for selling the bitumen internally to the Group's Mainland France and northern European roads subsidiaries, as well as to Smac (waterproofing), and for selling third-party clients the other products (base oils, paraffins, and fuel oils). In 2012, SRD produced 249,000 tons of bitumen (260,000 tons in 2011), 251,000 tons of base oils (270,000 tons in 2011), 334,000 tons of fuel oils (360,000 tons in 2011), and 53,000 tons of paraffins (55,000 tons in 2011).

In 2012, revenue from this business, coming mainly from sales to third parties of refined products other than bitumen, came to 431 million euros, an increase of 28% over 2011, as the price of the reduced crude oil used as a raw material rose.

Road Safety and Signaling

(revenue in 2012: 349 million euros)

Road Safety and Signaling business (Aximum and its subsidiaries) includes the manufacture, installation and maintenance of safety equipment (guard rails and traffic directing systems), of road paints and marking products, of signs, and of traffic and access management systems (i.e. traffic lights and equipment for toll booths, parking lots and access control).

Most of this business is in France but some is conducted abroad, most notably in the Netherlands, and products are exported to some 20 countries.

Aximum's main competitors in France are Signature (Eurovia), Agilis (NGE), AER (Eiffage), and in the signage segment Girod and Lacroix.

In 2012, Aximum posted revenue of 349 million euros, a 7% increase. After adjusting this figure to account for the full-year consolidation of SES Nouvelle —which was acquired in July 2011 by Aximum (35% stake) and a private equity fund—, 2012 revenue is practically stable at constant consolidation scope and exchange rates.

Some of the most significant projects completed or undertaken in 2012 include: the completion of road signaling, marking and guard rail installation on Highway A63 in the southern French department of Landes; the installation of concrete traffic dividers and guard rails on a 15-km section of Highway A71; the installation of retaining barriers, signaling and marking at the Le Mans racetrack; the construction of an underground pedestrian passageway at the Sorigny toll station on Highway A10; new road marking and marking maintenance on the Lyon ring road; and the ongoing Energy Performance Contract with the city of Paris.

Pipelines

(revenue in 2012: 207 million euros)

The Pipeline business (Spac and its subsidiaries) involves the installation and maintenance of large-diameter and smaller oil, natural gas and water pipelines (and the construction of turnkey gas compression stations), and civil engineering work and industrial services for power, heating and telecommunications networks.

This business is mostly conducted in France.

Spac's main competitors in the pipeline market are Spiecapag, Sicim and Bonatti, and in the turnkey construction segment Ponticelli, Endel and Eiffel (Eiffage).

Spac posted sales of 207 million euros in 2012, a decrease of 12% from 2011.

The decline in revenue is attributable to a lack of substantial pipeline projects and Spac's policy of not bidding for contracts that do not enable a sufficient profit. The year was also adversely affected by technical problems with two natural gas compressor stations, one of which was completed. 2012 was a year of transition for Spac. The action plan it implemented during the year enabled it to win a large contract to lay a large-diameter pipeline for GRT Gaz, as part of the Hauts de France II project.

Some of the year's most significant projects included the laying of 11 km of pipeline to double the capacity of an existing natural gas pipeline with the creation of two isolating valve installations at Avey; the completion of an EPCC contract for the surface infrastructure of a natural gas underground storage facility at Hauterives; the replacement of a 3.5-km section of a pipeline in Manosque; and the construction of a 4-km long double underground power line between Périers and Saint-Sébastien-de-Raids.

COFIROUTE

Cofiroute, a highway concession company in which Colas has a 16.7% stake, operates a 1,200-km highway network in northwestern France and the A86 Duplex tunnel west of Paris. The concessions for the highway network and the A86 Duplex will end respectively in December 2031 and December 2086.

Due to sluggish economic conditions, traffic on the highway network decreased 2.4% in 2012, at constant capacity. Passenger vehicle traffic and heavy truck traffic declined 1.9% and 5.4% respectively. After the commissioning of the second section in early 2011, traffic on the A86 Duplex continues to rise steadily. Work on the Green Highway Package project to reduce environmental impact continued at a robust pace, with the installation of drive-through toll collection booths, the green renovation of rest areas, and new wastewater treatment facilities on some of the highway system's oldest sections.

TECHNIQUES, RESEARCH AND DEVELOPMENT

Research has been a pillar of Colas' strategy for many years.

With a portfolio of over 140 patents filed in France and across the world, and products distributed to subsidiaries worldwide, Colas continues to pioneer the development of new techniques for transport infrastructure the world over, tailoring them to different national markets (e.g. depending on market evolutions and the type of weather — from the freezing temperatures of Alaska to the tropical climates of Africa and Asia).

The objective of Colas' Research and Development policy is to anticipate and meet the needs of all transport infrastructure stakeholders (which include public and private-sector customers, users and local communities) in terms of quality, safety, comfort and environmental protection, and in a cost-efficient manner. Protecting the environment mainly involves recycling materials, saving energy, and reducing greenhouse gas emissions. But it also includes reducing noise pollution and making transport infrastructure more visually appealing. Colas is working to improve existing techniques, design new products and increase its range of services. The development of the Group's R&D skills and expertise is reflected in the many new products and services it has developed, such as the bitumen activity and complex PPP-type projects, which require high-level expertise in transport infrastructure. Efforts to enhance the Group's skills are mainly focused on mineral, organic and vegetal chemistry, road and rail infrastructure design, and applied physics.

In 2012, the Group once again adapted its research programs to meet the needs of its rapidly changing markets, as seen in France with the recent "Grenelle" Environment measures and the deployment of policies to maintain road infrastructure, and in Europe with tighter standards for bituminous products, in compliance with REACH regulations on the production and use of chemical substances. The French government pursued the program it launched in 2007 to support innovation in the road industry.

A NETWORK OF TECHNICALS SKILLS

Colas has a large global technical network that is expanding and getting stronger with each new acquisition the Group makes. This network operates in close synergy with Colas teams in the field to propose new solutions.

At the core of this network is the spearhead of the Group's innovation program, the Campus for Science and Techniques (CST) based in Magny-les-Hameaux, near Paris, the road industry's largest private research center with eight laboratories. The CST's staff use their R&D expertise and skills to provide support to Colas subsidiaries in France and worldwide; assisting them with everyday projects and with larger and complex contracts such as tramway platforms and PPP, PFI and concession projects. Over 90 engineers, laboratory technicians, physicists, chemists, materials specialists and metrologists work at the CST.

There are some fifty decentralized laboratories and some one hundred engineering offices specialized in road construction, civil engineering, rail networks, building construction and demolition in France and throughout the world that work in continuous collaboration with the CST. They contribute to the Group's overall research effort and offer tailor-made technical support to local projects.

Each team has its own state-of-the-art laboratory equipment and computer tools to meet evolving technical challenges, regulatory requirements and customer needs. This includes equipment for materials analysis, risk assessment and simulation software, and devices to assess the condition of the road, acquired or designed by the CST. This equipment enables the Group's researchers and engineers to propose new solutions to customer requirements and enhance contract offerings with technical and economical alternatives.

In all, the Colas technical network boasts 2,000 research experts, engineers and technicians hard at work throughout the Group's businesses worldwide, with 1,000 people in laboratories and 1,000 people in engineering offices, 45% of whom are in France.

FOCUSING ON RESPONSIBLE DEVELOPMENT

Saving energy and materials, reducing carbon footprint

In the field of road construction, Colas' R&D and technical teams focus their efforts on:

- **lowering asphalt mix production temperatures,** to make warm, semi-warm and cold mixes (3E® energy-efficient mixes), and low-temperature mastic asphalts, such as Smac's Neophalte® BT;
- progressively replacing petrochemical and synthetic chemical components with **plant-based products,** such as Vegeflux® and Ekoflux® fluxing agents, and Vegecol® binder which is a carbon sink;
- **recycling materials,** such as reclaimed asphalt pavement, to make new asphalt mixes (such as 3E®+R mixes which have been certified by the French Ministry of Ecology, Sustainable Development, Transportation and Housing for use in pilot projects and cold in-place recycling and treatment with Novacol® and Valorcol®);
- **reducing road thickness,** with Colgrill® R, which consists of a fiberglass mesh and asphalt mix. This product won the 2010 Sustainable Development Innovation Award and is currently used in many Innovation Charter pilot projects.

As part of a team formed by USIRF, a French road industry trade association, Colas engineers played a key role in developing SEVE®, an "eco-comparator" that enables contracting authorities to effectively compare the alternative eco-friendly solutions that contract bidders propose to reduce energy consumption and greenhouse gas emissions.

Making transport infrastructure safer

Colas' initiatives to increase road safety and improve driver information include heavy duty skid-resistant asphalt mix that considerably reduces braking distances, the development of energy-autonomous devices for automatically collecting, processing and transmitting traffic-related data, and new plant-based road marking products that emit no volatile organic compounds, such as Vegemark®, Aximum's water-based road paint with a plant-based binder.

Reducing traffic noise pollution

Reducing traffic noise has long been a priority at Colas, which continues to improve its noise-reducing mixes, such as Nanosoft® and Rugosoft®, two state-of-the art products developed by Colas, Screg's Microville® HP (first tested in 2011) and Picoville®, and Sacer's Miniphone® S 0/4. Aximum, the Group's safety and signaling subsidiary, also makes high-performance noise barriers.

Making infrastructure more visually appealing

Since the quality of our environment is also a question of visual appeal, R&D teams have been working to develop surfacings that use translucent plant-based binders instead of bitumen, to reveal the natural appearance of aggregates.

Controlling infrastructure costs

In response to the budget difficulties that some local authorities are facing, Colas has been developing products and processes that are more economical while providing equivalent or even superior performance. Two examples are new surface dressing techniques for road maintenance, and new long-lasting, heavy duty skid-resistant mixes that make roads safer.

The French Ministry of Ecology, Sustainable Development and Energy awarded Colas its Innovation prize in the Sustainable Materials and Equipment category, for Colbifibre®, a new process that can keep older roads in service longer and postpone structural reinforcement work.

These research programs and objectives are consistent with the commitments made in the voluntary agreement the FNTP (the French National Public Works Federation) signed on March 25, 2009.

PROMOTING SPECIAL PRODUCTS AND TECHNIQUES ACROSS THE WORLD

In 2012, Colas' international and French overseas subsidiaries used the Group's special products and processes in numerous projects:

– **Belgium:** several experimental projects were completed to test noise-reducing mixes and techniques. Many Group processes were implemented and their performance is being monitored on behalf of Flemish local authorities in the Belgium Road Research Center;

– **Switzerland:** there has recently been a strong interest in the latest generation of Nanosoft® noise-reducing mixes, Valorcol® cold in-place recycling techniques, and Vegeflux®, a plant-based fluxing agent;

– **United Kingdom:** French airfield asphalt concrete is being increasingly used to reinforce and renovate runways, such as at the Birmingham airport;

– **Iceland:** the first Valorcol® cold-recycling project was completed;

– **Slovakia:** Ruflex® modified binders were used for the first time;

– **Croatia:** a road was paved with Microville® noise-reducing mix for the first time ever;

– **Czech Republic:** first projects using Microville® and Bituclair® light-colored binder;

– **Poland:** the use of noise-reducing Nanosoft® and Rugosoft® mixes continued to progress;

– **Switzerland**, **Belgium**, **Hungary** and **Denmark:** asphalt plants were equipped to make foam bitumen warm mixes;

– **North America:** rapid gains continued for the FiberMat® crack-prevention process and for plant-based fluxing agent Vegeflux®, which is used to regenerate road surfaces and make mixes with RAP; **United States:** Ecomat® warm mixes, Reclaimed asphalt pavement (RAP) and TuffBond™ emulsions for high-performance asphalt concrete, as collaboration with Colas' CST researchers to develop special emulsions for recycling and microsurfacings continued; **Canada:** the use of warm mixes with additives and foam bitumen continued to expand, along with mixes made using light-colored Colclair® and Bituclair® binders and Rugosoft®, a low-noise high-grip mix; certification and testing of water-based road marking paint continued; western Canada saw an increasing number of high-grip surface treatments, to improve both road appearance and safety;

– **Guadeloupe:** the Compostyrène® light-weight back-fill process was used for the first time;

– **Martinique:** foam bitumen warm mix was used for the first time in a project for the General Council;

– **Morocco:** the Dust-A-Side® dust-prevention process was used for the first time;

– **Indian Ocean region** and **Pacific Rim:** warm mixes containing CWM® were used in road paving projects in Mayotte, mix made with Betoflex® modified bitumens was selected for the Mauritius airport, RAP and the use of warm CWM® mixes increased, the Colgrill® process was used to reinforce roads on Reunion, and in-place road recycling was employed in New Caledonia;

– **Asia:** kerosene-resistant mixes were used for Bangkok's International Suvarnabhumi airport in **Thailand**, and Aquaquick® fast-setting cold mixes made rapid gains in **South Korea.**

RESPONSIBLE DEVELOPMENT

INTRODUCTION

Colas' approach to responsible development (see www.colas.com) is based on the dual conviction that its businesses help fulfill needs and aspirations, and that they must be conducted in a responsible manner. Colas has to take into account the expectations and contradictions of contemporary society: social cohesion, climate change, transportation needs, improving living conditions, etc.

As the cornerstone of this approach, the policy implemented and deployed across the Group is guided by three strategic targets and five major targets.

The three strategic priorities are crucial for the development and long-term success of Colas' activities, each of which enjoys its scope of action: the renewal and enrichment of human capital, community acceptance of production sites, and ethics. With respect to its human resources, the Group's key areas for priority action are attraction of talent, diversity (professional integration, disabilities, gender balance, older workers), employee retention and training. The action plans implemented to ensure community acceptance of production sites have two principal objectives: ensuring that production sites carry out their operations in an exemplary manner (environmental certification, in particular under ISO 14001, checklists used for risk prevention) and maintaining open lines of communication with local populations. In addition, Colas makes no compromises when it comes to its ethical principles, which are an integral part of the Group's internal control procedures.

Colas' scope for action may be more limited in relation to its five major targets, even though some, such as energy, may be considered every bit as important. These major targets are: safety; corporate citizenship in developing countries; energy and greenhouse gases; recycling; and chemical hazards.

For each of these targets, a policy of continuous progress has been established and is coordinated at each level of the organization. Global performance indicators and goals have been specified in most cases. This approach seeks to foster a deep and lasting culture of continuous improvement in the field, throughout Colas' 800 work centers and 1,400 materials production sites.

This motivation is also reflected in the wide variety of actions the Group's business units undertake in their own communities. The vision of Colas' business activities is thus enriched and transformed by the collective appropriation of CSR(1).

As far as the dialogue with non-contractual stakeholders is concerned, few issues justify a global and international approach, whereas exchanges at the local level are numerous, with neighboring residents, local governments, schools, the social sector, etc. Colas understands the importance of building a strong local presence throughout its worldwide network and seeks to maintain open lines of communication with local stakeholders at all times. To date, the sole relevant issue on a global level involves bitumen fumes, and Colas has played a major role in communicating with customers, scientists, employees, government labor departments and workplace health bodies(2).To encourage broader thinking on this issue, Colas takes part in strategy committees and commissions organized by various bodies bringing together a range of stakeholders, such as CORE at the INERIS(3) and COS at the FRB(4). The Group is also working to give ever more meaning to its corporate philanthropy actions.

Following the global roll-out in 2010 of a new reporting tool designed to harmonize all indicators used by 770 of Colas' legal entities, a number of improvements in the use of this tool and the reliability of the data obtained were made in 2011 and 2012 so as to monitor all indicators as accurately as possible(5).

In accordance with decree no.2012-557 of April 24, 2012 relating to the transparency obligations of companies in social and environmental fields (implementing article 225 of law no.2010-788 of July 12, 2010), the non-financial indicators for 2012 and the procedures used to collect these data were verified and certified by Ernst & Young on February 22, 2013.

CSR REPORTING(6)

Pursuant to French decree no.2012-557 of April 24, 2012, on corporate social and environmental reporting requirements (article 225 of law no.2010-788 of July 12, 2010), Colas has reported its relevant employee, social and environmental information in its 2012 management report. Three types of information are provided in this document, each of which is identified as either an "indicator" with a "comment", "other justification" (when no indicator is provided) and "qualitative information" (when the subject dealt with requires an explanation).

I – Employee information

Information concerning the Group's employees covers all of the companies in which Colas has an equity interest.

With the exception of total workforces, Group company employee indicators are fully consolidated regardless of the percentage of Colas' equity interest.

The workforce of companies that Colas controls are fully counted. Those of companies in which Colas has a 50% interest are counted at 50%, while those of other companies are excluded, except for industrial joint ventures (GIE) in Mainland France (mostly asphalt plants), all of the employees of which are included when Colas is responsible for the administrative management of these ventures (pursuant to the rules of the FNTP, the French national public works federation).

The reporting scope for the following indicators is the entire world: Workforce; Breakdown of men/women; Recruitment; Accident frequency rate and severity rate; Employees trained in first aid.

The data provided for the other indicators complies with specifically French standards or definitions. Given the differences in labor laws between countries and/or between international reporting standards, the reporting scope for the following indicators is currently limited to France: Workforce breakdown by age group; Number of dismissals; Average annual salary by employee status; Work time regimes; Absenteeism rate; Participation in employee elections; Number of collective bargaining agreements negotiated; Number of employees with an occupational illness; Work/study schemes; Training hours; and Disabled employees.

(1) Corporate social responsibility.
(2) See section on "Operational risks" (p. 34).
(3) *Commission d'orientation de la recherche et de l'expertise* ("research and expert evaluation steering committee") at the *Institut national de l'Environnement industriel et des Risques* (the French national institute whose mission is to assess and prevent accidental and chronic risks to people and the environment originating from industrial activities, chemical substances and underground works).
(4) *Comité d'orientation stratégique* ("strategic steering committee") at *Fondation pour la recherche sur la Biodiversité,* the French foundation for biodiversity research.
(5) www.colas.com.
(6) Article 225 of French law no. 2010-788 on July 12, 2010.

Data concerning French employees were taken from Human Resources Information System (HRIS) France, from January 1 to December 31.

Data concerning international employees are obtained from an annual survey over the twelve months from October 1 year N-1 to September 30 year N.

Safety and occupational illness data are obtained from an IT application used to record occupational accident and illness data and which has been deployed worldwide. These data are fully consolidated.

A. EMPLOYMENT

A.1: TOTAL WORKFORCE AND BREAKDOWN OF EMPLOYEES BY SEX, AGE, AND GEOGRAPHICAL LOCATION

Indicator: workforce by geographical location

Scope: World	2012	2011
France	38,277	38,132
International, including:	24,529	24,548
Europe	9,090	10,046
Indian Ocean / Africa / Middle East	8,610	8,128
North America	5,290	5,090
Asia / Pacific	1,539	1,284
TOTAL	**62,806**	**62,680**

Comment

Colas' total workforce as of December 31, 2012 was practically equivalent to that of December 31, 2011.

In France, the workforce is stable and is consistent with business activity.

In Europe, the 9.5% decrease in the workforce is mainly attributable to the adaptation of central European subsidiaries (i.e. restructuring in Hungary, Poland and Croatia), the decrease in activity and the sale of a subsidiary in Romania.

In the other regions, the increases are consistent with the growth of activity:
– +3.9% in North America;
– +5.9% in Indian Ocean / Africa / Middle East;
– +19.9% in the Asia / Pacific region.

Note : the figures provided for this indicator represent the total workforce at the end of each year and therefore do not account for variations over the year due to the seasonality of road construction business. This seasonality is reflected in the average workforce calculated over a rolling twelve-month period, resulting in 66,489 employees in 2012 and 66,202 in 2011.

Indicator: breakdown of men /women

Number of women in workforce *Scope: World*	2012	2011
France	**8.4%**	**8.4%**
Managers	12.9%	12.9%
Staff, technicians and supervisors	23.0%	23.3%
Workers	0.6%	0.8%
France: female team leaders	**6.3%**	**6.7%**
International	**10.9%**	**10.6%**
Management	22.6%	22.8%
Workers	6.5%	6.1%

Comment

In jobs that predominantly involve working outdoors, the proportion of female employees remains low.

In support positions, however, the proportion of female employees is substantial.

Indicator: workforce by age bracket

Scope: France	2012	2011
< 25 years old	6.6%	7.6%
25-34 years old	23.9%	24.9%
35-44 years old	27.3%	27.9%
45-54 years old	29.1%	28.1%
55 years old and older	13.0%	11.5%

Comment

The distribution of ages is relatively even.

The breakdown of the various age brackets has changed little. There has, however, been a slight increase in the percentage of employees over the age of 55 (+1.5%).

A.2: HIRING AND DISMISSALS

Indicator: external recruiting (fixed-term and permanent contracts) by status

Scope: World	2012	2011
France	**4,252**	**4,550**(1)
Managers	533	416(1)
Staff, technicians and supervisors	913	963(1)
Workers	2,806	3,171(1)
International	**3,347**	**2,713**
Management	912	827
Workers	2,435	1,886
TOTAL	**7,599**	**7,263**

(1) The figures published in the 2011 annual report did not include fixed-term contracts in the French overseas *départements* (DOM).
In order to enable comparison between 2011 and 2012, the 2011 data have been readjusted .

Comment

Recruitment was up 5% in 2012, and remained robust.

Hiring in France declined slightly, except for entry-level and experienced management staff, which surged 28%.

A considerable effort was made to recruit young engineers. This included developing close-knit partnerships with schools, extensive communication campaigns and a policy of recruiting interns during their final year.

These initiatives are conducted in France and abroad. In many countries, and in particular in North America, Europe, the Indian Ocean region and Asia, Colas entities are encouraged to work with schools and universities, and Colas employees devote considerable time to informing and assisting students.

In 2012, Colas began to shift its recruitment communication strategy to the Internet and more specifically to social networks for professionals (Viadeo and LinkedIn) and for the general public (Facebook and Twitter). The shift toward recruiting more students and young graduates is reflected in the Group's "Golden Roads" film festival of videos made by interns to describe their internship experience at Colas (most newly hired entry-level management staff are former interns). Many of these videos can now be seen on Facebook and YouTube. Colas was ranked 6th in the Happy Trainees survey of companies having over 5,000 employees.

Indicator: number of dismissals

Scope: France	2012	2011
Number of dismissals	361	362

Comment

In 2012 in France, the number of dismissals was 361, a low number as in 2011, compared with 2,803 departures and over 38,000 employees.

Out of 361 dismissals, 339 were individual dismissals and 22 were reductions concerning a division of Aximum (Aximum Produits électroniques) which obtained approval from its local works council for a workforce adjustment plan to consolidate industrial activity at one site instead of four.

A.3: COMPENSATION AND CHANGES IN COMPENSATION

Indicator: average annual wages by status

(in euros) *Scope: France*	2012	2011
Managers	57,785	54,318
Staff, technicians and supervisors	32,433	30,508
Workers	24,110	23,110

Comment

Despite a weakened economic environment, the average annual wages for all categories showed an increase in 2012.

In France, employees are party to a profit-sharing agreement as well as an incentive agreement.

B. ORGANIZATION OF WORK

B.1: ORGANIZATION OF WORKING TIME

Indicator: working time arrangements of employees

Scope: France	2012	2011
Hourly	54.1%	NA
Monthly	29.3%	NA
Flat rate	16.6%	NA

Comment

The organization of working time, arranged within the framework of agreements signed with union representatives, is based on a yearly modulation of working time, which makes it possible to deal with seasonal variations in activity. Thus, 54% of the Group's employees in France work on an annualized hourly basis and 16% on a flat-rate basis.

B.2: ABSENCES

Indicator: absence rate

Scope: France	2012	2011
Absence rate	4.16%	NC

Comment

This new indicator is calculated for permanent employees and gives a calendar day count of time off following workplace accidents, commuting accidents, illness or occupational illness, in proportion to the number of calendar days. With a rate of 4.16%, Colas is close to the national rate of 3.84% in the private sector (as measured by Alma Consulting Group – September 2012).

C. LABOR RELATIONS

C.1: ORGANIZATION OF LABOR-MANAGEMENT DIALOGUE, INCLUDING PROCEDURES FOR INFORMING, CONSULTING, AND NEGOTIATING WITH PERSONNEL

Indicator: participation in elections of the works council or combined labor delegation

Scope: France	2012	2011
Rate of participation in works council elections at last elections (1st round, full members)	80%	79%

Comment

The labor-management dialogue takes place in 356 local and central works councils.

The high rate of participation in elections (80%) reflects the involvement of employees.

C.2: OUTCOME OF COLLECTIVE BARGAINING AGREEMENTS

Indicator: number of collective bargaining agreements negotiated

Scope: France	2012	2011
Number of collective bargaining agreements negotiated, including mandatory yearly negotiations	69	56

Comment

In addition to mandatory yearly negotiations, the plan to reorganize the roads business in Mainland France was approved on November 12, 2012 by fifteen out of the sixteen central works councils (CCE) consulted as well as the six works councils (CE) of the Échangeurs shared head offices.

D. HEALTH AND SAFETY

D.1: WORKPLACE HEALTH AND SAFETY CONDITIONS

Indicator: total number of employees trained in first aid

Scope: World	2012	2011
Total number of employees trained in first aid (end of period)	19,740	19,946

Comment

The Group encourages first-aid training, which benefits other employees, employees' family and friends, and society as a whole while also reinforcing awareness of safety issues.

In 2012, employees trained in first aid constituted approximately 30% of the total workforce.

D.2: OUTCOME OF AGREEMENTS SIGNED WITH UNION ORGANIZATIONS OR LABOR REPRESENTATIVES AS REGARDS WORKPLACE HEALTH AND SAFETY

Qualitative information

In 2012, Colas opened negotiations with the Group's union coordinators on the prevention of arduous working conditions. An action plan complete with quantitative targets and indicators will be implemented in 2013 after consultation with the Committee for Hygiene, Safety, and Working Conditions (CHSCT) as well as local (CE) and central works councils (CCE).

D.3: WORKPLACE ACCIDENTS, INCLUDING FREQUENCY AND SEVERITY, AND OCCUPATIONAL ILLNESSES

Indicator: employee workplace accidents

Scope: World	2012	2011
Frequency rate(1) of employee workplace accidents	8.15	8.61
Severity(2) of employee workplace accidents*	0.59	0.58*
Scope: France		
Number of employees recognized as suffering from an occupational illness during the year	69	NA

(1) Number of workplace accidents resulting in leave x 1,000,000 / number of hours worked.
(2) Number of days of leave x 1,000 / number of hours worked.

** Note: This level of severity includes workplace accident days related to accidents in previous periods. The level given in prior years was the annual level of severity. That level, which is calculated without taking into account days of leave related to accidents from the preceding period, is used by the Group to measure the safety performance of its subsidiaries. The annual level of severity was 0.31 in 2012 and 0.36 in 2011.*

Comment

The accident frequency rate improved in 2012 and the severity rate was stable.

France has a low proportion of employees with a recognized occupational illness.

A key objective of Colas' health and safety policy is to develop and continually strengthen a culture of safety in all entities. Global networks of safety specialists support subsidiary managers in deploying this policy.

To encourage subsidiaries to improve safety, the results of safety actions are assessed and ranked every six months.

The Group has set three safety objectives for 2015:
– reduce the accident frequency rate to less than 5 in France and Europe, and to less than 3 in the other regions;
– provide first-aid training to 35% of the work force;
– 300 entities in France with no lost-time work accidents.

Some of the many safety initiatives in 2012 include:
– the launch of a Group-wide campaign to increase awareness of crushing risk;
– ongoing efforts to raise employee awareness of exposure to bitumen fumes and of the risk of overexposure to UV rays;
– a survey to collect best health, safety and environmental practices from subsidiaries in North America, to promote these practices throughout the Group;
– the rewriting of the "Personal Protection Equipment" and "Work Clothing" standards, and the deployment of an "Alcohol and Drugs" toolbox in France.

E. TRAINING

E.1: POLICIES IMPLEMENTED AS REGARDS TRAINING

Indicator: work-study contracts

Scope: France	2012	2011
Number of apprenticeship contracts	732	634
Number of vocational training contracts	420	306

Comment

To meet the Group's skills requirements, in 2012, Colas pursued its efforts to increase hiring under work-study contracts. Mentoring is also increasing at a rapid pace.

Developing the "skills capital" of employees is now a top training priority, with more focus on:
– conducting studies (mostly concerning water use (French Water Act) and geotechnical methodology);
– contract management (for large and complex projects);
– on-site technical training (to improve work execution).
An in-house training campaign was launched to promote compliance with new transportation regulations.

Training efforts also included:
– support for newly promoted operating unit managers, in addition to the Colas Campus programs (including Colas University[1] stages 2 and 3);
– safety training;
– career development support;
– ongoing training in conducting performance reviews.

In France, investment in training by employee category was stable, with workers receiving about 50% of training time, office staff and supervisors, 30%, and managers, 20%. Colas Campus courses and programs accounted for over 30% of total training hours.

(1) The objective of the Colas University is to ensure that the Group has a sustainable pool of managers. Training is provided in three stages, in accordance with the level of responsibility.

E.2: TOTAL NUMBER OF TRAINING HOURS

Indicator: total number of training hours

Scope: France	2012[2]	2011[2]
Portion of payroll earmarked for training	3.66%	3.86%
Average training days per employee per year	1.75	1.82

(2) Figures related to training are from the final training assessment approved at the end of the first half of fiscal year N for the period N–1.

Comment

For many years, the training budget has been around 4% of payroll: it was set at 4% for 2010, 3.7% for 2011 and 4% for 2012.

F. EQUAL TREATMENT

F.1: MEASURES TO PROMOTE EQUAL OPPORTUNITY BETWEEN MALE AND FEMALE EMPLOYEES

Qualitative information

In France, subsidiaries have signed agreements or implemented actions to further gender diversity and equal opportunity between men and women. Their efforts include:
– recruitment (increasing the percentage of women hired);
– training (ensuring that women have equal access to training);
– working conditions (e.g. lightening loads and providing personal protection equipment designed for women);
– pay (promoting the principle of equal pay and providing a "catch-up" mechanism if a pay discrepancy cannot be objectively justified);
– reconciling professional and family obligations (e.g. planning meetings to accommodate personal schedules and reserving spots in day care centers).

Similar actions are conducted outside of France, such as in Canada, where a partnership was set up with the NGO Women Building Futures.

These actions are part of the Group's overall anti-discrimination policy.

F.2: MEASURES TO EMPLOY AND PROMOTE THE SOCIAL INTEGRATION OF PEOPLE WITH DISABILITIES

Indicator: disabled employees

Scope: France	2012	2011
Total disabled employees (fixed & indefinite-term contracts)	987	876
Disabled employees recruited (fixed & indefinite-term contracts)	37	24
Revenue with companies that employ the disabled	€1,292,000	€904,655

Comment

The increase in the number of employees with disabilities in France reflects the commitment made over the past two years under an agreement with Agefiph, an NGO that helps find jobs for the disabled.

Information and awareness-raising actions were conducted throughout 2012. These included a poster campaign in Colas entities, the making of three videos, the publication of awareness-raising articles in company magazines, and the distribution of two guides for managers on employing the disabled and on adapting work to accommodate disabled employees. Actions to raise disability awareness are regularly conducted at the Colas Universities.

F.3: ANTI-DISCRIMINATION POLICY

Qualitative information

In compliance with the Bouygues group's Human Resources Charter and Ethics Code, Colas' recruitment policy prohibits any discrimination that cannot be justified on lawful grounds.

Colas' anti-discrimination policy targets four priority areas: promoting social integration and gender diversity, and employing people with disabilities and people over age 50.

Actions to raise awareness of discrimination issues are regularly conducted at the Colas Universities.

To promote social integration, subsidiaries in France are recruiting the long-term unemployed in economically deprived areas. In France, a partnership was developed with the Adecco Insertion temporary employment network for this purpose.

The principle of non-discrimination was clearly reasserted in agreements on gender diversity and equality of opportunity between men and women.

Many actions are being taken outside of France, such as in Saskatchewan, Canada, where ColasCanada is actively seeking recruits from local Indian communities, and in the United Kingdom, where Colas has set up indicators to measure progress in achieving diversity in the workplace that reflects the diversity of society.

G. PROMOTING COMPLIANCE WITH THE INTERNATIONAL LABOR ORGANIZATION'S FUNDAMENTAL PRINCIPLES OF:

G.1: FREEDOM OF ASSOCIATION AND THE RIGHT OF COLLECTIVE BARGAINING

G.2: ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT OR OCCUPATION

G.3: ELIMINATION OF FORCED OR COMPULSORY LABOR

G.4: THE EFFECTIVE ABOLITION OF CHILD LABOR

Qualitative information

Since Colas obtains over 90% of its revenue in the OECD countries, it has few operations in countries where there is a substantial threat to freedom of association or substantial risks of forced or compulsory labor, child labor or discrimination. The Group also generally works with few sub-contractors.

Colas has made a commitment to observe the United Nations' Universal Declaration of Human Rights and the ILO's fundamental principles (as per article 2 of the Code of Ethics of Colas' parent company, the Bouygues group). To ensure that these fundamental principles are observed, Colas:
– provides its employees with a copy of the Bouygues group's Code of Ethics,
– includes social and environmental criteria in its procurement policy.

II – Environmental information

A. GENERAL ENVIRONMENTAL POLICY

The environmental policy is one component of Colas' Responsible Development effort, which the Chairman and CEO has made a core Group value. A Corporate Environment Director, who is also in charge of Responsible Development, examines environmental issues and priorities with the Group's operational departments and functional departments, such as Human Resources and Communications. The environmental Department comprises six employees and a network of some thirty environmental managers in the subsidiaries, which are in turn supported in the field by several hundred correspondents and internal environment auditors, who often have responsibilities in other areas, such as quality and safety.

All environmental indicators (see list below) are strictly defined. They are collected across the world using a SAP application and calculated over a full year from October 1 to September 30 (to allow sufficient time for data collection, processing and analysis). As of 2011, all of these indicators are consolidated in proportion to Colas' equity interest in all companies in which the Group has an interest, in addition to those it controls or consolidate in its financial statements. As a result, environmental data may differ from the figures reported in financial statements and accounting documents.

The indicators used for production sites also apply to sites operated in partnership with companies outside the Colas Group, and for which Colas does not always have control over environmental aspects (as, for example, is the case with sites in which Colas has a minority interest). Given the broad scope of application of these indicators, it is therefore difficult to achieve perfect performance. However, these indicators do provide a very broad perspective of the scope of Colas' responsibility and risk exposure.

Environmental indicators:
II – A1: Percentage of materials production sites with environmental certification; Percentage of environmental self-evaluation using Colas checklists; Percentage of materials production operations that use a tool to manage environmental impact; Overall percentage of environmental certification.

II – B2: Ratio of recycled materials over total aggregates produced; The percentage of reclaimed asphalt pavement with bitumen recovery; Surface area of road recycled in situ; Waste oil recovery rate.

II – C2: Amount of materials recycled; Amount of reclaimed asphalt pavement ; Number of eco-friendly alternatives offered to customers.

II – C3: Energy consumed per ton of mix produced; Percentage of warm mix produced at hot-mix plants; Number of tons transported by rail or waterway.

II – D1: Greenhouse gas emissions; Greenhouse gas emissions per ton of mix produced; Global carbon intensity excluding Canada and the United States; Carbon intensity of Canada and the United States; Greenhouse gas emissions avoided by the Group's actions.

II – E1: Percentage of quarries taking action to promote biodiversity.

A.1: THE COMPANY'S ORGANIZATION FOR ADDRESSING ENVIRONMENTAL ISSUES AND ITS ENVIRONMENTAL CERTIFICATION AND EVALUATION ACTIONS

Indicators

	Scope (organizational or regional)	Coverage	2012	2011
Percentage of materials production sites with environmental certification (% of revenue)	Global materials production activity	100%	60	59
Percentage of environmental self-evaluation using Colas checklists (% of revenue)	Global materials production activity, plus depots, workshops and R&D laboratories	100% of sites in operation	79	73
Percentage of materials production operations that use a tool to manage environmental impact (environmental certification and/or Colas checklists) (% of revenue)	Global materials production activity	100%	80	80
Overall percentage of environmental certification (% of revenue)	All global activities	100%	50	50

Comment

Since 2010, the percentages of production sites with ISO 14001 or equivalent environmental certification and of entities that implement self-evaluation using Colas' checklists have been rising steadily. The objective for both of these indicators is 100%, which is quite ambitious considering that other companies sometimes have large and even majority stakes in some Colas entities (for more information on the method used to consolidate non-financial indicators refer to the Introduction).

The checklists are also part of Colas' internal control system.

Environmental certification indicators reflect two things: the Group's compliance with regulatory requirements and its efforts to assess environmental risks and mitigate these through action plans.

Environmental self-evaluation indicators reflect the extent to which Colas evaluates its activities using its own checklists. These checklists constitute a concrete benchmark for assessing the environmental performance of the Group's main fixed facilities and then determining progress plan priorities. A standard checklist has been prepared for each of the following types of fixed facilities: R&D laboratories, works center depots, workshops, hot and cold-mix plants, emulsion and binder plants, bitumen depots, quarries, gravel pits, recycling platforms, ready-mix concrete plants and prefabrication plants. This represents over 1,700 sites worldwide.

A.2: EMPLOYEE ENVIRONMENTAL TRAINING AND INFORMATION ACTIONS

Other justification

Colas uses no indicators to specifically monitor employee training and awareness-raising actions in the area of environmental protection. However, environmental certification standards, and ISO 14001 in particular, require that the environmental knowledge of employees be assessed, that environmental training be provided for employees and new recruits when necessary, and that contractors be provided with relevant information (pursuant to Section 4.4.2 of ISO 14001). Training and information actions may take a variety of forms, depending on the country, the subsidiary and its activities. Instead of trying to set up a single central model, Colas prefers to address this challenge with a decentralized approach and monitor performance in compliance with an environmental standard that is verified by certified auditors (see the

"Percentage of overall environmental certification" indicator, in section A.1). The Colas Group's websites are also ongoing sources of information for all employees. Furthermore, work meetings and conventions on environmental themes are organized each year to raise the awareness of environmental correspondents in France and worldwide. Meetings at work sites and production sites make it possible to share experience and set up action plans.

A.3: RESOURCES USED AND MEASURES TAKEN TO PREVENT ENVIRONMENTAL RISKS AND POLLUTION

Other justification

Colas uses no consolidated indicators to monitor spending on the prevention of environmental hazards or pollution nor to monitor preventive actions. This spending is included in normal operating expenses. For example, it is difficult to reallocate the purchase of a bag filter or the cost of its maintenance, since this is simply a normal expenditure for an asphalt plant, even though it is technically of an environmental nature since it serves to prevent particulate emissions. However, all environmentally certified sites prepare an environmental analysis and action plans which Colas uses to limit the impact of the Group's operations and improve environmental performance.

When an environmentally sensitive facility requires government authorization or registration ("ICPE" facilities in France), operating licenses generally require strict compliance with environmental requirements. ISO 14001 certification gives Colas a good level of assurance that it will meet these requirements, irrespective of the country in question (see the "Percentage of overall environmental certification" indicator, in section A.1). Lastly, compliance with government requirements is also covered on Colas' checklists and they are therefore taken into account at sites that are not certified but which conduct annual self-evaluations (see the "Percentage of self-evaluation of material production sites" indicator, in section A.1). The annual cross audits of subsidiaries in Belgium, Mainland France and Switzerland, which are conducted at many sites by trained internal auditors with experience, also serve to evaluate facilities and reinforce environmental hazard prevention.

A.4: PROVISIONS AND GUARANTEES TO COVER ENVIRONMENTAL RISKS, UNLESS THIS INFORMATION MAY BE DETRIMENTAL TO THE COMPANY'S POSITION IN ONGOING LITIGATION

Qualitative information

Contaminated land: Colas systematically makes a provision for clean-up expenses that have been estimated by an independent firm and when a date for site rehabilitation has been set (by the competent authority, for example) or is otherwise known (upon lease termination, for example).

Financial guarantees and provisions for site rehabilitation: many quarries and other sites worldwide are subject to specific requirements when they are no longer operated and require provisions to cover environmental risks during operation. This entails a wide variety of guarantees and practices (e.g. performance bonds, insurance, escrow accounts, provisions, etc.) that depend on national laws and tax and accounting rules. Colas' provisions on site rehabilitation commitments totaled 158 million euros at the end of 2012 (see the management report: "Risks" / "Industrial and environmental risks" / "Environmental risks" / "Site restoration").

As of this date there is nothing that indicates that these measures were insufficient, neither during subsidiary audits by the audit department, nor during the investigation of insurance claims or complaints.

B. POLLUTION AND WASTE MANAGEMENT

B.1: MEASURES TO PREVENT, REDUCE AND CLEAN UP DISCHARGES INTO THE ATMOSPHERE, WATER OR SOIL THAT MAY HAVE SEVERE ENVIRONMENTAL IMPACT

Other justification

Colas uses no consolidated indicators to monitor its actions to prevent or reduce discharges into the atmosphere, water or soil or to clean up such discharges. However, all environmentally certified sites prepare an environmental analysis, dashboards and action plans that include the reduction of discharges into the environment when these are considered to be significant. Colas uses this information to limit the impact of the Group's operations and improve environmental performance. In addition to these measures, Colas' checklists cover such aspects as administrative management, site development, waste storage, operations management and monitoring, environmental impact and risk management (water and air pollution, waste, natural and technological risks, noise and vibration) and dialogue with local communities (see the relevant indicators and comments in section A.1).

B.2: WASTE PREVENTION, RECYCLING AND DISPOSAL

Indicators

	Scope (organizational or regional)	Coverage	2012	2011
Ratio of recycled materials over total aggregates produced (as % of quantity)	All global activities	100%	12	14
Percentage of reclaimed asphalt pavement with bitumen recovery (as % of quantity)	Global materials production activity	100%	13	12
Surface area of road recycled in place (in millions of m^2)	Global construction activity	100%	10.4	8.6
Waste oil recovery rate (as % of quantity)	All global activities	100%	65	67

Comment

Since Colas is a major producer and user of construction materials, recycling is of fundamental importance and plays a big role in responsible development.

A recycled materials indicator was implemented to measure subsidiary efforts in converting waste into construction materials. Recycling reduces the need to extract aggregates from the Earth (and therefore for new quarries) while reducing the amount of material that needs to be disposed of. In 2012, the Colas Group recycled and recovered almost 10 million tons of materials. This represents 12% of the Group's total production of aggregates and a worldwide saving equivalent to the average production of 30 Colas quarries. Although there was practically no change in the total tonnage of materials produced in 2012, the increased production of "new" materials caused the proportion to change.

Reclaiming asphalt pavement when repairing or repaving roads makes it possible to recover bitumen, a non-renewable petroleum resource. Asphalt mix, which is what most roads are made of throughout the world, consists of a mixture of about 5% bitumen with aggregates. RAP comprises the materials recovered from the milling or deconstruction of roadways before new asphalt mix is applied. Recycling asphalt mix when repaving a road offers three advantages:
– it saves energy and reduces greenhouse gas emissions;
– it enables the reuse of bitumen, a non-renewable natural resource, and aggregates;
– it reduces road construction costs for the customer (often public sector) at identical levels of quality and performance.

In-place road recycling — which involves removing the asphalt mix from a road, adding a binder to it at the work site and repaving the road with the resulting mix — saves a lot of energy by considerably reducing the need to transport materials. Millions of tons of aggregates are also saved since all of the material removed from the road is recycled. The total surface area of asphalt pavement reclaimed by Colas subsidiaries in 2012 is equivalent to a two-lane road between Paris (France) and Vienna (Austria), or Montreal and Cincinnati (North America).

As part of its effort to measure its waste management performance, Colas has developed an indicator for monitoring the management and disposal of the waste oils of all subsidiaries in all business lines. In most countries, waste oil is subject to special "hazardous waste" regulations. It is also the main hazardous waste that Colas produces. This indicator is the ratio of hydraulic and lubrication oil that is recycled relative to total oils purchased. The optimum oil recycling ratio is considered to be 80%, taking into account the oil that is consumed and burned by vehicles and machinery. The management of all types of waste is monitored and assessed pursuant to ISO 14001 certification requirements and during annual self-evaluations using checklists (see environmental certification and self-evaluation indicators in section A.1).

Note: although the "Waste oil recovery rate" indicator is rapidly improving, these figures should be interpreted with caution since they are relatively new. As a result, variations from one year to the next are, as yet, neither very significant nor replaceable.

B.3: REDUCING NOISE AND OTHER TYPES OF POLLUTION FOR A GIVEN ACTIVITY

Indicator: percentage of production sites with an organization for local dialogue

See A.2 of the following section (The territorial, economic and social impact of the Company's activity on local residents and communities).

Qualitative information

Colas is developing products that reduce traffic noise, such as fractal-technology noise barriers, and most significantly noise-reducing mixes (such as Nanosoft® and Rugosoft®) which can reduce traffic noise to as low as 9 dB and were used to pave surfaces totaling 820,000 m^2 in 2012.

C. SUSTAINABLE RESOURCE USE

C.1: LOCAL WATER CONSUMPTION AND SUPPLY

Qualitative information

Water consumption is more important in some parts of the world than in others. In southern Morocco or Djibouti, and all throughout Africa in general, Colas subsidiaries must take local water requirements into account. The management of water resources is included in the ISO 14001 standard (see the "Percentage of environmental certification and self-evaluation" indicator in section A.1).

In Europe and in North America, the Colas Group's water consumption is not considered to be a key sustainable development factor:

– water consumption is relatively low and highly dispersed among some 100,000 projects a year, which last an average of one week;

– much of it cannot be reduced: for example, the optimum water content for soil compaction or of concrete cannot be modified;

– water used in quarries and gravel pits to wash aggregate is recycled in a closed circuit and net water consumption is very low. Projects to reclaim some extraction sites may also include the creation of a pond or small lake.

C.2: THE CONSUMPTION OF RAW MATERIALS AND MEASURES TO USE THEM MORE EFFICIENTLY

Indicators

	Scope (organizational or regional)	Coverage	2012	2011
Quantity of materials recycled (in millions of tons)	All global activities	100%	9.8	10.4
Quantity of reclaimed asphalt pavement (in millions of tons)	Global materials production activity	100%	4.9	4.5
Number of low-carbon alternatives proposed by Colas to customers	Global construction activities	100%	735	937

Comment

Colas' approach to reducing the consumption of raw materials is as follows:

The first and foremost objective is to maximize the recycling of all types of excavation material, demolition debris and inert waste, and reduce the need for disposal and for virgin materials. In most countries, the volumes of this type of waste, most of which is inert, far exceed those of industrial or household waste. This is why Colas has developed indicators that enable it to track the amounts of materials it recycles in its industrial processes and compare these amounts to new materials production, rather than simply record the amount of waste disposed of (see B.2 and D.1) or the recycled material consumed. This choice is based on two considerations: first, the reliability of the data and, secondly, the desire to encourage the subsidiaries to invest in recycled materials production units and thus avoid some of the contingencies of worksite orders with respect to this indicator.

The new products that Colas' R&D laboratories have developed are based on an eco-design approach that seeks to minimize the use of raw materials, particularly those that are non-renewable (see B.2).

For many years now, Colas has led the way in offering its customers low-carbon alternatives (such as eco-friendly designs that require fewer materials) and in developing "eco-comparators" for assessing low-carbon alternatives. In France, these efforts have culminated in the SEVE® eco-comparator, which includes a materials savings indicator. Colas played a key role in developing this software and in making it available to its customers and throughout the construction industry. Low-carbon alternatives enable less energy consumption and greenhouse gas emissions than conventional products and techniques. The decrease in the number of low-carbon alternatives is attributable to the general weakness of the economy and its impact on the road construction market.

Colas has decided not to track total materials consumption but rather to measure the amount of materials saved. This is because consumption totals may be quite complex to interpret. For example, some totals may simply increase with revenue while others may decrease due to changing market conditions (such as bitumen consumption, the increasing proportion of service and maintenance activities, and the development of new activities).

C.3: ENERGY CONSUMPTION, MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY AND THE USE OF RENEWABLE ENERGIES

Indicators

	Scope (organizational or regional)	Coverage	2012	2011
Energy consumed per ton of mix produced (kWh per ton)	Global materials production activity	100%	76	76
Percentage of warm mix produced in hot-mix plants (quantity)	Global material productions activity	100%	13	12
Number of tons transported by rail or waterway (in millions of tons)	Global transport of aggregates and bitumen	100%	9.2	8.3

Comment

The "cLeanergie" program was launched in 2012 to enable all Group companies to reduce energy consumed for construction, production, building operation and logistics. The program includes an impact study of 40 construction, production and quarry sites, actions to empower managers, and the creation of a steering committee of business-line experts. Some one hundred best practices and opportunities have been identified. This work revealed that the energy consumed by asphalt plant burners and equipment (vehicles and construction machines) together accounted for three fourths of Colas' direct energy consumption in equal proportions.

Colas systematically and carefully measures and monitors fuel consumption of asphalt plant burners at over 500 plants.

In addition to low-carbon alternatives (see C.2), the following techniques are used to achieve indirect energy savings:
– warm mixes, which require about 15% less energy to make than hot mixes. Warm mixes accounted for 13% of Colas' total mix production in 2012;
– the recycling of materials, and especially of RAP recovered from road removal and milling, which saves bitumen and aggregates and reduces production and transport costs. This improves the overall energy balance over the life cycle of the materials (see indicators in B.2 and C.2);
– in-place road recycling, which also saves energy by reducing the need for materials and transport (see indicators in B.2).

Colas is also focusing its efforts on:

– measurement tools: to assess improvements in energy efficiency, Colas must be able to measure its fossil fuel consumption. Electricity is only a small portion of the Group's total energy footprint. While it is fairly easy to track the consumption of asphalt plant burners, accurately monitoring the consumption of over 65,000 machines and vehicles at 800 works centers and 1,400 production sites is much more complex. Colas has therefore fitted 2,000 of its machines and vehicles with energy consumption meters and is working with equipment manufacturers to develop common standards for real-time consumption data transmission and collection;
– increasing employee energy-awareness: Colas is conducting an information campaign to get its truck drivers and equipment operators to reduce their fuel consumption by 20%, by adopting eco-driving habits and switching off engines when equipment is not being used. This campaign points out the three advantages of eco-driving, which reduces costs, increases safety and helps preserve the environment. Although these advantages are still hard to measure, more and more people are engaged in this effort.

For its own transport requirements, Colas uses rail and inland waterways as an alternative to road haulage. However, since there is little flexibility to replace one mode of transport with another, Colas is working to improve the environmental performance of each mode and achieve the best possible balance between them by proactively adopting innovative techniques.

Note: since the "Number of tons transported by rail or waterway" indicator is relatively new, these figures should be interpreted with caution. The indicator's verification and consolidation will be completed in 2013.

C.4: LAND USE

Qualitative information

Most of Colas' construction work involves the maintenance, repair or redevelopment of areas that are no longer in their natural state. The construction of infrastructure accounts for only a modest share of revenue and Colas often has no control over how land is used since the land for its projects (including concessions and PPP) is made available by its customers. Colas therefore rarely has a direct impact on land use in this area, as the location of its worksites depend on the customer and project owner.

All quarry and gravel pit sites are restored when they are shut down and many are restored progressively while still being operated. In addition, the amount of materials recycled is equivalent to the production of 30 Colas quarries and gravel pits throughout the world.

(see: Qualitative information II – A4)

D. CLIMATE CHANGE

D.1: GREENHOUSE GAS EMISSIONS

Indicators

	Scope (organizational or regional)	Coverage	2012	2011
Greenhouse gas emissions(1) (in millions of tons of CO_2 equivalent)	All global activities	100%	13	12
Greenhouse gas emissions per ton of mix produced (in kilos of CO_2 equivalent per ton)	All Group asphalt plants worldwide	100%	17	17
Carbon intensity (in kilos of CO_2 equivalent per euro of revenue)	All global activities (excl. the United States and Canada)	100%	1	1
Carbon intensity (in kilos of CO_2 equivalent per US dollar of revenue)	All activities in the United States and Canada	100%	1	1
Greenhouse gas emissions avoided by the Group's actions (in tons of CO_2 equivalent)	All global activities	100%	166,000	168,000

(1) 2012 is the first year that Société de la Raffinerie de Dunkerque (SRD) was included.

Comment

To calculate its carbon footprint, Colas observes the 3.a scope of the ISO 14064 standard and the guidelines of the GHG Protocol. The scope of calculation includes operations that are upstream from its business operations. The impact of road traffic on the infrastructure that Colas maintains or builds is considerable, non-quantifiable and beyond Colas' control. Therefore, the 3.b scope has not been applied.

This calculation necessarily involves a margin of uncertainty (over 20%) due to various factors and in particular to discrepancies between national and international data, the difficulty of estimating the carbon costs of the products and services of some suppliers and subcontractors, and data collection and conversion issues. Consequently, the carbon footprint is a good tool for ensuring order of magnitude, but it cannot be considered to be a reliable indicator to monitor annual performance, given these factors and this uncertainty.

Furthermore, no distinction was made between scopes 1, 2 and 3 for two reasons:
– data on carbon emissions factors are not differentiated by scope in the bibliography;
– since the nature of Colas' operations makes it extremely difficult to distinguish between its emissions and those of its suppliers or contractors (there is no general rule due to the number and diversity of entities involved), it was decided that the carbon scope would include all of the emissions generated by Colas' operations and those of subcontractors.

Given the inherently high degree of uncertainty, the carbon footprint therefore cannot be used to assess a reduction in greenhouse gas emissions based on a comparison of annual results. However, the greenhouse gas emissions avoided by specific actions to reduce them can be more accurately measured.

Colas reduces GHG emissions in two ways:

• by reducing the amount of energy it requires for its operations and the GHG emissions these operations generate. This involves improving energy efficiency (see C.3 above) through actions:
– to reduce fuel consumption, for example by encouraging truck drivers and equipment operators to adopt fuel-efficient driving habits and switch off engines when equipment is not being used,
– reduce fuel consumed by asphalt plant burners. Fuel consumption per ton of asphalt mix produced is now monitored worldwide;

• by reducing the energy and GHG content of the products and techniques that Colas offers its customers. To reduce its carbon footprint and that of its customers, Colas pursues an active policy of R&D and innovation to develop alternative solutions that help preserve the environment. Below are some examples:
– warm mixes: mixed at a significantly lower temperature, these mixes reduce energy consumption by 10% to 30% while reducing bitumen emissions by 70% to 90%,
– in-place road recycling: this technique reduces greenhouse gas emissions by reducing materials production and transport requirements,
– Vegeroute® products (e.g.: Vegecol® plant-based binder, patented in 2004; Vegeflux® fluxing agent, patented in 2006; Vegemark® road marking paint, certified in 2010; Ostrea®, a hot road marking product certified in 2006). Developed in Colas' R&D laboratories, these products contain plant-based materials instead of petroleum-based components. These plant-based materials not only serve as carbon sinks but also enable lower production and application temperatures, and can even reduce overall materials requirements in some cases,
– recycling RAP and bitumen: recycling old asphalt pavement enables the recovery of bitumen, which is made from petroleum, which is a limited natural

resource. In addition to aggregates, Colas recycled some 240,000 tons of bitumen in 2012. This is equivalent to the annual bitumen production of a medium-sized refinery,

– Colas has developed EcologicieL®, the first software tool for calculating and selecting low-carbon alternatives for road building projects, and has also played a key role in developing the SEVE® "eco-comparator" which is used throughout the road construction industry in France and provides clients and contracting authorities with an approved and common framework for selecting low-carbon alternatives. The eco-friendly solutions that Colas provided for its customers in 2012 avoided 18,000 tons of CO_2 emissions. The recycling of bitumen obtained from asphalt mix recovered from demolition or resurfacing is currently the main means of reducing CO_2 emissions. 92,000 tons were thus avoided in 2012. In most countries other than France, low-carbon alternatives cannot be proposed in public contracts. Colas is working to promote these products internationally.

D.2: ADAPTING TO THE CONSEQUENCES OF CLIMATE CHANGE

Qualitative information

Given the nature of Colas' operations, adapting the infrastructure it builds or maintains to account for climate change depends on the standards observed by its customers and their specifications.

With worksites and production sites across the world, Colas has acquired in-depth knowledge of the particular constraints of designing and building infrastructure in harsh climates. This includes regions with very hot and dry climates (such as southern Morocco, western Australia and Djibouti), with extremely high rainfall (French Guiana and Caribbean, and the Indian Ocean region) and with extremely low temperatures (at high altitude and in Canada, Alaska and Greenland). This experience enables Colas to advise its customers on new climate conditions, whenever possible.

E. PROTECTING BIODIVERSITY

E.1: STEPS TAKEN TO PRESERVE OR DEVELOP BIODIVERSITY

Indicator

	Scope (organizational or regional)	Coverage	2012	2011
Percentage of aggregate production sites taking action to promote bio-diversity (in % of quantity)	All aggregate production sites	100%	13	7

Comment

After an analysis of Colas' direct impact on biodiversity, it was decided to focus efforts on quarries and gravel pits.

The indicator developed to monitor actions to promote biodiversity is the number of aggregate production sites able to show they have taken action to further biodiversity. There are currently 68 sites that are home to species of note and 26 are home to beehives.

This action may take two forms:

– setting up and monitoring a process to facilitate the presence of a remarkable animal or plant species at the site and the living conditions it requires,

– installing beehives at the site.

All actions must be conducted in partnership with local stakeholders, such as beekeepers, naturalists, natural park authorities and NGOs.

Trials are also underway to have Colas work crews systematically integrate a process for dealing with invasive plants. One subsidiary recently received an award from IDRRIM (the French Roads and Transport Infrastructure Institute) for its efforts to train its employees to recognize and deal with this problem.

Note: 2012 is the first year this indicator was consolidated and its reliability is still lacking. The 2011 figure is provided for informational purposes only.

III – Information on corporate social responsibility commitments to promote sustainable development

Colas cares about the external effects of its activities. Not only does it seek to reduce negative impacts, it also develops positive impacts on a large scale. One example of the concrete actions that the Group has implemented in this area over time is the positive impact of its road safety policy for the prevention of road accidents. Its commitment in this area is reflected by the renewal on a regular basis since 1997 of a road safety charter signed with the French government and the *Caisse nationale d'assurance-maladie des travailleurs salariés* (CNAMTS or "Employees' health insurance fund"). "Road Safety Officers" are specially trained employees who implement an accident prevention program in the field advocating the code of best practices issued by the French government's Steering Committee for the Prevention of Professional Road Risk of the Delegation for Road and Traffic Safety. Another example in the area of health and safety is an extensive first-aid training program for Colas employees, launched by the Group in 2006 in France and abroad. Today, close to one-third of Colas employees know life-saving techniques (see Part I – D.1). This training benefits not only the employees, but their friends and families as well as others in general.

In addition, because the Group's activities are decentralized, Colas is involved locally through community activities, particularly with regard to work, local partnership initiatives, corporate patronage, and in terms of local dialogue (see Part III – A.2).

A. TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S ACTIVITY

A.1: WITH REGARD TO EMPLOYMENT AND REGIONAL DEVELOPMENT

Qualitative information

The Group has an impact with regard to employment and regional development through:
– its network of long-standing local operating units which is at the heart of the Group's strategy, in business lines where proximity to the customer is key;
– its 62,800[1] employees, in businesses where the jobs are local and not liable to be relocated;
– the construction of road and railway transportation infrastructures that contribute to the economic development of the territories.

Furthermore, the Group contributes to employment and development of the territories where its operations are located through a number of actions, for example:
– in France, a partnership agreement signed with EPIDe, a public establishment for employment integration, has helped to offer job opportunities to over 80 underprivileged young people since 2007. In 2012, the Group signed a partnership agreement with the Adecco integration network, which includes over 60 companies providing temporary job opportunities for underprivileged workers. The objective of this agreement is to help entities better meet the commitments covered in their social clauses. It does so by strengthening actions to identify, select, and provide socio-professional support to people who fall within the scope of these programs while offering them a genuine path to integration that will increase their chances of returning to long-term employment;
– outside of France, a number of actions have been implemented in all of the Group's companies. For example, in Madagascar, Colas has hired people for Father Pedro's Akamasao humanitarian association's waste disposal project in Andralanitra. In Australia, Colas enters into partnership agreements with associations and companies to help the long-term unemployed return to work.

A.2: WITH REGARD TO RESIDENT AND LOCAL POPULATIONS

Indicator

	Scope (organizational or regional)	Coverage	2012	2011
Proportion of production sites with structure for local dialogue (in percentage calculated based on quantity)	Materials production activity worldwide	100%	45	44

Comment

Colas manages a large number of production sites for construction materials: aggregates, ready-mixed concrete, asphalt mixes, bitumen, emulsions, and others. The acceptance of these sites, particularly by local residents, is an increasingly sensitive issue throughout the world. Themes include concerns of nuisances (odors, dust, traffic, noise), risks of environmental or health impacts, and others. The Colas Group has identified this issue of community acceptance as one of its strategic challenges for responsible development and has initiated action plans in two directions:

• exemplary production sites: each site must implement progress measures that go beyond mere compliance with administrative or regulatory requirements. Obtaining environmental certification is the preferred approach (under ISO 14001, for example). Progress measures are documented and assessed by using a system of checklists covering most of the Group's activities in the production of construction materials worldwide. This approach is part and parcel of the internal control of operations and affects some 1,700 Colas production sites and plants around the world (see indicator in A.1, environmental certification rate and self-assessment);

• dialogue initiative with neighboring communities and local governments: maintaining an open dialogue with local communities makes it possible to better understand their expectations, explain the reality and constraints of production sites, and promote mutual understanding to prevent crisis situations. A local dialogue indicator has thus been established to measure the extent of this dialogue with the local community and local government.

In developing countries, where it established operations many years ago (in Madagascar, West Africa and central Africa, in particular), Colas is involved in health initiatives (to fight AIDS, intestinal infections, and malaria, in particular) that include employees, their families and the local village populations. One of these programs has been recognized by the International Labor Organization and has received an international award.

(1) Workforce as of 31/12/2012: 62,806 (average: 66,484).

B. RELATIONSHIPS MAINTAINED WITH PERSONS OR ORGANIZATIONS HAVING AN INTEREST IN THE COMPANY'S ACTIVITIES

B.1: CONDITIONS OF THE DIALOGUE WITH THESE PERSONS OR ORGANIZATIONS

Indicator and comment

Please refer to paragraph A.2.

B.2: PARTNERSHIP OR PATRONAGE INITIATIVES

Indicators

	Scope (organizational or regional)	Coverage	2012	2011
Donations in cash (in millions of euros)	All activities worldwide	100%	4.8	4.1
Donations in kind (value in millions of euros)	All activities worldwide	100%	1.3	1
Budget allocated to long-term actions (in percentage)	All activities worldwide	100%	31	18
Budget allocated to short-term actions (in percentage)	All activities worldwide	100%	69	82

Comment

At the local level, corporate patronage initiatives are decided upon and managed by the subsidiaries and their operating units. These are mainly sports-related sponsorships or cultural patronage in France. Outside of France, patronage actions include sports-related sponsorships or humanitarian, educational and cultural patronage.

At the Colas parent-company level, the patronage policy focuses on three areas:
– cultural patronage: the Colas Foundation (commissioning paintings from artists on road-related themes), Colas on Stage (support for dance and music festivals);
– solidarity patronage: Colas Life (support for educational assistance initiatives);
– skills-sharing patronage (2010-2014: renovation of pathways in the park at Versailles).

The aggregate budget is €6.1 million (€5.1 million in 2011).

Note on the method: The accuracy of these indicators is not completely guaranteed. The reporting of information (spreadsheet) originating from all of the subsidiaries in France and outside of France aims to combine quantitative data (amounts) and qualitative information (description of each action). Because of this dual requirement, in 2012 it was not possible to process these data in well-structured reporting software. This information is provided as a guideline, as year-to-year comparison of the data remains relevant. The Group plans to develop an IT tool to improve the accuracy of the data with regard to verification, scope and consolidation.

C. SUBCONTRACTING AND SUPPLIERS

C.1: TAKING INTO ACCOUNT SOCIAL AND ENVIRONMENTAL CHALLENGES IN THE PURCHASING POLICY

Indicator

	Scope (organizational or regional)	2012	2011
Purchases made in the disability sector (Agefiph convention) (in thousands of euros)	All activities in Mainland France	1,292	1,220

Comment

Colas works with over 100,000 suppliers and subcontractors worldwide. They can be classified into six main groups: local subcontractors, local materials suppliers, global raw materials suppliers, national and international materials suppliers, national and international service providers and miscellaneous suppliers.

Identification work for each group defines the possible scope of action available and the strategic priorities for responsible purchasing: safety, quality, monitoring the use of illegal immigrant workers, compliance with payment terms and conditions, design and correct use of materials, etc. Colas is currently trying out various supplier-rating tools, even though rating all suppliers would be impossible. It conducts supplier evaluations in the context of its ISO 9001 quality management systems.

Improvement in purchasing carried out with the disabled sector is associated with training and information campaigns rolled out as part of the convention signed in May 2011 with Agefiph, France's national association for employment of the disabled. The implementation of the Popei Cockpil IT tool at year-end 2012 should improve information reporting in 2013.

In Mainland France, Colas uses EcoVadis to assess suppliers (for example, temporary employment companies). Colas has finalized a simplified questionnaire recognized by the association for small and medium-sized companies CGPME for the corporate social responsibility (CSR) self-evaluation of small and medium-sized suppliers. It conducts flash supplier audits for groups of purchases identified as being high risk. These actions relate to purchases covered by framework agreements and managed by the subsidiaries' purchasing departments. Colas includes a CSR self-assessment questionnaire and the CSR Charter for Bouygues suppliers in its tender invitations.

Outside of France, the process is less structured, because the network of operating units is less dense and most suppliers and service providers are local. With regard to purchasing in the developing countries, the problem of relocating jobs is marginal for Colas because of the nature of its businesses. However, its locations in these countries represent a challenge for responsible development, which is handled in the context of its corporate citizenship initiatives in these countries.

C.2: IMPORTANCE OF SUBCONTRACTING AND TAKING INTO ACCOUNT THE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF SUPPLIERS AND SUBCONTRACTORS IN RELATIONSHIPS WITH THEM

Indicators

	Scope (organizational or regional)	2012	2011
Portion of purchases covered by responsible purchasing policy (in percentage)	All activities in Mainland France	20	20
Portion of purchases covered by responsible purchasing policy evaluated by EcoVadis or via the questionnaire for small and medium-sized businesses and very small businesses (in percentage)	All activities in Mainland France	49	49
Equivalent in number of suppliers	All activities in Mainland France	67	54
Percentage of purchasers trained in responsible purchasing (in percentage)	All activities in Mainland France	100	100

Comment

The Group's purchasing policy in Mainland France embraces the challenges of responsible development.

In addition to the assessments conducted by EcoVadis, Colas conducts audits of suppliers under framework agreements: 32 have been conducted to date (20 in 2012 and 12 in 2011). In 2012, 16 people took an in-depth training course on responsible purchasing.

In 2013, the objective is to increase the number of audits to three per each purchasing department.

Purchases covered by the "Portion of purchases covered by the responsible purchasing policy" indicator correspond to the following types of suppliers: equipment rentals, waste removal, printers, temporary employment companies, materials, plastics, industrial supplies, hotels, stationery and paper supplies, work clothing, individual protection equipment, electrical supplies.

D. FAIR TRADE PRACTICES

D.1: ANTI-CORRUPTION ACTIONS

Qualitative information

For many years, guidelines have been established and disseminated to promote compliance with business ethics and standards of integrity. These have been included in a brochure and summarized on the first page of the management principles and Code of Ethics brochure issued by the Bouygues group (to which Colas belongs) to employees. Given the considerable decentralization of the business lines and the very large number of staff members in a position to enter into contracts, particularly with public sector clients, the risks associated with business ethics cannot be ruled out with complete certainty.

It is for this reason that training programs, refresher courses, controls and reporting are implemented on a regular basis, according to programs that aim to cover all of the subsidiaries. The main actions carried out relate to:
– training seminars organized by the legal department in the framework of the multi-year plan that aims to cover the entire Group. Accordingly, in 2012, four days of training on ethics and legal liability of managers (update of knowledge and comprehensive training) were offered: two in the regional road construction subsidiaries in Mainland France (Colas Île-de-France–Normandie and Screg Île-de-France–Normandie), which completed the training for all of the road construction subsidiaries in Mainland France started in 2009, and in two locations outside of France (Caribbean–French Guiana and Croatia) for approximately 200 management employees in total. This training is supplemented by specific training programs offered by the subsidiaries. Regular reminders are provided on this subject in all meetings of subsidiaries, executive management committees, executive management teams and on the Group level;

– in the subsidiaries in the United States, a specific communication and training program on ethics, as part of compliance with the Federal False Claims Act, which aims to prevent fraud in companies that have obtained public contracts. Fifteen training sessions provided by outside experts were given in 2012, including eight 2.5 hour sessions bringing together all first-level and higher-level supervisors. An anonymous call line allows employees to issue alerts on these subjects. Twenty-six alerts were handled in the United States in 2012;
– stronger controls, particularly by conducting internal or outside audits: accordingly, an internal audit department was established in 2012 at ColasCanada to strengthen controls.

D.2: MEASURES TAKEN TO PROMOTE CONSUMER HEALTH AND SAFETY

Qualitative information

The Group's end clients are the users of the infrastructures that it builds or maintains.

In this area, Colas has very limited freedom to modify its products and its projects since, in most of the countries where it operates, it is prohibited from proposing alternatives to the basic solution described in public tenders. In France, however, and in certain European countries in particular, it is possible to make proposed modifications, often limited and for certain contracts only.

With the exception of safety issues, transportation infrastructures have no direct impact on the health of users.

The Group's R&D works in a number of areas in order to respond to road safety challenges, in particular:
– production of a range of high-performance surfacing providing better tire grip (textured and/or draining products to limit the effects of skidding in rainy weather);
– improvement in visibility (work on road markings in cold or wet weather and at night);
– manufacture of road safety equipment (Aximum safety and signaling subsidiary).

In order to reduce noise from road traffic, Colas offers noise-reducing mixes and has developed a noise barrier. This product range has received a number of prizes in France and abroad.

D.3: OTHER ACTIONS INITIATED, REGARDING INFORMATION RELATING TO CORPORATE SOCIAL RESPONSIBILITY COMMITMENTS TO PROMOTE HUMAN RIGHTS

Qualitative information

In article 2 of its Code of Ethics, Bouygues group, to which Colas belongs, commits to complying with the United Nations' Universal Declaration of Human Rights and the fundamental conventions of the ILO (International Labor Organization) (see Part I – G).

RISKS – EXCEPTIONAL EVENTS – DISPUTES

Measures to evaluate, monitor and mitigate risks related to the specific nature of Colas' businesses have for many years been among the Group's essential management principles, applied at the most suitable level to ensure appropriation. The Group's decentralized organization remains the key to risk management.

Corporate-level risk assessment as well as the overall policy with respect to risk are managed mainly on the basis of the feedback received via the Group's reporting system or, conversely, the dissemination of best practices. However, the subsidiaries and profit centers are responsible for dealing with, controlling and monitoring their own risks. The formal listing and analysis of major risks are carried out once a year by the executive operational management teams. This risk mapping is presented in the form of a categorization of the main risks affecting the achievement of operational, financial and strategic objectives. This analysis is used to develop action plans designed to mitigate the risks thus identified. It is supplemented by a risk prevention policy founded upon monitoring claims and losses, an analysis of the phenomena of causal relations, and feedback. Corporate-level coordination and organization using reporting tools ensure that the different types of risk can be identified and analyzed effectively, also centralizing feedback so that best practices may be communicated to subsidiaries, while contributing to the development of a risk prevention policy and appropriate preventive actions.

RISKS ASSOCIATED WITH SECTORS OF ACTIVITY AND MARKETS

In particular, Colas' business activities and results are exposed to the following risks:
• changes in the macroeconomic environment of the Group's main markets (France, Europe, North America), which can have an impact in terms of business volumes, competitive pressures and price levels;
• changes in public-sector procurement, since 63% of the Group's business involves public-sector customers (especially local and regional authorities in France), and in the ability of these customers to finance their projects. Rising budget deficits, the state of public finances in many countries, the resulting austerity measures and, in France, the restructuring plan for the main municipal lender (Dexia), all compound this risk. Furthermore, administrative and political considerations can also influence the volume of public contracts whether due to difficulties in reaching consensus on budgets, elections, or changes in leadership for government agencies, which may result in the postponement or cancellation of previously approved infrastructure projects.

However, these risks are attenuated by the large share of Group business in the maintenance of infrastructure, which is vital to the mobility of both people and goods, and hence to the economy as a whole, by the broad geographic distribution of operating units, by the wide range of business activities pursued by the Group, and by its capacity to bid on complex contracts.

CREDIT OR COUNTERPARTY RISK AND COUNTRY RISK

With operations in nearly 50 countries, Colas is exposed to various risk factors attributable to the specific countries where it operates. However, the Group's exposure to country risk is in fact very low, as 91% of its business is conducted in Europe and North America (the United States and Canada). Moreover, as most of the Group's revenue is derived from public sector customers, such as national governments or local and regional authorities, with many small-scale projects with low contract value, the risk of non-payment is also very low. Business conducted in high-risk countries carrying low ratings assigned by international organizations or credit insurance firms such as Coface is limited to contracts whose financing is provided most often by multilateral lending institutions (European Development Fund, World Bank, etc.).

Given the large number of customers across a wide network of businesses in road construction, waterproofing and cladding, safety, signaling, traffic management, and construction materials (including many private-sector customers as well as local authorities), the risk of significant counterparty risk is low. With respect to railways, a substantial portion of business is conducted with State-owned companies or State agencies with responsibility for rail infrastructures. In the private sector, a preliminary analysis of the customer, supplemented through the use of credit insurance wherever possible, limits this risk. The largest risks can be quantified using statistical analysis, accurate within the range of several hundred thousand euros. The financial crisis, by increasing these risks, has resulted in reinforced procedures prior to the signing of contracts and the launch of construction work.

RISKS RELATED TO RAW MATERIALS

Colas is affected by the regularity of its supply and fluctuations in the cost of petroleum-based raw materials in its road construction business (bitumen, fuel, heating fuel and gas, oils), and other raw materials such as steel, copper or aluminum, which are used in the safety, signs and signaling, waterproofing and cladding, and railways businesses. Bitumen and other petroleum-based products are the raw materials most associated with this type of risk.

Supply risk

Delays or disruptions in the supply of these materials may result in additional direct or indirect costs for the road construction or waterproofing and cladding businesses. This is not a systemic risk, except in the case of prolonged armed conflict or a complete breakdown in the supply of petroleum, and may affect a given country, or more likely a region, for periods of varying length. In early 2011, the Kemaman refinery in Malaysia (operated by the Group's Thai subsidiary, Tipco) suffered a number of production stoppages due to its difficulty in obtaining the type of crude oil suited to its purposes at acceptable prices, which resulted in unexpected additional costs. Specifically in response to incidents like this one, Colas established a Group-level bitumen division several years ago, as well as bitumen divisions in certain large geographic regions (North America) in order to reinforce its supply capacities (volume purchasing agreements, imports). Over the years, Colas has thus developed a policy favoring greater storage capacity in France, in Europe, in France's overseas departments, in the Indian Ocean region and, on a larger scale, in North America. At the same time, the acquisition of Société de la Raffinerie de Dunkerque (SRD), which produces about 300,000 tons of bitumen each year, has helped better guarantee supplies for road construction activities in Mainland France and northern Europe, even though additional temporary or potential closures of refineries in Mainland France (Berre, Petite-Couronne) have accentuated this risk for bitumen.

Risk related to price changes

The price of bitumen has varied widely for quite a few years now. The risk associated with this volatility is limited by several factors, such as the number of contracts and the average contract amount, which often allow the price to be anticipated in the bid to the customer, and revision and indexing clauses included in many contracts in France and abroad. This risk is considered in the context of contractual negotiations by staff members well versed on this issue. In some regions, supply contracts may be signed at guaranteed prices for a given period. For major contracts, the Group may enter into hedging arrangements on a case-by-case basis when the order is received. However, a portion of the Group's business is affected by rising bitumen or petroleum prices, such as the sale of manufactured goods to third parties, in which case the price increases are passed on to the customer, where the competitive context permits.

Given these factors, it is impossible to measure the sensitivity of operating results to price changes for raw materials due to the thousands of contracts executed in different legal and protective contexts, especially since price increases also differ across geographic regions.

Lastly, there is also an indirect risk in the event of a rise in the price of these products for customers who, due to the resulting increase in the price of work or services, may lower the volume of orders placed.

Risks associated with the Sales of refined products

The Group's Sales of refined products (petroleum-based products other than bitumen produced by SRD and sold to third parties) are exposed to changes in the prices of raw materials. The level of earnings for this business largely depends on the difference between the selling prices of products manufactured (oils, waxes and parrafins, bitumen and fuel oils) and the price of raw materials used for its refining processes (residual atmospheric fuel oil, hydrocracking residue and other feedstocks). Where the economic environment makes it difficult, price changes for petroleum-based products may not always be fully passed on to customers, which was the case in 2012 and resulted in an operating loss for this business. In order to mitigate this risk, Colas aims to diversify its supply sources for raw materials and to improve SRD's productivity through various optimization efforts (switch to natural gas power in 2013, which will result in major energy savings, improvements in the product mix).

In addition, a hedging policy has been implemented to mitigate the risk associated with SRD's supply/production/sale cycle: the cycle occurs over a short-time frame (purchase of raw materials in month M, use in production in month M+1, sale of resulting products in months M+1, M+2 or M+3) and hedging contracts are put in place to reduce exposure to this risk. A commitments committee approves all raw materials purchases.

LEGAL RISKS

Compliance risks

Colas' business activities tend to involve a large number of contracts (about 100,000 per year) as well as the decentralized negotiation and execution of these contracts (800 road construction entities and 1,400 production sites around the world). Apart from regulations applicable in all cases (antitrust and competition law, criminal law, etc.), most of the contracts awarded by public or private contracting authorities are subject to specific regulations, whether on a national or international level. Due to this proliferation of contracts and its decentralized management approach, Colas inevitably runs the risk of non-compliance with legal requirements, particularly in the area of anti-competitive practices or corruption, despite a vast array of upstream preventive measures (information, training programs, charter, etc.) and strict downstream penalties. These risks, which may lead to financial penalties for the company involved (e.g. those imposed by antitrust authorities), might also entail criminal or civil liability, result in a loss of market share (by prohibiting bidding on certain contracts) or a loss of reputation. The likelihood and potential severity of this risk are difficult to measure.

Significant legal disputes as of December 31, 2012

Group companies are involved in litigation or disputes that form part of the normal course of their business. Risks are assessed and financial provisions are set aside using a method consistent with that used in previous years, based on feedback and analysis by the Group's legal department and legal advisors. To date, to the best of the Company's knowledge, no exceptional events or disputes are likely to significantly impact the activity, assets, earnings or equity of the Group as a whole. Detailed information on the main ongoing legal disputes involving the Group is provided below.

DAMAGES AND INTEREST CLAIMED IN CONNECTION WITH LEGAL DISPUTES IN HUNGARY

Under the terms of six decisions handed down between 2004 and 2012, the Hungarian Competition Authority found that some ten Hungarian companies, including the Colas subsidiaries Egut, Debmut, Hoffmann, Dunantul and Alterra, had infringed competition rules by engaging in price-fixing practices for public works contracts.

The cumulative amount of fines is approximately 4,143 million Hungarian forints (equivalent to about 14 million euros(1), of which approximately 1,437 million Hungarian forints (about 5 million euros(1)) has already been paid. The remainder corresponds to decisions on fines that are either not definitive or have been annulled.

In the aftermath of these various decisions, claims for damages have been brought against certain Hungarian companies controlled by Colas subsidiaries in Hungarian courts, by parties alleging they were harmed by these price-fixing practices. The total amount of claims resulting from these legal proceedings is approximately 6,967 million Hungarian forints (about 24 million euros(1)), excluding interest and legal expenses that may also be payable.

The largest claim was filed in 2007 by the Hungarian National Development Agency (NDA) and relates to the M3 motorway which, referring to the decision handed down by the Hungarian Competition Authority on July 23, 2004, sought 5,186 million Hungarian forints (about 18 million euros(1)) in damages plus interest from two Colas subsidiaries. An expert appointed by the court to assess this claim submitted a report on April 22, 2010, which concluded that the claimant's assertions were unfounded, then confirmed this analysis before the court on December 10, 2010, following the filing of an objection by the claimant. In September 2011, the court named two new experts, in road construction and accounting. On October 12, 2012, faced with the risk that NDA's claim would be found inadmissible, the Hungarian government served subpoenas against all price-fixing participants on the basis of joint and several liability (rather than against the contracted companies). This new action may well be barred by statute of limitations.

(1) On the basis of market exchange rates as of December 31, 2012.

In sum, given the court decisions and the experts' reports submitted in 2012, the Company considers that the overall risk has diminished considerably since year-end 2011.

CLAIM FOR DAMAGES FILED AGAINST THE SUBSIDIARY COLAS ÎLE-DE-FRANCE – NORMANDIE BY THE SEINE-MARITIME DEPARTMENT

In a decision handed down by the *Conseil de la concurrence* (the French competition authority) on December 15, 2005, upheld by a decision of the *Cour de cassation* (France's highest court) on January 15, 2008, six companies, including Colas Île-de-France – Normandie, were found to have engaged in price-fixing practices relating to asphalt mix supply contracts in the Seine-Maritime department between March 1988 and December 1998. The cumulative amount of fines came to 33,660,000 euros, of which 21,000,000 euros has been paid by Colas Île-de-France – Normandie. Following this ruling, the Seine-Maritime department filed a suit against the contracting companies jointly and severally on February 25, 2010, demanding the reimbursement of the total price paid by the department for the contracts in question, thus the amount of 133.7 million euros and, should this initial application be found inadmissible, that the contracting companies be found liable jointly and severally to compensate the Seine-Maritime department in the amount of 35.6 million euros, corresponding to the excess cost of the disputed contracts. Colas Île-de-France – Normandie has contested the grounds of these suits in the form of a statement of defense filed with the Rouen administrative court in November 2011, followed by a statement of rejoinder filed in April 2012. The Seine-Maritime department filed its own statement of rejoinder on April 19, 2012. A hearing was held on May 31, 2012 before the Rouen administrative court and the court decided to reopen investigations relating to the case until June 12, 2012. Following the hearing held on June 12, 2012, the *Conseil d'État* (France's highest administrative court) decided to change the venue for the case to the Orléans administrative court.

URSSAF AUDITS

In late 2009, URSSAF (the French labor inspectorate) notified Colas of an adjustment in the amount of 52.6 million euros to exemptions affecting social security contributions allowed under the TEPA and Fillon laws for the 2006-2008 fiscal years. URSSAF requested the payment of all social security contributions covered by these exemptions, from the very first euro, in the form of a lump-sum tax, on the grounds that the Group companies concerned had failed to supply the necessary information in support of these exemptions in electronic form. The submission of this information in electronic form was deemed mandatory by URSSAF, in its interpretation of the French Social Security Code. Colas and its subsidiaries consider that the conditions for lump-sum taxation as provided for under article R. 242-5 of the French Social Security Code are not met, as the supporting documents necessary for verification were submitted in a timely fashion, and since the format in which these were supplied enabled them to be used. While certain appeals are still pending before URSSAF's various conciliation committees, other cases (for example, those involving Colas Île-de-France – Normandie, Colas Mayotte and Colas DGIE) were brought before the social security court in 2011.

DISPUTE RELATING TO THE CONTRACT FOR THE A2 MOTORWAY BETWEEN CERNAVODĂ AND CONSTANŢA, IN ROMANIA

On March 9, 2009, Colas SA signed a design-build contract in the amount of 175 million euros with CNADNR, the Romanian national company of motorways and national roads, for the construction of the 20-km section of the A2 motorway between Cernavodă and Constanţa. Following difficulties experienced in the performance of this construction contract, the negotiations with the Romanian government were not able to reach a successful conclusion. On March 28, 2011, Colas thus sent notice of the termination of this contract due to a failure by the contracting authority to honor its contractual obligations. Colas filed a request for arbitration with the International Chamber of Commerce on December 19, 2011, claiming in particular the payment of just over 150 million Romanian leis (about 35 million euros) plus interest. CNADNR replied to the request for arbitration on March 8, 2012, indicating to the arbitration authority that it wished to file a counter-claim in an amount at least equal to 10,575,300 Romanian leis, thus about 2.4 million euros(1).

On August 14, 2012, Colas submitted its documentary evidence, with a view to establishing its case (article 20 of the ICC Arbitration Rules 1998). As a result of difficulties raised by the procedure for appointing counsel in matters relating to public contracts, CNADNR was granted an extension until January 2013 to submit its own documentary evidence.

TAX-RELATED DISPUTE IN CANADA PERTAINING TO TECHNICAL ASSISTANCE INVOICED BY COLAS TO ITS SUBSIDIARY SINTRA INC.

The Canada Revenue Agency has challenged the deductibility of technical assistance expenses invoiced by the Colas parent company to its subsidiary Sintra Inc. for the 2004-2012 fiscal years, due in particular to insufficient documentation. The amounts in question for this period come to 63 million Canadian dollars, thus about 48 million euros(1). All possible means of redress will be used, including the out-of-court settlement procedure under the tax treaty between France and Canada.

The risk for the Group's consolidated revenue is limited, given the existence of an agreement between France and Canada on the avoidance of double taxation. The position adopted at Group level is thus to set aside provisions only in the amount of the possible late payment penalties and interest.

(1) On the basis of market exchange rates as of December 31, 2012.

INDUSTRIAL AND ENVIRONMENTAL RISKS

Fire, explosion and accidental pollution risks

Exposures to this category of risk, which vary depending on the size of sites and the nature of business activities pursued, are not considered to be significant for most of the Group's industrial sites, given their relatively small size. However, these sites are kept under regular surveillance to reduce the likelihood of risk events and are subject to such requirements as fire permit procedures and annual infrared thermography audits of thermal and electrical equipment, in addition to preventive maintenance actions. The larger sites, or those with greater exposure due to the nature of their business activities, are handled using specific procedures (e.g. the Axter site at Courchelettes, which produces waterproofing membranes, and the SRD site at Dunkirk, which produces bitumen and other refinery products): over and above regulatory requirements, they are monitored in collaboration with the engineering departments of their insurance companies, which issue risk prevention recommendations.

Appropriate insurance coverage has been provided for all sites.

In addition, some of the Group's production sites might be responsible for accidental pollution (pipe breakage or defective storage installations), despite the fact that the installations are designed and subject to maintenance procedures intended to prevent the occurrence of such events (e.g. storage bins). Given the large number of sites and their relatively small size, combined with the effective management of these risks, it is expected that any incident of this type would be limited in scope and not material at the Group level.

Environmental risks

CO_2 EMISSIONS

The production processes of the Group's industrial installations result in CO_2 emissions. In 2012, most of these installations were not subject to emissions quotas (with the exception of SRD and certain asphalt plants in Denmark). Laws pertaining to CO_2 emissions are changing gradually in all European Union countries. Thirty additional asphalt plants, located mainly in France (23 plants), and to a lesser extent in other European countries such as Belgium, Hungary and Croatia (a total of 7 plants), will be subject to emissions quotas in 2013. The possibility that emissions quotas will continue to apply to a growing number of installations, leading to higher operating costs, cannot be completely ruled out.

With respect to SRD, as the production processes of its installations emit CO_2, this facility is subject to emissions quotas. In line with the appropriate procedure in such cases, all of its declarations are verified by an approved auditing firm. It is conceivable that SRD, whose emissions are currently below its quotas, may exceed these quotas at some point in the coming years, and would thus need to buy emissions rights in the market. With a view to reducing its CO_2 emissions, a change in energy supply sources for SRD (switch from fuel oil to gas) was finalized in early 2013.

All other emissions are regularly monitored by external authorities and in the context of internal control procedures.

REHABILITATION OF INDUSTRIAL SITES

The Group's industrial sites in France are covered by regulations governing *installations classées pour la protection de l'environnement* (classifed facilities requiring environmental impact assessment) and, in other countries where the Group operates, its sites are subject to similar regulations. In France, commitments for the rehabilitation of quarries or gravel pits, defined by government agencies, are an integral part of every operating license. Provisions are set aside for the amounts in question, which are periodically reviewed and adjusted when necessary. As of December 31, 2012, total provisions covering these commitments amounted to 158 million euros (as against 152 million euros at year-end 2011). Should legal requirements become more stringent, possible costs for rehabilitation might increase.

The Group applies a systematic policy of obtaining environmental certification (to ISO 14001, for example). Progress is documented and tracked thanks to monitoring and certification audits carried out with the assistance of external organizations as well as in-house resources. A global checklist system, deployed three years ago, now covers most materials production activities and makes it possible to consolidate action plans. As of December 31, 2012, 80% of annual revenue in Colas' materials plants worldwide had obtained at least one certification or used internal checklists. The entire set of procedures has been incorporated within the internal control systems deployed at companies based in France as well as the Group's international operations.

Provisions have been set aside for commitments to rehabilitate SRD's site when it ceases to operate on the basis of its projected term of operation and these amounts are periodically adjusted.

REGULATORY COMPLIANCE

Colas' subsidiary SRD is a refinery that produces oil, bitumen and specialty products obtained by refining petroleum products. It is subject to the regulations that apply to classified facilities requiring environmental impact assessment in France and, due to the nature of its products, must also comply with several European directives, including its classification as an upper-tier site under the Seveso II Directive, the LCP Directive (limiting the emission of certain pollutants into the air from large combustion plants), and the IPPC Directive (concerned with pollution). Prefectural authorities ensure that these requirements are addressed when issuing operating permits. Installations are designed and maintained to prevent or minimize the risk of a pollution accident or other major incident. Inspection and audit programs are implemented and checked by an internal audit department. French government agencies regularly verify that such programs are in place and properly monitored. Accident scenarios are defined with government authorities in the context of hazard identification studies and emergency response resources and procedures are specified in internal emergency plans. SRD's employees manage risks in strict compliance with the operating procedures of its safety management system, in line with ISO 14001. A presentation on the status of this committee is made once every year to a Local Information and Consultation Committee, a body consisting of representatives of the French government (including the sub-prefect), local government authorities, non-profit organizations and industry. Minor accidents and incidents are also recorded and analyzed. Any modifications are subject to failure mode, effects and criticality analysis (FMECA), a standardized method for assessing industrial hazards in complex systems. Maintenance work is subject to the strict requirements of the safety management system and to the preventive maintenance recommendations of insurer engineering departments. The operation is shut down every five years for major servicing and upgrading. Lastly, SRD is regularly inspected by DREAL, the regional environmental, development and housing bureau, which is responsible for verifying compliance with procedures.

Three other significantly smaller sites are classified as lower-tier sites under Seveso II. The sites in questions are all depots for explosives used in quarries located in Martinique, Mayotte and Saint-Martin. Furthermore, outside the European Union, the following sites are worthy of mention: the KBC refinery in Malaysia (operated by the Group's Thai subsidiary Tipco) and several explosives depots in Africa and in the Indian Ocean region. Prevention policies on these sites are identical to their European counterparts, although the administrative framework differs from one country to another. All of these sites require the implementation of specific safety management tools and are subject to highly stringent national and European laws. In general, these requirements have tended to become increasingly strict over time. Should these regulations become even more demanding in future, greater investments and other expenses to ensure compliance might be needed.

OPERATIONAL RISKS

Work-related accidents

The Group is exposed to two main types of occupational hazards: the operation of construction machinery and industrial equipment; and traffic accidents, which include those in which employees may be directly involved and those that may occur when hauling a wide load. For many years now the Group has observed an extremely proactive policy of training and safety. For example, major initiatives are being conducted to transport construction machinery and industrial equipment more safely, by keeping employees regularly informed of wide-load haulage regulations, extending the use of load calculation software, having each subsidiary prepare a transport action plan, making sure employees are aware of the rules and procedures for securing heavy loads, and reminding them of haulage and equipment rental contract requirements. Other safety actions include training in fire prevention (particularly for waterproofing work) and for excavation work where pipes carrying hazardous gases or liquids may be broken.

Work-related health hazards

EXPOSURE TO BITUMEN AND ULTRAVIOLET RADIATION

The Group's employees who work in road construction and waterproofing are particularly exposed to bitumen fumes, whether they work outdoors, or in a confined workplace, such as a tunnel, where the health hazard may be exacerbated by the combined effect of equipment exhaust gases and poor ventilation. The only health hazard that can be linked to road construction work with any certainty is irritation of breathing passages and eyes. However, in 2011 the International Cancer Research Center (ICRC) issued a new classification of carcinogenic products based on extensive research that classifies road worker exposure to mastic asphalt and asphalt mix as a 2B risk and therefore potentially carcinogenic. According to the ICRC, at this point it cannot be determined whether cancer can be linked to the use of bitumen and mastic asphalt to pave roads. Colas therefore continues to classify the risk of exposure to bitumen fumes as low and adequately mitigated, except in confined workplaces where specific risk analysis is necessary due to the combined effect of vehicle exhaust fumes and ventilation problems.

Given the nature of the Group's work, many employees are also required to work outdoors and are repeatedly exposed to sunlight and therefore to ultraviolet (UV) radiation, which is the main environmental risk factor for skin cancer.

During the recent "bitumen trial", the Lyon Court of Appeal confirmed in November 2012 that a Eurovia employee suffered from a work-related illness, since "he had been exposed to the combined action of the sun and of the potentially hazardous product he was responsible for spreading" and that his employer was guilty of gross negligence. It should be noted however that the court emphasized that this was not a "condemnation of tar, bitumen, their constituent ingredients, nor of construction companies in general". It is possible however that if new studies establish a link, however tenuous, between the use of bitumen for road paving and cancer, new regulations in accordance with the precautionary principle may be enacted, although there are currently no signs of this. The Group's reputation as a leader in the road construction industry could be adversely affected by new media campaigns, court decisions or scientific research.

Colas' Human Resources and Environment departments continue to regularly measure employee exposure to bitumen fumes at work sites, and the Group continues to assist occupational physicians and researchers and also to encourage government agencies and project owners to accept the use of warm asphalt and mixes, which make it possible to significantly lower the application temperature of bitumen-based products and practically eliminate bitumen fumes. The Group is examining all possible means of reducing worker exposure to UV rays and bitumen and proactively seeking innovative ways to protect the safety and health of its employees. One example is the decision to purchase road pavers that are equipped with a fume extraction system, whenever this is practicable. All of Colas North America's road pavers above seven tons are now equipped with these extraction systems. The Group is also working to reduce the temperature of paving materials as low as possible while preserving quality, and is steadily increasing the use of warm mix. It has techniques for applying all bitumen-based products worldwide at less than 200°C. Some of these techniques, particularly for mastic asphalt, were developed by Colas, which has made its expertise available throughout the road construction industry in Mainland France, where it makes these materials. Lastly, to prevent excessive exposure to UV rays, outdoor workers are regularly reminded to apply sunscreen to their face and other exposed skin areas and to wear a cap and sun-protective clothing. Occupational physicians are encouraged to systematically check for skin tumors.

ASBESTOS

Some SRD employees may have been exposed to asbestos prior to 1982. Some thirty former SRD employees and their beneficiaries (some of whom were employed by BP before SRD was spun off on December 31, 1991) have therefore undertaken legal action against BP and/or SRD and against their local CPAM national health insurance fund. At this point, the procedure to recognize that they have an occupational illness caused by exposure to asbestos and that their former employer may be held liable is still underway. If the occupational illness is recognized and the employer (and possibly SRD) is determined to be liable, the latter's health insurance contributions could increase and it could have to bear the financial consequences of the recognition of the occupational illness.

Contract performance risks

Overall contractual risk is relatively limited due to the large number of contracts and their low average value. However, some subsidiaries do work on large contracts, such as concessions or private-public partnerships. Given their complexity these large projects are subject to greater risks, in terms of design, geological and archaeological constraints, the availability of construction land, cost estimation, execution and scheduling requirements (for example, if the customer fails to make land available by the specified deadline).

Weather and natural catastrophe risks

Colas' projects may also be adversely affected by poor weather conditions and other natural phenomena. Rain, snow or ice may require that a work site or other activity be temporarily shut down or suspended, which means that fixed costs may not be covered. Poor weather may also make work more expensive by increasing the need for temporary employees and rented equipment to make up for lost time and stay on schedule.

Work may also be disrupted by a natural catastrophe or phenomenon (such as an earthquake, flood, cyclone, storm or lightning) that requires work to be suspended or destroys work under construction. Such events may reduce revenue or increase expenses, only some of which may be covered by insurance.

Acquisition risk

The Group owes much of its growth over the years to acquisitions. The execution of its acquisition strategy could be restricted by excessively high valuations, a lack of suitable targets, competition for acquisition projects, and possibly restrictions under competition law. For various reasons, Colas may also encounter difficulty integrating a company it acquires, which may result in less cash flow and earnings than expected and even require the impairment of goodwill.

All acquisition projects are subject to a specific investment process and require the preparation of the various documents described in the Internal Procedures Guide. These projects are presented to the Group's Executive Management and are reviewed before being presented to the Board of Directors of the subsidiary that is considering the acquisition.

Employee risks

Colas' business depends heavily on its human capital. It must therefore continuously recruit and train new generations of employees and deal with risks that could compromise the recruitment, training and loyalty of employees, increase payroll costs or trigger industrial action. Furthermore, the death or unavailability for any reason of a member of Executive Management could delay a development project and weaken the Group's operational management. This is why anticipating needs for skills and developing talent are fundamental to Colas' human resources policy.

LIQUIDITY RISKS

The Group had 150 million euros in cash on December 31, 2012 and 1.481 billion euros of confirmed medium-term bank credit lines undrawn to date. During the year, Colas refinanced 200 million euros of confirmed five-year credit lines ahead of schedule.

The bank loan contracts of Group companies contain no significant terms or conditions that require immediate repayment and/or enable early repayment.

BREAKDOWN OF INTEREST-BEARING LOANS BY MATURITY

in millions of euros	Current	Non-current						
	Less than 1 year 2013	1 to 2 years 2014	2 to 3 years 2015	3 to 4 years 2016	4 to 5 years 2017	5 years and more 2018 and beyond	Total 2012	Total 2011
Bank loans (medium-long term)		58	28	21	46	81	234	214
Finance leases		6	5	4	3	2	20	24
Other financial debts (long-term)						4	4	4
Sub-total	**50**	**64**	**33**	**25**	**49**	**87**	**258**	**242**
Short-term borrowings and overdrafts	285							
DECEMBER 31, 2012	**335**	**64**	**33**	**25**	**49**	**87**	**258**	
December 31, 2011	162	40	39	23	19	121		242
Current portion of non-current debt							50	48

THE GROUP'S CONFIRMED/DRAWN CREDIT LINES WERE AS FOLLOWS

	Confirmed credit lines – Maturity				Drawn credit lines – Maturity			
	Less than 1 year	1 to 5 years	Beyond	Total	Less than 1 year	1 to 5 years	Beyond	Total
Credit lines	69	1,652	87	1,808	50	171	87	308
Letters of credit								
TOTAL	**69**	**1,652**	**87**	**1,808**	**50**	**171**	**87**	**308**

MARKET RISKS

Some Group companies use financial instruments to reduce the impact that changes in exchange rates, interest rates and commodity prices may have on their earnings. The use of these instruments is described below.

Risks to which the Group is exposed

CURRENCY RISK

The Group has little exposure to currency risk since exports account for only a very small proportion of subsidiaries' revenues and most of the Group's business (61%) is conducted in the euro zone.

Since revenue from international operations comes mainly from locally-based subsidiaries that issue invoices and book their expenses in the currency of the country where the work is performed, the only significant impact that exchange rate movements have on the Group's revenue and earnings is through currency translation, in proportion to the change in the average exchange rate. Since North America accounts for about a fifth of revenue, the Group is exposed to changes in exchange rates between the euro and the US dollar, and the euro and the Canadian dollar.

Borrowings and deposits are centralized in the same currency (i.e. euros, US dollars, CA dollars, etc).

BREAKDOWN OF LONG-TERM AND SHORT-TERM DEBT BY CURRENCY

in millions of euros	Euro	USD[1]	GBP[1]	Other[1]	Total
Long-term, December 2012	112	24	75	47	**258**
Short-term, December 2012	185	22	8	120	**335**
Long-term, December 2011	105	21	79	37	**242**
Short-term, December 2011	24	23	10	105	**162**

(1) Equivalent in euros.

In certain specific cases, contracts in a foreign currency may be hedged against exchange risk.

Generally, the Group does not hedge its net investments in foreign subsidiaries, branches or joint ventures since it does not intend to sell these entities.

Currency swaps are used to eliminate currency risk on excess Group cash that is lent to a subsidiary after conversion into the subsidiary's local currency. This optimizes cash management and reduces the need for bank borrowing in the local currency.

Société de la Raffinerie de Dunkerque (SRD) is more exposed to currency risk since it buys and sells products that are valued in dollars which are then purchased and sold in dollars and/or in euros. This risk is managed using euro/dollar currency swaps.

INTEREST RATE RISK

Changes in interest rates have little effect on the Group's earnings. Over the fiscal year, the average amount of floating-rate debt is generally equivalent to available cash, which is invested at a floating rate. Short-term borrowing is only used to accommodate the seasonal nature of business activity.

Some financial assets or liabilities may sometimes be hedged.

The table below shows the breakdown between current and non-current financial debt including interest-rate hedging positions with corresponding underlying items open at the balance sheet date and excluding bank overdrafts.

Fixed-rate debt: 69% (versus 65% in 2011).

Floating-rate debt that is not matched by an interest-rate swap is broken down by maturity in the table below:

in millions of euros	Maturity						Total
	< 1 year[1]	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	
	2013	2014	2015	2016	2017	2018 and +	
	50	27	5	4	3	7	**96**

(1) Short-term fixed-rate liabilities are considered floating-rate liabilities.

Taking into account the interest rate swap of 30 million euros expiring in 2016 contracted by Aximum and backed by a medium-term intercompany account with Colas SA, fixed-rate debt reached 78% (versus 75% in 2011).

As of December 31, 2012, the Group's financial assets and liabilities are as follows, by rate type:

in millions of euros	Floating rate	Fixed rate	Total
Financial assets:			
Cash and cash equivalents	435		435
Financial liabilities:			
Borrowings[1]	(250)	(70)	(320)
Outstanding bank overdrafts	(285)		(285)
Net position before cash management	**(100)**	**(70)**	**(170)**
Interest rate hedges	172	(172)	
Net position after hedging	**72**	**(242)**	**(170)**
Seasonality adjustment[2]	(584)		(584)
POSITION AFTER HEDGING AND SEASONALITY ADJUSTMENT	**(512)**	**(242)**	**(754)**

(1) Includes (12) million euros of interest-rate swaps measured at fair value and recognized as "Other income and expenses".
(2) Business activity and operating cash flow are subject to sharp seasonal variations. This adjustment uses average cash over the year to calculate the sensitivity of financial expenses to changes in interest rates. It is the difference between the average financing cash flow for the year (calculated based on the average monthly financing cash flows) and net cash at the balance sheet date, excluding fixed-rate debt and interest rate swaps.

For example, an instantaneous 1% increase in the short-term interest rate on the net cash position shown above would increase financial expenses by 5 million euros over a full year.

COMMODITY PRICE RISK

Please refer to the section of this document entitled "Hedging of commodities risks".

Hedging policies and instruments used by the Group

The Group only uses standard hedging instruments, such as:

- purchase and sale of currency futures, currency swaps and purchase of currency options – to hedge currency risk;
- interest rate swaps, future rate agreements, interest rate caps, collars and options – to hedge interest rate risk;
- purchase and sale of commodity futures, swaps and options – to hedge commodity price risk.

These instruments are only used for hedging purposes, are transacted exclusively with leading French and international banks, and are exposed to no liquidity risk in the event of a sudden and adverse market movement.

The use of these instruments, the selection of counterparties and the management of exposure to currency, interest rate and commodity price risks in general are specifically and closely monitored and are reported to the management and oversight bodies of the company concerned.

CASH FLOW HEDGING

Cash flow hedging covers the risk of a change in future cash flows expected from a hedged instrument or from a future transaction.

When derivative instruments are used to hedge exposure to changes in cash flow from a firm commitment or from a planned transaction, the realized gain (or loss) on the part of the hedging instrument that is considered to be an effective hedge is recognized directly under "Other income and expenses".

The portion of the hedging instrument deemed to be effective is recognized directly in income. Any residual gain (or loss) on the hedging instrument is recognized in income.

FAIR VALUE HEDGING

Fair value hedging serves to limit the variation in the fair value of a balance sheet asset or liability.

When a derivative instrument is used to hedge exposure to changes in the fair value of a receivable, debt or liability, the gain (or loss) resulting from the remeasuring of the hedging instrument at fair value at year end is recognized directly in income. The gain (or loss) on the hedged item that is attributable to the hedged risk adjusts the hedged item's carrying value and is recognized directly in income.

The fair value of hedged items, based on the hedged risk, is the carrying value converted into euros of the exchange rate at the balance sheet date.

Measurement and recognition of financial instruments

The Group complies with the following accounting methods and principles in compliance with IAS 39.

CRITERIA FOR RECOGNIZING A FINANCIAL ASSET OR LIABILITY

A hedge is recognized when a derivative financial instrument totally or partially compensates for a change in a hedged item's fair value or cash flow. The effectiveness of hedges is evaluated regularly, and at least every quarter.

However, to simplify the Group's procedures, in certain cases financial instruments with low notional amounts, short hedging maturities and little impact on income may be excluded from hedge accounting. In this case, the change in the hedging instrument's fair value is recorded in income.

BASIS FOR MEASURING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are initially recognized at their fair value, or at their cost or amortized cost, depending on their category.

RECOGNITION OF INSTRUMENTS MEASURED AT FAIR VALUE

The Group does not use many financial instruments. Derivatives are measured at their fair value, which is determined using various valuation techniques such as option pricing models and the value-in-use method, which involves cash flow discounting. These models use assumptions that are based on market data.

RECOGNITION OF INCOME AND EXPENSES ASSOCIATED WITH FINANCIAL ASSETS AND LIABILITIES

Derivative instruments are initially recognized and subsequently remeasured at their fair value. The recognition of unrealized gains and losses on derivative instruments depends on the hedging purpose for which the instruments are used.

The fair value of interest rate swaps at the balance sheet date is the amount that the Group would normally receive or pay if it closed its positions. This fair value is determined using current interest rates.

The fair value of forward exchange contracts is their market value at year end, which is their present value discounted at the forward price or rate.

Financial instruments as of December 31, 2012

The total notional amounts of each type of instrument used as of December 31, 2012 are presented in this section, with interest rate instruments broken down by residual maturity and currency instruments by type of currency.

HEDGING OF INTEREST RATE RISKS

Interest rate swaps			**Maturity**	**Total**	**Total**
in millions of euros	2013	2014 to 2017	Beyond	31/12/2012	31/12/2011
On financial assets					–
On financial liabilities	9	226	96	331	237

An interest rate swap that will mature in January 2028 was agreed with the City of Portsmouth, England, to enable it to pay a fixed monthly fee for the duration of its twenty-five-year road maintenance and rehabilitation contract with Colas.

This swap receives a floating rate and pays a fixed one. Its notional amount is closely aligned with the drawdown and repayment schedule of the contract's non-recourse loan, to ensure that the lump-sum fees received cover the fixed cost of the debt. The notional amount of this swap as of December 31, 2012 was 70 million euros (57 million GBP).

To cover seasonal fluctuations of its debt Colas entered into swaps that pay fixed rates. This swap averaged 141 million euros over the year.

EXCHANGE RISK HEDGING

Exports account for only a small portion of Group companies' revenues.

Revenue from foreign countries derives mainly from subsidiaries that issue invoices and book their expenses in the local currency. Some contracts in a foreign currency may be hedged against exchange risk.

in millions of euros	**GBP(1)**	**USD(1)**	**Other(1)**	**31/12/2012**	**31/12/2011**
Forward purchases		67	3	70	10
Forward sales	4	51	32	87	100
Currency swaps					–
Currency options					–

(1) Equivalent in euros.

HEDGING OF COMMODITIES RISKS

in millions of euros	**Brent/WTI**	**Fuels**	**31/12/2012**	**31/12/2011**
Forward purchases		3	3	5
Forward sales	8		8	12
Swaps				–
Options	6		6	5

Forward sales of Brent contracts serve to hedge the risk exposure of Société de la Raffinerie de Dunkerque.

As of December 31, 2012, this hedging represented the equivalent of 95,000 barrels of Brent sold forward for a notional amount of 8 million euros (i.e. volume multiplied by the forward price at the balance sheet date). The fair value valuation of this hedge as of December 31, 2012 has a negligible impact on the Group's other income and expenses.

MARKET VALUE OF HEDGING INSTRUMENTS

As of December 31, 2012, the market value (i.e. the net present value) of hedging instruments at year end was (34) million euros, including accrued interest not due. This amount consists mainly of the net present value of the interest rate swaps used to hedge the Group's debt.

The market value of hedging instruments by hedging type breaks down as follows:
– fair value hedging instruments: (21) million euros;
– cash flow hedging instruments: (13) million euros;
– instruments used other than for hedging: (0) million euros.
All financial derivative instruments are used for hedging purposes.

The market value of the interest rate swap agreed with the City of Portsmouth, England – (21) million euros including accrued interest not due – is fully offset by the market value of the derivative embedded in the fixed payments to be paid by the customer (21 million euros).

The total value of interest rate financial instruments net of the value of the derivative embedded in the fixed payments to be made by the City of Portsmouth is (12) million euros, including accrued interest not due.

If interest rates rise 1% (or respectively fall 1%, but not below 0%), the market value of the hedging instruments would decrease from (34) to (17) million euros (or respectively increase to (45) million euros), including incurred interest not due.

If the euro declines 1% with respect to all other currencies, the market value of the hedging instruments would increase from (34) to (35) million euros, including accrued interest not due.

In the event of an unfavorable 10% change in commodity prices, the market value of the hedging instruments would increase from (34) to (35) million euros, including accrued interest not due.

These calculations were made by an independent party, in accordance with current market practices.

INSURANCE AND RISK COVER

The Group takes care to protect its assets, property and people against foreseeable hazards that can be insured without compromising competitiveness. Risks at all levels are assessed and either prevented, transferred contractually or insured.

Whether or not a risk is insured depends on its nature and assessed severity (i.e. probability of occurrence and potential loss). Insurance is obligatory for major risks.

Colas' Risks and Insurance Department oversees risks and provides subsidiaries with its risk management expertise whenever necessary. Some risks are insured under Group policies that Colas manages on the basis of the information provided by subsidiaries, while others may be optionally included in existing policies to which subsidiaries must subscribe. Outside France, some insurance policies are subscribed locally to comply with local laws, or to cover frequency risks that must be managed locally.

LIABILITY INSURANCE

Liability insurance policies protect against claims by third parties and mainly consist of obligatory automotive insurance and policies covering constructions, products, operations and the ten-year construction guarantee.

Policy coverage is adapted to risk exposure and generally exceeds 5 million euros.

PROPERTY INSURANCE

Property insurance covers the risk of loss of or damage to company assets. Policy coverage is generally equivalent to the value of the property covered.

CONSTRUCTION INSURANCE

Construction insurance policies are purchased when there is a contractual obligation to cover work under construction.

The Group has strengthened its long-standing accident prevention program over the years and succeeded in developing a genuine partnership with insurance companies that has enabled it to renew its insurance policies under virtually identical conditions to previous years.

ACQUISITION OF EQUITY INTERESTS

The significant equity interests(1) acquired during fiscal year 2012 were as follows:

Company	Head office	% stake held
Chartres Enrobés	Lucé (France)	23%
INMS – Ingénierie nouvelle en mécanique des sols	Saint-Martin-de-Crau (France)	33%
Pullman Rail Ltd	Cardiff (United Kingdom)	100%
Aguilar Montajes SA	La Florida Santiago (Chile)	100%
Société Claude Chagnon	Montreal (Canada)	40%
Dust-A-Side	Pretoria (South Africa)	50%
Carrières de Dumbéa	Dumbea (New Caledonia)	50%
Société de Préfabrication de Béton	Dumbea (New Caledonia)	50%
Société de Comptabilité et de Gestion	Noumea (New Caledonia)	50%

(1) Threshold of significance used: investments of more than 150,000 euros.

Supplemental acquisitions of equity interest: none.

STRATEGY

Colas continues to pursue a strategy of prudent, profitable long-term growth, with the overall objective of meeting modern transportation, urbanization and environmental concerns. This strategy includes a responsible development policy that addresses employee, social and environmental requirements, and is based on:

• **consolidating and expanding operations** in France and worldwide, to establish a **sustainable leadership position in local markets** and **spread risk through geographic diversification.** Acquisitions are therefore an important part of Colas' development in France and internationally.
Since Colas' business activities require a stable political, legal and tax environment, to minimize risk exposure it has invested and continues to invest mainly in developed countries, and mostly in North America, Europe and Australia. However, the Group also makes targeted investments in other regions, if projects offer a reasonable level of security for investments;

• **securing the materials** and resources required for operations (particularly aggregates and bitumen) through a process of **optimized industrial integration** that:
– secures the materials and resources necessary for current and future operations,
– provides added-value,
– improves competitiveness by developing synergies and reducing construction material shipping distances and costs,
– improves the quality control of product materials and services;

• pursuing the **development of existing Specialized activities** that are closely related to Colas' core business of road construction, in terms of their nature or clientele, in order to:
– expand our customer offerings,
– develop synergies,
– enter new regions and markets with good growth potential;

• developing an **expanded** and **innovative offering** of products and services:
– develop PPP, concessions, systems management projects and other **complex offerings** that leverage the full range of Colas' technical expertise in project design, engineering, construction and maintenance as well as in the financial and legal aspects;
– conduct **large-scale projects that are complementary** to the Group's traditional activities and which enable it to better serve customers;
– **anticipate** the future quality, comfort and safety requirements of customers, and the sustainable development issues to be addressed, with an **R&D** policy that focuses on improving current techniques, designing new products and developing new services;

• continuing to **focus on profitability rather than sales**, with the aim of improving profit margins in all business segments.

STRENGTHS

Over the past twenty years Colas has enjoyed solid, long-lasting financial results, with a seven-fold increase in revenue and earnings.

The driving forces behind this success are:

• the Group's foothold in **high-potential markets** that offer much scope for growth, due to:
– **high level needs for transportation infrastructure,** driven by substantial structural factors such as population growth, urbanization, increasing global trade, a lack of infrastructure in emerging countries, the need to replace infrastructure in developed countries, mobility and environmental challenges;
– **the need to maintain existing infrastructure**, which in many mature markets often exceeds the need for construction.
Recurring maintenance constitutes a large part of Colas' core business, thus enabling **good revenue visibility.** Moreover, since the core business involves a large number of projects and worksites, the Group benefits from **broad geographic risk diversification.**

• the Group's **network** of over **800 works centers** and **1,400 materials production sites** in **some 50 countries** on five continents, some of which have been operating for over a century.
The **density of this network** gives Colas a major advantage in markets where having a local presence and customer proximity are important and where distance substantially increases the cost of transporting construction materials;

• **vertical integration** of upstream production processes and a policy to secure the procurement of essential materials and supplies, such as aggregates, emulsions, asphalt mixes, ready-mix concrete and bitumen.
This integration improves the Group's **operational performance** by **creating synergies** and by securing and ensuring the quality of a substantial portion of procurement. This strategy has made Colas a **leading producer** of road construction materials and the world's largest manufacturer of emulsion and asphalt mixes;

• a **decentralized organization** that has strong roots in local communities and is able to **respond to market needs flexibly, quickly and effectively**.
Although implemented on a global scale, this organization can be adapted to each local environment. The lean management structure enables decisions to be made where they are most needed and effective.
This organization gives Colas the **operational agility** and **flexibility** it needs to adapt to changing market requirements;

• recognized **technical, legal and financial expertise** in managing complex projects that has enabled Colas to enjoy major **successful commercial endeavors.**
Colas can provide a **comprehensive offering** that is tailored to local customer requirements, spanning the full range of the design, construction, engineering and maintenance of large transportation infrastructure projects.
The Group is thus able to **seize opportunities** to optimize the technical requirements and financing constraints of its customers, within the framework of **complex projects,** such as concessions, PPP, PFI and MAC;

• a proven ability to **seize acquisition opportunities** and **integrate new companies**.
Colas' growth strategy is based on acquisitions as well as organic growth. The over 170 companies of various sizes the Group has acquired over the past ten years account for about half of the Group's growth over this period;

• a **strong financial structure** and **steady cash flow**, which are key advantages when tendering for some contracts and also enable the Group to pursue its growth strategy by taking advantage of targeted investment opportunities;

• **human capital** that creates substantial value for customers in two ways: through a **policy of technical innovation** that is supported by a broad international technical network consisting of some 2,000 people who work at the Campus for Science and Techniques (the largest private R&D center in the road construction industry) and in some fifty research laboratories and a hundred engineering offices; and by leveraging the **collective intelligence**, values and passion developed over Colas' long history and which are shared by almost 63,000 employees, passed on from generation to generation, and carefully cultivated and enriched through the Group's adapted human resources policy.

OUTLOOK

The year 2012 was marked by a number of major successful commercial endeavors. Highlights include a twenty-five-year PPP contract for the Nîmes-Montpellier high-speed railway bypass secured in June 2012 by a consortium in which Colas is a member (order intake of 310 million euros for Colas), the extension of line 1 of the Algiers metro (85 million euros, of which slightly more than half for Colas Rail as project leader) and an eight-year maintenance contract for the central London road network (total order intake estimated at £420 million, of which Colas Ltd has a 40% share).

Colas has thus started off 2013 with a high level of work-on-hand at 6.7 billion euros as of end-December 2012 (3.5 billion euros for Mainland France), up 4% over one year (+5% in Mainland France; +2% in the international units and French overseas departments and territories).

As such, the Group can get off to a healthy start in 2013, despite a global economic backdrop that remains tainted by low visibility.

The hypotheses for outlook on Colas' main markets in 2013 are as follows:

• Roads sector:
– France's mainland market should be similar to that of 2012: despite uncertainties, it will in fact benefit from ongoing major projects, urban public transport programs, and the completion of many projects prior to the municipal elections in 2014;
– the market in the United States should benefit from the new long-term federal infrastructure plan passed in June 2012, a slight economic recovery and improved advanced construction indicators;
– revenue should remain high in Canada in 2013, albeit lower than the record 2012 figures, in a Canadian market that will remain upbeat in the medium term;
– outlook is good for business in Asia/Australia;
– no significant changes are foreseen in the other areas (Europe, Africa and Indian Ocean, French overseas departments);

• Growth is expected for Specialized activities. Railways should continue to make headway, boosted by good work-on-hand and numerous international opportunities. In a refinery market that should remain downbeat in 2013, revenue for the Sales of refined products should mechanically increase because the processing contract pursuant to which Total marketed 40% of SRD's production has come to an end as of January 1, 2013.

Colas has rolled out action plans aimed at improving competitiveness, in particular:
– a new organization for the Group's road companies in Mainland France, to simplify operations and make management more efficient;
– an action plan in the United States that includes putting an immediate halt in 2013 to business activities that negatively impacted 2012 and which should have a positive impact estimated at 30 million US dollars in 2013;
– measures to progressively improve results in the Sales of refined products: diversifying supply sources and better optimizing production.

On the basis of all available data, a first hypothesis for revenue in 2013 has been set at 13.2 billion euros (+1% from 2012).

EARNINGS AND APPROPRIATION OF EARNINGS

The report given by the Statutory Auditors of the Company will include their opinion on the accounts submitted to you. These accounts have also been examined by the Works Council in accordance with applicable law.

The parent company's earnings amounted to 252,765,329.91 euros, compared with 324,626,714.03 euros in 2011. Unappropriated earnings from the fiscal year plus unappropriated retained earnings totaled 788,471,594.21 euros, which we propose that you appropriate as follows:

- to the legal reserve: 0 euro;
- to a dividend payout in the total amount of: 237,071,662.74 euros; as of April 29, 2013;
- remainder to retained earnings: 551,399,931.47 euros.

As regards the dividend of 7.26 euros per share of par value 1.50 euros, shareholders who are subject to income tax in France are eligible for the 40% tax rebate provided for under article 243 *bis* of the French General Tax Code. Dividends in respect of the past three fiscal years have been as follows:

- in respect of 2009, a dividend of 6.75 euros;
- in respect of 2010, a dividend of 6.30 euros;
- in respect of 2011, a dividend of 7.26 euros.

We propose that this dividend be paid in cash with a payment date of April 29, 2013.

MATURITIES OF ACCOUNTS PAYABLE

In accordance with the requirements of the "LME" law of August 4, 2008 and the corresponding implementation decree no. 2008-1492 dated December 30, 2008, the breakdown of outstanding supplier payables, which as of December 31, 2012 totaled 63,769 thousand euros(1), by maturity at the balance sheet date, is indicated below:

in thousands of euros Period	Due in 1 month	Due in 2 months	Due in 3 months	Total
2010	24,610	637	3	25,250
2011	44,009	926	16	44,951
2012	55,892	7,874	3	63,769

(1) Does not include foreign profit centers.

COMPENSATION OF COMPANY OFFICERS

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The gross compensation (including benefits in kind, but excluding variable compensation) paid by the Bouygues group, and billed back to Colas, to Chairman and Chief Executive Officer Hervé Le Bouc in respect of his executive duties in 2012 totaled 924,100 euros (924,100 euros in 2011). His gross variable compensation in respect of 2012, determined based on quantitative and qualitative targets, to be paid in 2013, will total 460,000 euros (1,380,000 euros paid in 2012 in respect of 2011). In 2012 Hervé Le Bouc also received a total of 17,750 euros in Directors' fees paid by Colas and a total of 25,000 euros in Directors' fees in respect of his directorship at Bouygues, the parent company as defined under article L. 233-16 of the French Commercial Code. As a member of Bouygues' senior leadership, Hervé Le Bouc holds a supplemental pension plan based on 0.92% of a reference salary per year of membership in the plan, not to exceed eight times the annual limit fixed by French Social Security. This pension supplement does not require the recognition of an estimated liability because the plan takes the form of an insurance contract signed with an organization external to the Group and has been subject to the procedure governing regulated agreements.

SALARIED DIRECTORS

The gross compensation (including benefits in kind, but excluding variable compensation) paid to Louis Gabanna by ColasCanada Inc., a subsidiary of Colas, in 2012 in respect of his salaried duties as Managing Director, North America totaled 568,800 Canadian dollars (552,000 Canadian dollars in 2011). His gross variable compensation in respect of fiscal year 2012, based on Colas Group's earnings as well as qualitative targets, to be paid in 2013, amounts to 520,000 Canadian dollars (690,000 Canadian dollars paid in 2012 in respect of 2011). In 2012, he also received a total of 17,750 euros in Directors' fees paid by Colas.

The gross compensation (including benefits in kind, but excluding variable compensation) paid to Thierry Genestar by the Company in 2012 in respect of his salaried duties as Managing Director, Roads, France totaled 520,620 euros (419,471 euros in 2011). His gross variable compensation in respect of fiscal year 2012, based on Colas Group's earnings as well as qualitative targets, to be paid in 2013, amounts to 345,000 euros (350,000 euros paid in 2012 in respect of 2011). In 2012, he also received a total of 17,750 euros in Directors' fees paid by Colas.

The gross compensation (including benefits in kind, but excluding variable compensation) paid to Jacques Leost by the Company in 2012 in respect of his salaried duties as Managing Director, International (excluding the Americas) totaled 744,436 euros (703,962 euros in 2011). His gross variable compensation in respect of fiscal year 2012, based on Colas Group's earnings as well as qualitative targets, to be paid in 2013, amounts to 461,000 euros (400,000 euros paid in 2012 in respect of 2011). In 2012, he also received a total of 17,750 euros in Directors' fees paid by Colas.

The gross compensation (including benefits in kind, but excluding variable compensation) paid to Thierry Montouché by the Company in 2012 in respect of his salaried duties as Company Secretary totaled 478,332 euros (403,636 euros in 2011). His gross variable compensation in respect of fiscal year 2012, based on Colas Group's earnings as well as qualitative targets, to be paid in 2013, amounts to 260,000 euros (260,000 euros paid in 2012 in respect of 2011). In 2012, he also received a total of 17,750 euros in Directors' fees paid by Colas.

ADMINISTRATORS WHOSE COMPENSATION IS PROVIDED BY BOUYGUES SA, the parent company as defined under article L. 233-16 of the French Commercial Code, i.e. François Bertière(1), Olivier Bouygues(1), Jean-François Guillemin(1), Philippe Marien(1), representative of Bouygues SA, Jean-Claude Tostivin(1), and Gilles Zancanaro(1).

See Bouygues Reference Document (*Document de référence*).

(1) In 2012, these six Directors were paid by Colas SA a total of 17,750 euros each in respect of Directors' fees.

DIRECTORS ALSO ON THE BOARD OF BOUYGUES

In 2012, Colette Lewiner was paid by Colas SA a total of 17,750 euros in respect of Directors' fees.

OTHER DIRECTORS

The Directors' fees paid by the Company in 2012 to Christian Balmes amounted to 17,750 euros.

SHARE CAPITAL

SHARE CAPITAL IN 2012

As of January 1, 2012, the Company had issued share capital of 48,981,748.50 euros, consisting of 32,654,499 shares with a par value of 1.50 euros each.

As of December 31, 2012, the Company's issued share capital remained unchanged at 48,981,748.50 euros, consisting of 32,654,499 shares with a par value of 1,50 euros each.

SHARE OWNERSHIP

On the basis of recorded share capital as of January 2, 2013, Bouygues SA directly and indirectly held 96.60% of Colas' share capital as of December 31, 2012; Colas Group employees held 0.91% via the "Colas en actions" and "Colas shares" investment funds.

As of December 31, 2012, Colas did not hold any treasury stock.

SHARE PRICE AND TRADING VOLUME

In 2012, Colas' share price on the Euronext Paris stock exchange varied from a high of 137.99 euros (April 2, 2012) to a low of 96.00 euros (May 15, 2012) and ended the year at 117.00 euros, i.e. 13.59% higher than the share price as of December 30, 2011. For purposes of comparison, during this period the French CAC 40 stock market index rose 15.23% and the French SBF 120 stock market index rose 16.50%.

COLAS SHARE PRICE

Year	Month	Share price		Number of shares traded	Share capital in millions of euros
		highest	lowest		
2009	January	154.96	130.11	10,728	1.5
	February	141.50	124.45	8,258	1.1
	March	154.54	125.20	10,829	1.5
	April	179.89	135.54	23,296	3.8
	May	180.01	153.12	9,191	1.5
	June	180.00	166.10	12,360	2.1
	July	174.24	159.00	9,660	1.6
	August	182.00	168.01	9,184	1.6
	September	189.00	177.01	17,593	3.2
	October	197.41	180.00	13,138	2.5
	November	198.78	176.00	8,478	1.6
	December	185.00	171.00	42,859	7.5
2010	January	186.40	174.03	4,455	0.8
	February	181.77	174.00	9,270	1.6
	March	192.40	172.50	16,489	3.0
	April	194.00	174.36	28,625	5.3
	May	181.98	163.29	15,620	2.7
	June	174.50	158.55	20,343	3.4
	July	177.00	159.00	15,296	5.5
	August	176.50	159.00	11,748	2.0
	September	166.99	144.00	17,703	2.7
	October	150.00	135.00	18,872	2.7
	November	148.00	128.25	34,276	5.2
	December	151.00	132.00	30,218	4.3
2011	January	166.00	141.04	39,583	6.1
	February	164.00	147.70	17,864	2.8
	March	162.10	147.10	19,406	3.0
	April	169.00	154.00	36,301	6.0
	May	161.00	153.60	7,817	1.2
	June	159.00	147.50	10,774	1.6
	July	150.50	142.00	6,838	1.0
	August	146.60	120.00	21,700	2.8
	September	129.99	100.00	12,602	1.5
	October	113.10	105.00	15,124	1.6
	November	109.99	100.00	16,751	1.7
	December	108.50	98.50	16,493	1.7
2012	January	107.56	96.31	30,836	3.2
	February	117.00	101.51	58,112	6.1
	March	137.48	111.76	64,018	8.1
	April	137.99	117.00	31,668	4.0
	May	118.51	96.00	17,656	1.9
	June	109.22	100.04	5,400	0.6
	July	104.99	100.15	7,254	0.7
	August	110.00	100.00	10,896	1.1
	September	104.65	100.00	7,706	0.8
	October	125.00	100.05	32,812	3.7
	November	120.85	110.40	11,795	1.4
	December	118.60	111.10	68,617	7.8

SHARE SUBSCRIPTION OPTIONS

Pursuant to articles L. 225-184 and L. 225-180, point II of the French Commercial Code, this report informs the Shareholders' Meeting of the transactions performed by virtue of these authorizations and pursuant to articles L. 225-177 to L. 225-186 of the French Commercial Code.

Options granted by the Company or by companies controlled by or affiliated with the Company

OPTIONS GRANTED BY THE COMPANY

In 2012, the Board of Directors was granted no authorization to set up a share subscription option plan specifically for the senior executives and other employees of the Company and of certain of its affiliates.

OPTIONS GRANTED BY COMPANIES CONTROLLED BY OR AFFILIATED WITH THE COMPANY

In 2012, Bouygues granted 533 employees of Colas and its subsidiaries 990,000 options to subscribe to new Bouygues shares, pursuant to article L. 225-180 of the French Commercial Code. The exercise price of these options is 20.11 euros and they may be exercised for a period of seven years and six months as of their grant date (June 13, 2012). Options may be exercised on the conclusion of the fourth year following the grant date, i.e. with effect from June 14, 2016.

OPTIONS GRANTED TO CORPORATE OFFICERS AND DIRECTORS WITH EMPLOYEE STATUS IN FISCAL YEAR 2012

Name	Granting company	Grant date	Number of options	Exercise price (in euros)
Le Bouc Hervé	Bouygues (parent company)	13/06/2012	97,000	20.11
Gabanna Louis	"	"	15,000	"
Genestar Thierry	"	"	15,000	"
Leost Jacques	"	"	15,000	"
Montouché Thierry	"	"	15,000	"
TOTAL	"	"	157,000	"

OPTIONS GRANTED TO THE TEN NON-CORPORATE OFFICER EMPLOYEES WHO RECEIVED THE MOST STOCK OPTIONS IN FISCAL YEAR 2012

Name	Granting company	Grant date	Number of options	Exercise price (in euros)
Tournier Philippe	Bouygues (parent company)	13/06/2012	15,000	20.11
Ausseil Georges	"	"	9,000	"
Da-Poïan Christophe	"	"	9,000	"
Ducroix Daniel	"	"	9,000	"
Roussel Frédéric	"	"	9,000	"
Brossard Jean-Pierre	"	"	7,500	"
Decarnin Philippe	"	"	7,500	"
Guénolé Patrick	"	"	7,500	"
Le Roch' Thierry	"	"	7,500	"
Clotte Alain	"	"	7,000	"
Ducamp Jean-Claude	"	"	7,000	"
TOTAL	"	"	95,000	"

Corporate officers and employees of the Company did not receive any other options in 2012 granted by the Company's affiliates, under the conditions specified in article L. 225-180 of the French Commercial Code or by companies controlled by the Company, as understood under article L. 233-16 of the French Commercial Code.

Options exercised by the Company's corporate officers and employees

STOCK OPTIONS EXERCISED BY THE COMPANY'S CORPORATE OFFICERS AND EMPLOYEES

Options exercised by the Company's corporate officers and employees: none.

No share subscription options issued by Colas were outstanding as of December 31, 2012.

OPTIONS EXERCISED TO PURCHASE SHARES OF AFFILIATE COMPANIES BY THE COMPANY'S CORPORATE OFFICERS AND EMPLOYEES

Options exercised by the Company's corporate officers and Directors with employee status in fiscal year 2012: none.

Options exercised by the ten non corporate officer employees of the Company that exercised the most options in fiscal year 2012: none.

SPECIAL REPORT ON SHARE BUYBACK PROGRAMS

2012 share buyback and retirement programs

Pursuant to articles L. 225-209 *et seq.* of the French Commercial Code, the Combined Shareholders' Meeting of April 17, 2012, in its ninth resolution, renewed the authorization granted to the Board to buy back shares in the Company up to a maximum of 10% of the number of shares constituting the share capital, for a period of eighteen months. This authorization was not used by your Company in the course of fiscal year 2012.

2013 share buyback program

DESCRIPTION OF PROGRAM AND REQUEST FOR AUTHORIZATION FROM THE COMBINED ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETING OF APRIL 16, 2013

Pursuant to the general regulations governing the AMF (*Autorité des marchés financiers*) in articles 241-1 *et seq.*, a resolution has been submitted for the approval of the Combined Shareholders' Meeting of April 16, 2013 to renew this authorization, for a further period of eighteen months, to enable the Board to conduct transactions in shares of the Company, pursuant to article L. 225-209 of the French Commercial Code, up to a maximum of 10% of the total number of shares constituting the share capital, while at all times not exceeding the limit allowed under article L. 225-210 of the French Commercial Code. If granted, as of April 16, 2013, this authorization would replace that previously granted by the Combined Shareholders' Meeting of April 17, 2012 in its ninth resolution.

The characteristics of the program are as follows:
• objectives: retirement of all shares bought back to ensure, if needed, the liquidity requirements of shares held by Group employees as part of a Company Savings Plan, in compliance with applicable laws and regulations;
• methods used: buyback of shares sold by the FCP investment funds owned by Group employees in the framework of a Company Savings Plan, to ensure the liquidity requirements of the said funds. As of December 31, 2012, these funds owned 298,420 Colas shares;
• maximum proportion of share capital: 298,420 shares, i.e., 0.91% of the current issued share capital;
• maximum purchase price: 200 euros;
• maximum amount payable by the Company: 59,684,000 euros based on the maximum purchase price;
• financing: Colas reserves the right to use its available cash or short and medium-term debt if additional needs exceed available cash from operations;
• schedule: eighteen months as of the date of authorization granted by the Combined Annual and Extraordinary Shareholders' Meeting (ASM and ESM, respectively) on April 16, 2013, i.e. until October 16, 2014.

SYNOPSIS OF AUTHORIZATIONS AS OF DECEMBER 31, 2012

Authorization	Maximum amount	ASM or ESM	Duration
Issuance of shares reserved for employees without preferential subscription rights (Resolution 20)	10% of share capital	15/04/2011	26 months
Issuance of shares or securities of any type with or without preferential subscription rights (Resolutions 17, 18 and 19)	10 million euros	15/04/2011	26 months
Acquisition by the Company of its own shares (Resolution 9)	10% of share capital	17/04/2012	18 months
Retirement by the Company of its own shares (Resolution 11)	10% of share capital	17/04/2012	18 months
Bonds and similar securities (Resolution 12)	750 million euros	17/04/2012	26 months

RESOLUTIONS

In the resolutions presented to you, we submit the following resolutions for your approval:

RESOLUTIONS FOR THE ORDINARY PORTION OF THE COMBINED SHAREHOLDERS' MEETING

We ask that you give your opinion as to: the approval of Colas' annual financial statements closed on December 31, 2012; the granting of discharge to the Board of Directors for the performance of its management duties; the approval of the consolidated financial statements; the appropriation of earnings, which amount to 252,765,329.91 euros with the distribution of a dividend of 7.26 euros per share for payment as of April 29, 2013; and the approval agreements concerned by articles L. 225-38 *et seq.* of the French Commercial Code (1st, 2nd, 3rd, and 4th resolutions).

We propose that you:

• renew the appointments of nine Directors for a term of two years, i.e. until the Ordinary Shareholders' Meeting convened to approve the financial statements for fiscal year 2014 (5th to 13th resolutions);

• authorize the Board of Directors, within the legal framework set forth by articles L. 225-209 *et seq.* of the French Commercial Code, to purchase a maximum number of shares equal to 298,420 shares, in full and constant compliance with the share ownership ceiling fixed by article L. 225-210 of the French Commercial Code, with a view to retiring all the shares thus acquired and ensuring the liquidity of shares held by employees as part of a Company Savings Plan (*Plan d'Épargne d'Entreprise*), in accordance with the provisions of European regulation no. 2273/2003 dated December 22, 2003 and Book II, Title IV of the General Regulations of the *Autorité des marchés financiers*. This authorization, which shall supersede that granted by the Ordinary Shareholders' Meeting of April 17, 2012, is requested for a period of eighteen months (14th resolution);

• name a Principal Statutory Auditor and a Secondary Statutory Auditor (15th and 16th resolutions);

• grant full powers to carry out all necessary filings and formalities (17th resolution).

EXTRAORDINARY PORTION OF THE COMBINED SHAREHOLDERS' MEETING

RESOLUTIONS

RESOLUTIONS FOR THE EXTRAORDINARY PORTION OF THE COMBINED SHAREHOLDERS' MEETING

You are requested to vest the Board of Directors with the authority to:

- reduce the share capital by retiring treasury shares held by the Company, through one or more transactions, in an amount not to exceed 10% of the share capital, per period of twenty-four months and only if the resolution put before the Ordinary portion of the Shareholders' Meeting to authorize the Board of Directors to purchase the Company's own shares is passed, in accordance with article L. 225-209 paragraph 4 of the French Commercial Code. This authorization is requested for a period of eighteen months (18th resolution);
- increase the share capital, with preferential subscription rights maintained, by issuing shares or investment securities conferring access to Company shares (19th resolution);
- increase the share capital, without preferential subscription rights, by issuing shares or investment securities conferring access to Company shares, through a public offering or by private placement (20th and 21st resolutions);
- increase the number of shares to be issued in the event of a capital increase with or without preferential subscription rights (22nd resolution);
- increase the share capital through the capitalization of paidin surplus, reserves, or retained earnings (23rd resolution);
- increase the capital reserved for employee ownership within the legal framework set forth by articles L. 225-138 of the French Commercial Code and articles L. 3332-18 *et seq.* of the French Labor Code (24th resolution);
- grant full powers to carry out all necessary filings and disclosures (25th resolution).

We hereby request your decisions on these resolutions.

The Board of Directors

SPECIAL REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

ON THE CONDITIONS GOVERNING THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD AND ON INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY (ARTICLES L. 225-37 AND L. 225-68 OF THE FRENCH COMMERCIAL CODE)

To the Shareholders,

Pursuant to the provisions of articles L. 225-37 and L. 225-68 of the French Commercial Code, I hereby present my report on the conditions governing the preparation and organization of the work of the Board and on internal control procedures implemented by your Company. This report was prepared on the basis of information received from all corporate departments. It was drafted by the General Secretary and the Chairman and CEO of Colas, was submitted to the Audit Committee and subsequently approved by the Board of Directors in its meeting of February 22, 2013.

The Board of Directors

OVERVIEW OF THE ORGANIZATION OF THE BOARD OF DIRECTORS

MEMBERSHIP

As of its meeting of February 22, 2013, your Board consisted of the following 13 Directors:

Hervé Le Bouc

Christian Balmes

François Bertière

Olivier Bouygues

Louis Gabanna

Thierry Genestar

Jean-François Guillemin

Jacques Leost

Colette Lewiner

Philippe Marien, permanent representative of Bouygues SA

Thierry Montouché

Jean-Claude Tostivin

Gilles Zancanaro

These Directors are appointed by the Shareholders' Meeting for a term of two years.

CHANGES IN MEMBERSHIP OF THE BOARD IN 2012

Four Directors were reappointed at the Shareholders' Meeting held on April 17, 2012: Messrs Louis Gabanna, Jean-François Guillemin, Jean-Claude Tostivin and Gilles Zancanaro.

PROPOSED CHANGES IN BOARD MEMBERSHIP SUBMITTED TO THE SHAREHOLDERS' MEETING

A proposal will be submitted to the Shareholders' Meeting of April 16, 2013 recommending the reappointment of nine Directors for additional two-year terms: Mrs. Colette Lewiner, Messrs Hervé Le Bouc, Christian Balmes, François Bertière, Olivier Bouygues, Thierry Genestar, Jacques Leost and Thierry Montouché, and Bouygues SA.

The Board of Directors would then remain composed of 13 Directors.

Since March 18, 2011, the Board of Directors has had one female Director, i.e. 8% female representation on its Board. Over the next few years, the Board will increase the number of female Directors, in compliance with the recommendations of the Afep-Medef Code and the provisions of French law.

MEETINGS

The Board of Directors meets five times each year to transact ordinary business (in the months of February, May, August, November and December). In February, the Board approves the financial statements for the previous fiscal year. In August, it reviews business activity and examines the financial statements for the first half of the year and analyzes Group performance and profit forecasts for the current year. In both May and November, it reviews key business indicators as well as the Group's interim results, and in December it reviews the three-year business plan. The agenda of Board meetings called to transact ordinary business is generally divided into three parts: current business activity and outlook; review of financial statements; and legal issues. A set of documents dealing with these matters is provided to each Director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board of Directors has decided not to separate the roles of Chairman and Chief Executive Officer.

AUDIT, COMPENSATION AND ETHICS COMMITTEES

The Board is assisted in the performance of its duties by an Audit Committee, a Compensation Committee and an Ethics Committee. The responsibilities of these committees and their operating guidelines are defined in the Board's internal rules and regulations.

Created in February 2003, the Audit Committee meets four times each year to review the consolidated and parent company financial statements in advance of the Board of Directors' Meetings. The Audit Committee members are Messrs Philippe Marien (Chairman), Christian Balmes, Thierry Montouché and Gilles Zancanaro.

The Audit Committee's mission is to assist the Board in guaranteeing the accuracy, reliability and fair presentation of the financial statements and the quality of the information communicated, particularly to shareholders. It reviews the interim and annual financial statements and the internal financial results for the periods ending March 31 and September 30. It ensures that accounting methods and principles are appropriate, evaluates the main financial risks, examines internal control systems, and issues recommendations. Lastly, it determines the criteria for the appointment of Statutory Auditors and is notified of their work schedules and recommendations.

Created on April 17, 1991, the Compensation Committee is responsible for recommending to the Board the compensation and benefits to be paid to the Chairman and Chief Executive Officer. The current members of the Compensation Committee are Messrs Jean-François Guillemin and Olivier Bouygues.

Created on November 25, 2009, the Ethics Committee is comprised of three Directors: Messrs Christian Balmes, Jean-François Guillemin and Thierry Montouché. The Ethics Committee is responsible for reviewing all alerts or situations that might expose the Group to risks and all sponsoring contracts in excess of 20,000 euros.

ACTIVITY REPORT OF THE BOARD OF DIRECTORS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

The Board met six times during fiscal year 2012, including twice via conference calls. The average attendance rate at Board of Directors' meetings was 96% (excluding conference calls).

The essential items on the agenda of these six Board meetings were as follows.

On February 27, 2012, the Board approved the annual financial statements after having reviewed the report submitted by the Audit Committee, examined the financial statements, set the amount and payment terms and conditions of the dividend, approved the prospectus for the share buyback program, and recommended proposing at the Shareholders' Meeting the reappointment of four Directors for additional terms. The Board reappointed Hervé Le Bouc as Chairman and Chief Executive Officer. The Board also examined the Group's business activity and results for 2011, developments in each of the Group's business segments, the Group's strategies and outlook for 2012, work-on-hand, industrial potential and future strategies, the year's investments, the investment budget for fiscal year 2012, and the Group's safety record. The Board approved the parent company and consolidated financial statements with the proposed appropriation of earnings, the compensation awarded to the Chairman, and the amount and allocation of Directors' fees under the authorization granted in the Shareholders' Meeting. The Board also convened the Combined Shareholders' Meeting. The Board approved the Chairman's special report on conditions governing the preparation and organization of the Board's work and on internal control procedures implemented by the Company. Finally, an updated risk mapping covering the entire scope of Group's operations was presented to the Board.

On May 14, 2012, the Board reviewed the position of the Company and its subsidiaries for the first quarter of 2012.

On June 21, 2012, the Board met to examine and approve the issuance of various parent company guarantees as part of the PPP contract for the Nîmes-Montpellier high-speed railway bypass.

On July 26, 2012, the Board examined and approved an increase of the ceiling for additional guarantees to support the PPP contract for the Nîmes-Montpellier high-speed railway bypass.

On August 27, 2012, the Board reviewed the position of the Company and its subsidiaries for the first half of 2012, reviewed work-on-hand, discussed the status of investments, and approved the consolidated financial statements for the period ending June 30, 2012.

On November 13, 2012, the Board reviewed the Group's business activity in the third quarter of 2012 and interim financial statements for the period ending September 30, 2012. The Board examined the plan to simplify the legal and operational structure of the Group's road construction business in Mainland France and its future organization.

The Board of Directors' meeting scheduled to review the three-year business plan for the period 2013-2015 (outlook and operational action plans) was rescheduled for January 8, 2013.

OPERATIONS OF THE COMMITTEES ESTABLISHED BY THE BOARD

AUDIT COMMITTEE

The Audit Committee met four times during the year, on February 22, May 10, August 22 and November 9, 2012. The attendance rate at these meetings was 100%. During these meetings, the Audit Committee reviewed the Group's accounting methods, the scope of consolidation, financial highlights and segment information.

In February, the Committee reviewed major projects, receivables, disputes and litigation, and the results of impairment tests. An updated risk mapping and the 2012 internal audit program and its progress were presented. The Audit Committee heard a presentation by management of the Bitumen division on the refinery business and the sale and distribution of refined products (organization, key figures, hedging policy, 2012 budget, priorities).

In May, the Committee reviewed a number of major projects, the internal audit work conducted at two road construction subsidiaries in Mainland France, and the Statutory Auditors' fees.

In August, the Audit Committee examined an updated progress report on several major projects, receivables, disputes and litigation. The Statutory Auditors presented their audit approach for 2012. A progress report on internal audit for 2012 was presented along with a status report on the Group's exposure in Romania and related changes since 2010. The Committee also reviewed a status report on the Highway A63 project.

In November, major international projects were reviewed. A report was presented on developments in significant disputes as of September 30, 2012. The Committee also reviewed the results of the audit work on a project outside of France and three international subsidiaries.

At these four meetings, the Audit Committee recommended that the Board approve the financial statements without issuing any changes or comments.

COMPENSATION COMMITTEE

The Compensation Committee met in February 2012 to review the compensation awarded to Hervé Le Bouc, Chairman and Chief Executive Officer, and to make its recommendations.

Internal control procedures within the Company

Colas, as head entity of a group of 69 companies located in some fifty countries, implements internal control procedures in line with its business strategies to ensure the best possible supervision of its operations and the associated risks, whether operational, financial or legal. The objective is to ensure that the accounting and financial information presents a fair view of Company and Group business activities and to ensure that management decisions, transactions carried out and courses of action pursued by employees comply with regulations and the guiding principles and best practices to which Colas adheres. Risk management has always been a key priority at Colas, espoused by its senior executives and managers who base their actions on principles and procedures that have been in use over a long period of time.

As with any internal control system, the Company is not able to fully guarantee that the risks that it is designed to prevent are completely eliminated.

Reference framework

The Colas Group applies the internal control reference framework published by the *Autorité des marchés financiers* (AMF) in January 2007.

Scope of application of internal control

The Group's internal control procedures apply to Colas and to all directly controlled subsidiaries in which the parent company holds an ownership interest greater than 50% (including the subsidiaries of these entities).

ORGANIZATION AND MONITORING OF INTERNAL CONTROL PROCEDURES

ORGANIZATION OF THE GROUP AND INTERNAL CONTROL PROCEDURES

Organizational principles

• Business activities pursued by subsidiaries: virtually all of the Group's business activities are conducted by subsidiaries, a very large majority of which are wholly owned by Colas, the parent company.

• High level of decentralization, so that decision-making takes place at the most appropriate and most efficient level: this organization is based on a limited number of hierarchical tiers, generally three main levels of responsibility. Each manager performs his or her role by virtue of delegations of powers granted to operational and functional managers at different hierarchical levels, which are exercised in the context of general directives.

• Financial and economic responsibility assumed by independent legal entities (legal and financial identity).

• Systematic and frequent verification of actions and results in relation to objectives defined and monitored in documents drafted at regular intervals on the basis of shared and identical management principles, guidelines and procedures followed by all Group companies and employees.

• Integrated management tools facilitating the monitoring and supervision of production activities through the use of software modules covering all management and accounting functions, supplemented by software for reporting and consolidation operations. The software tool deployed across all French road construction subsidiaries offers complete coverage of operations, from contract acquisition to execution, including budgeting and procurement. This software tool interfaces with manufacturing tools and production equipment. It is intended to boost efficiency and simplify control of operations in profit centers. Harmonization of the information systems used for accounting, finance and human resources is ongoing. A single software system has been operational in Mainland France since January 1, 2005. The number of software tools used in these areas internationally has gradually been narrowed down to a handful of solutions (one in the United States, which will be fully deployed as of January 1, 2013, one in Canada, one in Europe, and one for the French overseas departments and territories and Africa).

Organization of business activities

Both in France and worldwide, business activities are performed by work centers or production units operating in a geographically defined region (e.g. a specific region of France), each of which is under the supervision of an operational manager supported by his or her teams, who aim to achieve specific financial and quality objectives. These centers are united under regional subsidiaries (in France) and/or national subsidiaries (outside France). Each of these subsidiaries has its own Executive Management team, generally a managing director supported by functional managers responsible for directing, developing and overseeing all operations of their subsidiary.

In 2012, three Executive Management units directed, supervised and monitored these subsidiaries grouped as follows:
– Roads in Mainland France, Waterproofing;
– North America;
– International (excluding the Americas), Safety and Signaling, Pipelines.
The Railways sector reports directly to the Chairman and Chief Executive Officer.

Main internal control procedures

All subsidiaries and managing directors benefit from the assistance of the functional departments of Colas, which provide their expertise (procurement, internal audit, accounting and consolidation, communication, environment, finance, legal matters, marketing, equipment, research and development, human resources and information systems). These departments define and make changes to the Group's guidelines and procedures in their specific areas of expertise. They work closely with the functional managers of the subsidiaries. Meetings, held at least once or several times each year, bring together all Group managers for each business line to share experiences, disseminate information and keep abreast of the latest developments.

Staff at the subsidiaries have access to Group Business Management Principles, a booklet first published in 2001 covering the essential rules and procedures applicable within the Group, all of which reflect the values defining the Colas spirit and culture, as well as rules of conduct and a code of business ethics developed by Bouygues, the parent company of Colas, to which Colas and its subsidiaries unreservedly subscribe.

In the context of this organization, all Executive Management staff place special emphasis on ensuring that internal control remains a key priority for employees of companies within the Group (at both long-standing and newly integrated subsidiaries). The strategy pursued by the Group for many years focuses on growth and expansion achieved through the application of prudence, rigor and control. The transparency of the internal control procedures contributes to compliance with these principles. The sharing of these principles is backed by the skills and expertise of employees, a large number of whom have been working within the Group for many years, motivated by a system based on regular internal promotion, or who have joined the Group as a result of its many acquisitions and who share these values, already embraced in the entities or acquired once they are integrated within the Group.

Anticipating skills requirements and the development of talent are priority objectives of the Group's human resources policy, as is a policy for protecting the life, health and safety of all employees.

Supervision and control of operations

• **Work-on-hand, revenue and profit in a highly decentralized group**
Given the nature of the road construction business and other specialized activities pursued by Colas, the Group manages orders for, executes and accounts for approximately 100,000 projects each year. In addition to thousands of smaller, short-term projects, Colas regularly handles a number of major projects in France and especially outside of France. Engineering studies and order management are under the responsibility of the operating managers in charge of some 800 works centers and 1,400 production sites worldwide. Bids for either large-scale projects or those considered to be exceptional due to their characteristics or complexity, as well as projects in new markets (these elements are defined in detail in the internal procedures and/or delegations of powers) as well as bids for long-term operations such as public-service contracts (concessions, public-private partnerships, private finance initiatives) are subject to prior approval by a contract committee at the subsidiary level, the Executive Management unit responsible for the geographic area, or the Executive Management of Colas. In 2012, executive contract committees met 58 times to review the conditions for submitting bids. Dedicated information technology tools are used to monitor project performance. The validity of these arrangements is verified by the Executive Management functions of the Group's various subsidiaries. Contracts resulting in revenue in excess of 20 million euros at the conclusion of work are reported to the Audit Committee twice yearly.

• **Acquisitions and disposals**
As any acquisition process exposes the Group to risk, all proposals for the creation, acquisition or disposal of an entity (securities or assets) or of property assets must first be presented in the form of a specific investment or divestment request, including a set of supporting documents defined in the guide to internal procedures. These proposals are submitted to the Executive Management of the Group (5 presentations were made in 2012) and are subject to its approval prior to being presented to the Board of Directors of the subsidiary carrying out the acquisition.

• Objectives and action plans in the area of sustainable development are monitored on a regular basis, particularly in relation to:

– health and safety: safety in the workplace and during employee transportation is a priority for every Group company. A control, monitoring and reporting system analyzing these indicators has been developed;

– environment: compliance with environmental regulations is verified on a regular basis. The Group is in the process of obtaining ISO certification in quality and environmental management, with the aim of receiving certification for all production facilities. Analysis systems (worldwide checklists) have been implemented and give rise to shared action plans. An Environment Department at the Colas parent company works through a network of representatives in all subsidiaries. It enforces guidelines laid down by Executive Management, granting subsidiaries broad autonomy to best adapt these measures to address specific local issues;

– ethics: for many years, guidelines have been established and disseminated to promote compliance with business ethics and standards of integrity, which have been included in a brochure and summarized on the first page of the management principles and code of ethics brochure issued to employees by the Bouygues Group (to which Colas belongs). Given the considerable decentralization of the business lines and the very large number of staff members in a position to enter into contracts, particularly with public-sector customers, the risks associated with business ethics cannot be ruled out with complete certainty. It is for this reason that training programs, refresher courses, controls and reporting are implemented on a regular basis, according to programs that aim to cover all of the subsidiaries. The main actions carried out relate to:

  – training seminars organized by the legal department in the framework of the multi-year plan that aims to cover the entire Group. Accordingly, in 2012, four days of training on ethics and legal liability of managers (update of knowledge and comprehensive training) were offered: two in the road construction subsidiaries in Mainland France (Colas Île-de-France–Normandie and Screg Île-de-France–Normandie), which completed the training for all of the road construction subsidiaries in Mainland France started in 2009, and in two locations outside of France (Caribbean-French Guiana and Croatia) for approximately 200 management employees. This training is supplemented by specific training programs offered by the subsidiaries. Regular reminders are provided on this subject in all meetings of subsidiaries, Executive Management committees, Executive Management teams and on the Group level;

  – the subsidiaries in the United States have a specific communication and training program on ethics, as part of compliance with the Federal False Claims Act, which aims to prevent fraud in companies that have obtained public contracts. Fifteen training sessions provided by outside experts were given in 2012, including eight two-and-a-half hour sessions bringing together all first-level and higher-level supervisors. An anonymous call line allows employees to issue alerts on these subjects. 26 alerts were handled in the United States in 2012;

  – stronger controls, particularly by conducting internal or outside audits: accordingly, an internal audit department was established in 2012 at ColasCanada in an effort to strengthen controls.

These actions will be continued and improved upon in 2013. The training plan of the Group's Legal Department will continue in 2013 in Belgium, South Africa, Reunion Island and in Mainland France, in specialized activities. In the United States, an online training program for employees will be launched.

• Procedures with regard to preparing, processing and monitoring financial and accounting information

The main documents, procedures and tools used for the communication of accounting and financial information are based on accrual accounting. This allows for monitoring worksite cost schedules, as well as for preparing activity reports by subsidiary and/or country and monthly statements of after-tax profit (monthly for subsidiaries and the Group), which are consolidated. This information provides data on the Group's revenue, order intake, main financial indicators and consolidated net profit on the 15th of each month following the month of operations. These figures are compared monthly with the bi-annual budgets and the quarterly balance sheets and income statements, at the level of each subsidiary and each Executive Management unit. The net consolidated cash or debt position is prepared on a daily basis for all companies located in Mainland France and on a monthly basis for the Group. These figures are reconciled with monthly forecasts over a three-month period. Meetings are organized throughout the year with the main senior executives in charge of operating the subsidiaries, to analyze changes in business activity, the economic situation, strategy and issues relating to current affairs.

The Accounting and Consolidation Department is in charge of preparing and analyzing consolidated financial and accounting information. It sets out and monitors accounting procedures, rules and policies in accordance with IFRS. For the 2012 financial statements, 525 consolidation reporting packages were processed for a scope of consolidation covering 618 entities. Personnel involved included some fifteen staff at Colas, about 200 at the headquarters of subsidiaries based in Mainland France, 450 in operating entities and, outside France, some 150 staff in headquarters and 300 in operating entities or at worksites, giving a total of more than 1,100 people.

In France and abroad, cash management is centralized whenever possible. Financial flows in Mainland France and abroad are subject to Group procedures, to ensure maximum security and to minimize fraud risks.

• Procedure for the coverage of risks through insurance

Risk management policy focuses on people, production and transport assets, work sites and manufactured products. These risks are identified and analyzed based on prior experience where possible. The primary focus is placed on prevention in order to reduce the frequency and impact of incidents. One aspect of the policy, which is important in Colas' field of work, is to treat both road and railroad worksites on a cost-splitting basis. The Group consistently communicates any lessons learned from previous incidents to all levels within the Company and across all business segments. Risks of loss are monitored by functional departments, particularly the legal department of each subsidiary, under the authority of its managing director. These risks are systematically entered in a database updated in real time by subsidiaries. Colas parent company's Risk and Insurance Department supervises and contributes its expertise, as and when required, to the management of these risks. Estimated losses are managed at all levels by prevention, legally transferring the risk, maintaining the risk or insuring the risk. Insurance cover is required for all major risks. Transfer to insurance is conditional upon defining and assessing the risk (probability of occurrence of the damage). The insurability of the risk remains subject to the constraints of the insurance market. Certain risks are insured by Group policies managed by Colas on the subsidiaries' databases. Others may be covered on an optional basis under existing policies (subsidiaries are responsible for purchasing such policies). Finally, internationally, certain insurance policies are purchased locally, either to comply with local laws, or to cover frequent risks necessitating local-level management. Liability insurance policies cover third-party claims and mainly include mandatory automobile insurance as well as civil liability for worksites, products, operating premises, and ten-year guarantee insurance. Coverage amounts are appropriate to the risks incurred by Group companies and are generally in excess of 5 million euros. Property damage insurance covers damage affecting property included in the companies' asset base. Coverage amounts are generally equivalent to the value of the assets. For work under construction, a specific insurance policy is purchased when there is a contractual obligation.

MONITORING AND SUPERVISION OF THE SYSTEM

In 2012, Colas continued its efforts to constantly improve and adjust its internal control procedures.

Progress in the development of internal control procedures

This project was launched in September 2007, in close collaboration with Bouygues SA, its parent company. Conceived as a three-year plan, this project sought to identify and review the existing internal control procedures and to implement any changes and improvements required to provide an internal control system encompassing all Colas Group companies. This project uses input from exchanges with other functions within the Bouygues Group, addressing cross-functional issues consistently, while taking into account the characteristics specific to Colas.

This process for improving Colas' internal control procedures takes the form of an annual self-evaluation of the internal control principles and risk management based on mapping the risks, which is updated each year when the three-year business plan is produced.

<u>The annual self-evaluation of the principles of Colas' internal control framework</u> covers all Colas business segments. There are 553 principles, comprised of 309 general principles and 244 accounting and financial principles, including 59 that are specific to the Group's business lines. Together they form Colas' internal control framework.

- A new assessment was performed in October 2012 in each French regional subsidiary and each country subsidiary outside France (except in the United States and Canada, where the assessment was performed at the State or province level), thus a total of 66 subsidiaries or companies, representing 99.2% of the Group's consolidated revenue.

- The review of the proper application of these principles at the various subsidiaries takes the form of a self-evaluation, with each principle assigned a score of 1 to 4, depending on the extent of application of the principle at the subsidiary and the official procedures employed to ensure proper application. Each assessment provided by a respondent best able to evaluate the extent of application of a given principle in the subsidiary is then validated and commented on by a validator, generally the manager of the entity or an individual delegated to perform this role.

- The assessment of the proper application of the Colas internal control framework involved the participation of the Chairman and CEO, managing directors, as well as operational, technical, equipment, human resources, legal, information technology, administrative and financial managers, accountants, the functional division heads at the Colas parent company and the Executive Management.

- For this fourth global assessment, each subsidiary was asked to base their evaluation more on the operating units' assessments, using the internal control system rolled out in the Group in 2011. Consequently, 72 of the 553 principles that make up Colas' internal control framework were assessed at the level of entities. Their assessments then contributed to the final assessments of the subsidiary's respondents and validators.

- A score of 1 or 2, indicating that a principle was not applied or, more frequently, partial or insufficiently documented application of a given principle, results in an observation with recommendations concerning action plans to be implemented locally or in a generalized fashion depending on the analysis.

<u>This new general evaluation of internal control</u> principles has revealed good overall management of operations and processes in most subsidiaries and steady improvement in determining those responsible for each process and in complying with the Group's management principles.

Main actions taken in 2012:

- the security of payments was increased by disseminating and deploying a procedure for authorizing the payment of supplier invoices, reminding employees of bank transfer rules, and launching a campaign to review and update banking authorizations;

• efforts to transform and increase the security of information systems were pursued, including the ongoing deployment of the unified platform (UPF) throughout the Group and of the JDE accounting system in the United States;

• the "standardized high-level" version of the SeeAtel equipment management system was deployed in the Caribbean-French Guiana region, Mainland France (Nord-Picardie, Est and Ouest), the Czech Republic, Madagascar, Djibouti and at Spac;

• the "cLeanergie" program was launched to strengthen the Group's positioning as a socially responsible company, make employees even prouder to work for Colas, and enable all Group companies to reduce energy consumed for construction, production, building operation and logistics. The program includes an impact study of 40 construction, production and quarry sites, actions to empower managers, and the creation of a steering committee of business line experts. Some one hundred best practices and opportunities have been identified;

• information systems security was improved and the dissemination of the general IT security policy was monitored;

• the Management Committee met twice and worked on cross-disciplinary progress issues.

Some Group actions planned for 2013:

• the new organization of road construction business in Mainland France into seven regional subsidiaries under the Colas brand. All Colas, Sacer and Screg entities in a given region will be united into a single regional Colas subsidiary;

• ongoing actions to improve employee safety, which remains a top priority at Colas. Even if 2012 saw an improvement in workplace accident frequency rates, the targets set in Colas Horizon 2015 have yet to be reached;

• the widespread deployment of the cLeanergie program, which includes the implementation of an "Energy" governance system and the launching of the first action plan to measure, prepare and launch energy savings initiatives;

• more seminars to raise awareness about business ethics issues under multi-year programs;

• the review and monitoring of specific safety issues, such as the systematic use of fire permits, the work of traffic safety steering committees, and infrared thermography audits of heating and electrical equipment;

• continued action to improve procedures for procurement and supply management;

• measures to reinforce the safety of Group assets (IT systems, industrial sites, offices);

• further deployment of the SeeAtel equipment management system throughout France (including overseas territories and departments), Belgium, Hungary and Morocco.

These initiatives are supplemented by local action plans, for example to formalize organizational and administrative procedures and the delegation of authority, provide training in business ethics, set up career committees where necessary, provide some entities with internal audit units, pursue the optimization of procurement, and deploy a common accounting application in some entities.

Risk mapping

In response to the risk mapping campaign launched by Colas' Chairman and CEO, the senior management of each major region and business line updated its risks map and action plans to reduce major risks. This initiative combines a bottom-up and top-down approach.

A report on this was presented at the Board of Directors meeting in February and at the Audit Committee meeting held the same day.

Although this effort confirmed that Colas has relatively little exposure to systemic risks, it showed that sudden economic downturns in some of the Group's regions and markets do present a risk, due to the difficulty that some local entities have in rapidly adjusting to changes in market conditions.

INTERNAL CONTROL MONITORING

All internal control staff are responsible for the operation and monitoring of the internal control system. Their work is coordinated by an Internal Control manager in the parent company who liaises with a network of correspondents in the national or regional subsidiaries.

The Internal Audit department's audit program includes verifying compliance with internal control rules and the quality of evaluation.

The Group's Internal Audit department is composed of nine auditors and the department manager, and reports to the General Secretary.

The main objectives of an internal audit are to:

• assess the systems that the subsidiaries and other audited entities have set up to manage their risks, protect their assets, and ensure the reliability of accounts and reporting information, the observance of Group rules, procedures and objectives, and compliance with laws and regulations;

• make proposals to improve the audited entity's operations and efficiency in accordance with best practices. The internal audit team's responsibilities include monitoring the observance of Colas' internal control principles, the results of annual self-evaluations and the implementation of action plans to improve the internal control system;

• monitor compliance with audit recommendations over a period of twelve to eighteen months.

The annual audit program is approved by the Chairman and generally includes an average of a dozen audits of French and international entities. The program gives priority to recently acquired entities and those that have not been audited over the past five years.

The international subsidiaries audited in 2012 were Highway Resources (Singapore), ADCo (Vietnam), Colas Australia Group (Australia), Colas Danmark Group (Denmark and Iceland), Colas Maurice and BBC (Mauritius), Colas Djibouti (Djibouti) and E-Construction (Canada). The entities audited in France were the road construction subsidiaries Colas Est and Screg Est, and Échangeur Est.

These audits may be supplemented with more technical or specialized assignments.

The findings of each audit are reported to the Chairman, functional managers, to the Executive Management of the appropriate country or region, and to the management bodies of the audited entity. A copy of this report is systematically sent to the Statutory Auditors, who in turn provide the Internal Audit department with their reports on the Group's companies. Each audit summary report includes a list of recommendations for the audited entity's management bodies and the entity has two months to draw up an action plan. The Statutory Auditors are informed of the annual internal audit program. Regular meetings between internal and external auditors are scheduled to enable them to exchange information on their work and organize their assignments in a complementary manner. The Statutory Auditors are provided with a copy of the standard internal control procedures. A report on 2012 self-evaluation results will be presented to the Accounts Committee on February 18, 2013 and made available to the Statutory Auditors to enable them to include additional accounting and financial verifications if necessary. The self-evaluation findings will also be used to plan internal auditing work, in collaboration with the Statutory Auditors. The Statutory Auditors are also informed of the accounting and financial principles observed by the French subsidiaries, as revealed by their self-evaluations.

The objective of the internal control system is to enable Colas to achieve stable and profitable growth. It therefore focuses on preventing and mitigating operational and other risks, with the primary objective of ensuring that financial statements and accounting documents are reliable and provide a true and fair image of Colas to its shareholders, customers and employees.

Efforts to improve and update the internal control system will be pursued. Since it cannot however provide absolute assurance continual vigilance will always be necessary.

The Chairman

REPORT OF THE STATUTORY AUDITORS

PREPARED IN APPLICATION OF ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

(Fiscal year ended December 31, 2012)

To the Shareholders,

In our capacity as Statutory Auditors of Colas and in application of the provisions of article L. 225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your Company, in accordance with the provisions of article L. 225-37 of the French Commercial Code, for the year ended December 31, 2012.

It is the Chairman's responsibility to prepare and submit for the approval of the Board of Directors a report on internal control and risk management procedures implemented within the Company and to provide the other information required by article L. 225-37 of the French Commercial Code, relating in particular to corporate governance.

Our role is to:

• report on any matters as to the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and treatment of accounting and financial information; and

• confirm that the report also includes the other information required by article L. 225-37 of the French Commercial Code, with the understanding that we are not required to verify the fair presentation of this other information.

We performed our procedures in accordance with professional standards applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND TREATMENT OF ACCOUNTING AND FINANCIAL INFORMATION

The applicable professional standards require us to perform our procedures so as to be able to assess the fair presentation of the information in the Chairman's report on the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information.

These standards require in particular that we:

• inform ourselves of the internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information supporting the information presented in the Chairman's report and review any existing documentation;

• inform ourselves of the work done to prepare this accounting and financial information and review any existing documentation;

• ascertain whether appropriate disclosures have been made in the Chairman's report in respect of any material weaknesses in internal controls relating to the preparation and treatment of accounting and financial information that we may have noted in performing our work.

Based on our procedures, we have no comments to make on the disclosures concerning the Company's internal control and risk management procedures relating to the preparation and treatment of accounting and financial information contained in the report of the Chairman of the Board of Directors prepared in application of the provisions of article L. 225-37 of the French Commercial Code.

OTHER INFORMATION

We confirm that the report of the Chairman of the Board of Directors also contains the other information required by article L. 225-37 of the French Commercial Code.

Paris-La Défense and Courbevoie, February 22, 2013

The Statutory Auditors

KPMG Audit
A division of KPMG SA

François Plat
Partner

MAZARS

Guillaume Potel
Partner

Gaël Lamant
Partner

APPENDIX TO THE REPORT OF THE BOARD OF DIRECTORS

OFFICES OR POSITIONS HELD IN ALL COMPANIES BY COMPANY OFFICERS (ARTICLE L. 225-102-1 OF THE FRENCH COMMERCIAL CODE)

Name of company	Type	Office or position in the company	Registered office
HERVÉ LE BOUC			
Colas	SA	Director, Chairman and Chief Executive Officer	7, place René-Clair 92100 Boulogne-Billancourt – France
Bouygues	SA	Director	32, avenue Hoche 75008 Paris – France
Bouygues Immobilier	SA	Director	3, boulevard Gallieni 92130 Issy-les-Moulineaux – France
Cofiroute	SA	Permanent representative of Colas	6-10, rue Troyon 92310 Sèvres – France
Colas Inc.	Inc.	Director	163 Madison Avenue, Suite 500 Morristown, NJ 07960 – USA
ColasCanada	Inc.	Director	4984, place de la Savane, Bureau 150 Montreal, Quebec H4P 2M9 – Canada
Colasie	SA	Director, Chairman and Chief Executive Officer	7, place René-Clair 92100 Boulogne-Billancourt – France
Colas Midi-Méditerranée	SA	Permanent representative of Colas	345, rue Louis de Broglie – La Duranne 13792 Aix-en-Provence – France
Colas Rail	SA	Permanent representative of IPF	44, rue Jean-Mermoz 78600 Maisons-Laffitte – France
Aximum	SA	Permanent representative of IPF	41, boulevard de la République 78400 Chatou – France
Échangeur International	SNC	Permanent representative of Colas	7, place René-Clair 92100 Boulogne-Billancourt – France
Fondation Colas	Fdn	President	7, place René Clair 92100 Boulogne-Billancourt – France
Hincol	Ltd	Director	5 H Floor Richardson – Crudas Build Sir JJ Road, Byculla, Mumbai 400008 – India
Isco	Ltd	Director	Je-il bldg 94/49 Youngdeungpo – dong 7 ga Yougdeundpo – dong 140988 Seoul – South Korea
Sacer Atlantique	SA	Permanent representative of Spare	Échangeur Nantes – BP 90783 2, rue Gaspard-Coriolis 44307 Nantes – France
Screg Est	SA	Permanent representative of Colas	44, boulevard de la Mothe 54000 Nancy – France
Société Parisienne d'Études, d'Informatique et de Gestion	SA	Permanent representative of Colas	2-4, allée Latécoère 78140 Vélizy-Villacoublay – France
Spac	SA	Permanent representative of IPF *(until February 2012)*	13, rue Madame-de-Sanzillon 92112 Clichy – France
Tipco Asphalt (Tasco)	SA	Director	Tipco, 118/1 Rama 6 road – Samsen Nai, Phayathai – 10400 Bangkok – Thailand
Colas Émulsions	SACS	Representative of Colas on the Supervisory Board	5, boulevard Abdellah-Ben-Yacine 21700 Casablanca – Morocco
Grands Travaux Routiers	SACS	Representative of Colas on the Supervisory Board	5, boulevard Abdellah-Ben-Yacine 21700 Casablanca – Morocco
La Route Marocaine	SACS	Member of the Supervisory Board	5, boulevard Abdellah-Ben-Yacine 21700 Casablanca – Morocco
Société Maghrébienne d'Entreprises et de Travaux	SACS	Member of the Supervisory Board	5, boulevard Abdellah-Ben-Yacine 21700 Casablanca – Morocco

Name of company	Type	Office or position in the company	Registered office
CHRISTIAN BALMES			
Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Apsys	SA	Director	ZAC de la Clef Saint-Pierre 1, boulevard Jean-Moulin 78990 Élancourt – France
FRANÇOIS BERTIÈRE			
Bouygues	SA	Director	32, avenue Hoche 75008 Paris – France
Bouygues Immobilier	SA	Director, Chairman and Chief Executive Officer	3, boulevard Gallieni 92130 Issy-les-Moulineaux – France
Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Fondation d'Entreprise Bouygues Immobilier	Fdn	Member of the Board of Directors, President	3, boulevard Gallieni 92130 Issy-les-Moulineaux – France
Fondation d'Entreprise Francis Bouygues	Fdn	Member of the Board of Directors	32, avenue Hoche 75008 Paris – France
Centre Scientifique et Technique du Bâtiment	Public body	Director	84, avenue Jean-Jaurès Champs-sur-Marne 77447 Marne-la-Vallée Cedex 2 – France
OLIVIER BOUYGUES			
Bouygues	SA	Permanent representative of SCDM Deputy Chief Executive Officer	32, avenue Hoche 75008 Paris – France
Bouygues Construction	SA	Director	1, avenue Eugène-Freyssinet 78065 Guyancourt – France
Bouygues Europe	SA	Director, Chairman and Chief Executive Officer	52, avenue de Cortenberg 1000 Brussels – Belgium
Bouygues Telecom	SA	Director	32, avenue Hoche 75008 Paris – France
Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Compagnie Ivoirienne d'Électricité (CIE)	SA	Director	BP 6923 – Abidjan – Côte d'Ivoire
Alstom	SA	Director	3, avenue André-Malraux 92300 Levallois-Perret – France
Eurosport	SA	Director	3, rue Gaston-et-René-Caudron 92798 Issy-les-Moulineaux – France
Finagestion	SA	Director	1, avenue Eugène- Freyssinet 78280 Guyancourt – France
Sagri-E	SAS	Chairman	32, avenue Hoche 75008 Paris – France
Sagri-F	SAS	Chairman	32, avenue Hoche 75008 Paris – France
SCDM Énergie	SAS	Chairman	32, avenue Hoche 75008 Paris – France
Sénégalaise des Eaux	SA	Director	Centre du Hann Route du Front-de-Terre BP 224 Dakar – Senegal
SIR	SNC	Non-partner manager	32, avenue Hoche 75008 Paris – France
SIB	SNC	Non-partner manager	32, avenue Hoche 75008 Paris – France
Société de Distribution d'Eau de la Côte d'Ivoire (Sodeci)	SA	Director	1, avenue Christiani Abidjan – Côte d'Ivoire

Name of company	Type	Office or position in the company	Registered office
Seci	SA	Director, Chairman and Chief Executive Officer	34, avenue Houdaille Tour Sidam BP 4039 Abidjan – Côte d'Ivoire
SCDM	SAS	Managing Director	32, avenue Hoche – 75008 Paris – France
Télévision Française 1 (TF1)	SA	Director	1, quai du Point-du-Jour 92100 Boulogne-Billancourt – France

LOUIS R. GABANNA

Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Colas Inc.	Inc.	Director, Chairman of the Board of Directors	163 Madison Avenue, Suite 500 Morristown, NJ 07960 – USA
ColasCanada	Inc.	Director, Chairman and Chief Executive Officer	4984, place de la Savane, Bureau 150 Montreal, Quebec H4P 2M9 – Canada
Canadian Road Builders	Inc.	Director	Zone 4, 1-26228 Township Road 530A, Acheson, Alberta T7X 5A7 – Canada
DGOC	Ltd	Director, Chairman of the Board of Directors	4984, place de la Savane, Bureau 150 Montreal, Quebec H4P 2M9 – Canada
Sintra	Inc.	Director, Chairman of the Board of Directors	4984, place de la Savane, Bureau 200 Montreal, Quebec H4P 2M9 – Canada
Terus Construction	Ltd	Director	201-5550 152 Street – Surrey, British Columbia V3S 5J9 – Canada
Interoute Construction	Ltd	Director	1056 Playmor Road – Box 22 – Crescent Valley, British Columbia V0G 1H0 – Canada
L B Paving	Ltd	Director	2992 Tatlow Road – Box 3513 – Smithers, British Columbia V0J 2N0 – Canada
North Coast Road Maintenance	Ltd	Director	201-5550 152 Street – Surrey, British Columbia V3S 5J9 – Canada
Skookum Asphalt	Ltd	Director	#1 Ear Lake Road – Whitehorse, Yukon Y1A 6L4 – Canada
YCS Holdings	Ltd	Director	4955 Sandberg – Road Box 2370 Prince George, British Columbia V2M 7B4 – Canada
Works Alberta	Ltd	Director, Chairman of the Board of Directors	Suite 1560, Weber Centre – 5555 Calgary Trail Edmonton, Alberta T6H 5P9 – Canada
251145 Alberta	Ltd	Director	County Industrial Park – Box 608 Grande Prairie, Alberta T8V 3A8 – Canada
373247 Alberta	Ltd	Director	County Industrial Park – Box 608 Grande Prairie, Alberta T8V 3A8 – Canada
400319 Alberta	Ltd	Director	County Industrial Park – Box 608 Grande Prairie, Alberta T8V 3A8 – Canada
1278368 Alberta	Ltd	Director	Suite 1560, Weber Centre 5555 Calgary Trail Edmonton, Alberta T6H 5P9 – Canada
G & C Asphalt	Ltd	Director	10015 Thatcher Avenue – North Battleford, Saskatchewan S9A 3W8 – Canada
Alberta Highway Services	Ltd	Director	200 – 11010-178 Street NW – Edmonton, Alberta T5S 1R7 – Canada
Arctic Holdings And Leasing	Ltd	Director	135 Kam Lake Road – Box 2949 Yellowknife, NT XIA 2R2 – Canada
E Construction	Ltd	Director	10130 – 21 Street NW – Edmonton, Alberta T6P 1W7 – Canada
NPA	Ltd	Director	County Industrial Park – Box 608 Grande Prairie, Alberta T8V 3A8 – Canada
NWT Construction	Ltd	Director	135 Kam Lake Road – Box 2949 Yellowknife, NT XIA 2R2 – Canada
Standard General	Inc.	Director	23 Bellerose Drive – St. Albert, Alberta T8N 5E1 – Canada

Name of company	Type	Office or position in the company	Registered office
LOUIS R. GABANNA (CONT.)			
Standard General Construction (1996)	Ltd	Director	23 Bellerose Drive – St. Albert, Alberta T8N 5E1 – Canada
Synergy Construction Materials	Ltd	Director	Suite 1560, Weber Centre 5555 Calgary Trail Edmonton, Alberta T6H 5P9 – Canada
Wood Buffalo Project Management	Ltd	Director	10130 – 21 Street NW Edmonton, Alberta T6P 1W7 – Canada
Emulsion Products of Canada	Inc.	Director Chairman, Secretary & Treasurer	2200, 10155-102 Street – Edmonton, Alberta T5J 4G8 – Canada
Consolidated Construction Company	Ltd	Director	Unit 100 – 303 Wheeler Place Saskatoon, Saskatchewan S7P 0A4 Canada
Whitmer Holdings	Ltd	Director	4955 Sandberg – Road Box 2370 Prince George, British Columbia V2M 7B4 – Canada
ColasSolutions	Inc.	Director Chairman, Secretary & Treasurer	2200, 10155-102 Street – Edmonton, Alberta T5J 4G8 – Canada
THIERRY GENESTAR			
Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Adelac	SAS	Director	Bât. Europa – 2, Parc International d'Affaires 3e boulevard – 74160 Archamps – France
Atlandes	SAS	Director	15, avenue Léonard-de-Vinci 33600 Pessac – France
Carrières Roy	SA	Director	Le Noubleau – BP 1 79330 Saint-Varent – France
Colas Belgium	SA	Permanent representative of Colas	313, rue Nestor-Martin 1082 Brussels – Belgium
Colas Centre-Ouest	SA	Permanent representative of Colas	Échangeur Nantes – 2, rue Gaspard-Coriolis – 44300 Nantes – France
Colas Île-de-France – Normandie	SA	Permanent representative of Colas	2, rue Jean-Mermoz – BP 31 78771 Magny-les-Hameaux – France
Colas Environnement	SAS	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Colas Est	SA	Permanent representative of Colas	44, boulevard de la Mothe 54000 Nancy – France
Colas Nord-Picardie	SA	Permanent representative of Colas	Échangeur Lille – 197, rue du 8-mai-1945 BP 10135 59653 Villeneuve-d'Ascq Cedex – France
Colas Rhône-Alpes – Auvergne	SA	Permanent representative of Colas	Échangeur Lyon – 2, avenue Tony-Garnier 69007 Lyon – France
Colas Sud-Ouest	SA	Permanent representative of Colas	Échangeur Sud-Ouest 6, avenue Charles-Lindbergh 33700 Mérignac – France
Perrier TP	SA	Director	13, route de Lyon 69800 Saint-Priest – France
Revue Générale Routes et Aérodromes	SAS	Director	10, rue Clément-Marot 75008 Paris – France
Sacer Atlantique	SA	Permanent representative of Colas	Échangeur Nantes 2, rue Gaspard-Coriolis 44300 Nantes – France
Sacer Paris-Nord-Est	SA	Permanent representative of Colas	6, rue Jean-Mermoz 78771 Magny-les-Hameaux Cedex France
Sacer Sud-Est	SA	Permanent representative of Colas	Échangeur Lyon 2, avenue Tony-Garnier 69007 Lyon – France

Name of company	Type	Office or position in the company	Registered office
Colas Grands Travaux	SA	Permanent representative of Spare	11, rue du Gué 54320 Maxéville – France
Screg Île-de-France – Normandie	SA	Permanent representative of Colas	6, rue Galilée – Quartier Europe 78280 Guyancourt – France
Screg Nord-Picardie	SA	Permanent representative of Colas	Échangeur Lille 197, rue du 8-mai-1945 – BP 10135 59653 Villeneuve-d'Ascq Cedex France
Screg Ouest	SA	Permanent representative of Colas	Échangeur Nantes 2, rue Gaspard-Coriolis 44300 Nantes – France
Screg Sud-Est	SA	Permanent representative of Colas	Échangeur Lyon 2, avenue Tony-Garnier 69007 Lyon – France
Screg Sud-Ouest	SA	Permanent representative of Colas	Immeuble Échangeur, 14, avenue Becquerel 33700 Mérignac – France
Smac	SA	Permanent representative of Colas	40, rue Fanfan-la-Tulipe 92100 Boulogne-Billancourt – France
Socatop	SARL	Manager	5, cours Ferdinand-de-Lesseps 92500 Rueil-Malmaison – France
Société Parisienne d'Études, d'Informatique et de Gestion	SA	Permanent representative of IPF	2-4, allée Latécoère 78140 Vélizy-Villacoublay – France

JEAN-FRANÇOIS GUILLEMIN

Bouygues Telecom	SA	Permanent representative of Bouygues	32, avenue Hoche 75008 Paris – France
Bouygues Construction	SA	Director	1, avenue Eugène-Freyssinet 78065 Guyancourt – France
Bouygues Immobilier	SA	Director	3, boulevard Gallieni 92130 Issy-les-Moulineaux – France
Bouygues Europe	SA	Director	52, avenue Cortenberg 1000 Brussels – Belgium
Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Fondation d'Entreprise Francis Bouygues	Fdn	Member of the Board of Directors	32, avenue Hoche 75008 Paris – France
Université Paris-II	Public body	Trustee	12, place du Panthéon 75231 Paris Cedex 5 – France
PRES Sorbonne Université	Public body	Trustee	12, place du Panthéon 75231 Paris Cedex 5 – France

JACQUES LEOST

Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Colas Australia (ex-Drawmac)	Ltd	Director	PO Box 163 – 12 Grand Avenue Granville NSW 2142 – Australia
Colas Ltd	Ltd	Director	Rowfant – RH10 4NF Crawley (West Sussex) – United Kingdom
Colas Teoranta	Ltd	Director	Unit G1 Maynooth Business Campus Maynooth – Co. Kildare – Ireland
Hincol	Ltd	Alternate Director for Hervé Le Bouc	5 H Floor Richardson – Crudas Build Sir JJ Road, Byculla, Mumbai 400008 – India
Tipco Asphalt (Tasco)	SA	Director	Tipco, 118/1 Rama 6 road – Samsen Nai, Phayathai – 10400 Bangkok – Thailand
Spac	SA	Director Chairman and Chief Executive Officer *(until February 2012)*	13, rue Madame-de-Sanzillon 92112 Clichy – France

Name of company	Type	Office or position in the company	Registered office
COLETTE LEWINER			
Bouygues	SA	Director	32, avenue Hoche 75008 Paris – France
Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Nexans	SA	Director	8, rue du Général-Foy 75008 Paris – France
TPS Nopec Geophysical Company	ASA	Director	PO Box 154 N-1371 Asker – Norway
Lafarge	SA	Director	61, rue des Belles-Feuilles 75016 Paris – France
TDF	SAS	Director, Chairman of the Board of Directors	106, avenue Marx-Dormoy 92541 Montrouge Cedex – France
Eurotunnel	SA	Director	3, rue de La Boétie 75008 Paris – France
Crompton Greaves Limited	Ltd	Director	CG House, Dr A. B. Road Worli, Mumbai 400030 – India
PHILIPPE MARIEN			
Bouygues Telecom	SA	Chairman of the Board of Directors	32, avenue Hoche 75008 Paris – France
Télévision Française 1 (TF1)	SA	Permanent representative of Bouygues	1, quai du Point-du-Jour 92100 Boulogne-Billancourt – France
Colas	SA	Permanent representative of Bouygues	7, place René-Clair 92100 Boulogne-Billancourt – France
Alstom	SA	Permanent representative of Bouygues	3, avenue André-Malraux 92300 Levallois-Perret – France
Bouygues Immobilier	SA	Permanent representative of Bouygues	3, boulevard Gallieni 92130 Issy-les-Moulineaux – France
Bouygues Construction	SA	Permanent representative of Bouygues	1, avenue Eugène-Freyssinet 78280 Guyancourt – France
Finamag	SC	Liquidator	19, route des Gâtines 91370 Verrières-le-Buisson – France
SCDM	SAS	Managing Director	32, avenue Hoche 75008 Paris – France
THIERRY MONTOUCHÉ			
Colas	SA	Director, General Secretary	7, place René-Clair 92100 Boulogne-Billancourt – France
Colas Inc.	Inc.	Director	163 Madison Avenue, Suite 500 Morristown, NJ 07960 – USA
ColasCanada	Inc.	Director	4984, place de la Savane H4P 2M9 Montreal – Canada
Colas Ltd	Ltd	Director	Rowfant – RH10 4NF Crawley (West Sussex) – United Kingdom
Ensign Holdings Highways	Ltd	Director *(until February 2012)*	Rowfant – RH10 4NF Crawley (West Sussex) – United Kingdom
Colas Teoranta	Ltd	Director	Unit G1 Maynooth Business Campus Maynooth – Co. Kildare – Ireland
ICB Emulsions Limited	Ltd	Director	76 Ballyhannon Road – Portadown Craigavon – BT 635 SE County Armagh – Northern Ireland
Aximum	SA	Permanent representative of Spare	41, boulevard de la République 78400 Chatou – France
Colas Centre-Ouest	SA	Permanent representative of Spare	Échangeur Nantes 2, rue Gaspard-Coriolis 44300 Nantes – France

Name of company	Type	Office or position in the company	Registered office
Colas Est	SA	Permanent representative of Spare	Immeuble Échangeur 44, boulevard de la Mothe 54000 Nancy – France
Colas Île-de-France – Normandie	SA	Permanent representative of Spare	2, rue Jean-Mermoz – BP 31 78771 Magny-les-Hameaux – France
Colas Midi-Méditerranée	SA	Permanent representative of IPF	345, rue Louis-de-Broglie – La Duranne 13792 Aix-en-Provence – France
Colas Rhône-Alpes – Auvergne	SA	Permanent representative of Spare	Échangeur Lyon 2, avenue Tony-Garnier 69007 Lyon – France
Colas Rail	SA	Permanent representative of Colas	38/44, rue Jean-Mermoz 78600 Maisons-Laffitte – France
Colas Sud-Ouest	SA	Permanent representative of IPF	Échangeur Sud-Ouest 6, avenue Charles-Lindberg 33700 Mérignac – France
Fondation Colas	Fdn	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
Screg Est	SA	Permanent representative of Spare	Immeuble Échangeur 44, boulevard de la Mothe 54000 Nancy – France
Smac	SA	Permanent representative of Spare	40, rue Fanfan-la-Tulipe 92100 Boulogne-Billancourt – France
Spac	SA	Permanent representative of Colas	13, rue Madame-de-Sanzillon 92112 Clichy – France
Société Parisienne d'Études, d'Informatique et de Gestion	SA	Permanent representative of Spare	2-4, allée Latécoère 78140 Vélizy-Villacoublay – France

JEAN-CLAUDE TOSTIVIN

Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
32 Hoche	GIE	Permanent representative of SCDM	32, avenue Hoche 75008 Paris – France
Financière SBP (formerly Société de Banque Privée)	SARL	Non-partner manager	16-18, impasse d'Antin 75008 Paris – France
Qualite	SNC	Non-partner manager	32, avenue Hoche 75008 Paris – France
Scar	SNC	Manager	32, avenue Hoche 75008 Paris – France
Actifly	SNC	Non-partner manager	32, avenue Hoche 75008 Paris – France
Transport Air	GIE	Director	32, avenue Hoche 75008 Paris – France
Airby	SNC	Manager	32, avenue Hoche 75008 Paris – France

GILLES ZANCANARO

Colas	SA	Director	7, place René-Clair 92100 Boulogne-Billancourt – France
C2S	SA	Director Chairman and Chief Executive Officer	Bâtiment Thalassa 3, rue Alfred-Kastler 17, parc Ariane 78280 Guyancourt – France
Bouygues Construction	SA	Director	1, avenue Eugène-Freyssinet 78280 Guyancourt – France
Société Parisienne d'Études, d'Informatique et de Gestion	SA	Director	2-4, allée Latécoère 78140 Vélizy-Villacoublay – France
Innovation 24	SAS	Chairman	24, avenue Hoche 75008 Paris – France

Name of company	Type	Office or position in the company	Permanent representative	Registered office
BOUYGUES				
Bouygues Telecom	SA	Director	Jean-François Guillemin	32, avenue Hoche 75008 Paris – France
Bouygues Construction	SA	Director	Phillippe Marien	1, avenue Eugène-Freyssinet 78280 Guyancourt – France
Bouygues Immobilier	SA	Director	Phillippe Marien	3, boulevard Gallieni 92130 Issy-les-Moulineaux France
C2S	SA	Director	Alain Pouyat	3, rue Alfred-Kastler 78280 Guyancourt – France
Télévision Française 1 (TF1)	SA	Director	Phillippe Marien	1, quai du Point-du-Jour 92100 Boulogne-Billancourt France
Alstom	SA	Director	Phillippe Marien	3, avenue André Malraux 92300 Levallois-Perret – France
Colas	SA	Director	Phillippe Marien	7, place René-Clair 92100 Boulogne-Billancourt France
32 Hoche	GIE	Director	Philippe Metges	32, avenue Hoche 75008 Paris – France
Fondation Dauphine	Fdn	Member of the Board of Directors	Georges Colombani	Place du Maréchal-de-Lattre-de-Tassigny 75775 Paris Cedex 16 – France

CONSOLIDATED FINANCIAL STATEMENTS OF THE COLAS GROUP

AT DECEMBER 31, 2012

CONSOLIDATED BALANCE SHEET AT DECEMBER 31

In millions of euros	Notes	2012	2011
Property, plant and equipment	3.2	2,456	2,524
Intangible assets	3.3	107	90
Goodwill	3.3	480	450
Investments in associates	3.4	456	437
Other financial assets	3.5	204	225
Deferred taxes and non-current tax assets	3.6	157	155
Non-current assets		**3,860**	**3,881**
Inventories	4.1	608	602
Trade receivables	4.1	2,857	2,826
Current tax assets	4.1	29	15
Other receivables and prepayments	4.1	515	467
Cash and cash equivalents	4.2	435	446
Financial instruments	17	21	18
Current assets		**4,465**	**4,374**
Assets held for sale and discontinued operations		–	–
TOTAL ASSETS		**8,325**	**8,255**
Share capital and share premium		384	384
Retained earnings		1,763	1,713
Translation reserve		55	61
Net income for the year		302	336
Equity attributable to the Group		**2,504**	**2,494**
Minority interests		40	34
Equity	5	**2,544**	**2,528**
Non-current debt	8	258	242
Non-current provisions	6.1	818	750
Deferred tax liabilities and non-current tax liabilities	7	98	110
Non-current liabilities		**1,174**	**1,102**
Advances and down-payments received		242	241
Current debt	8	50	48
Current tax liabilities		44	87
Trade payables		2,060	2,128
Current provisions	6.2	265	300
Other current liabilities	10	1,628	1,675
Bank overdrafts and short-term loans		285	114
Financial instruments	17	33	32
Current liabilities		**4,607**	**4,625**
Liabilities associated to assets held for sale and discontinued operations		–	–
TOTAL EQUITY AND LIABILITIES		**8,325**	**8,255**
Net financial debt	9	**(170)**	**28**

CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	2012	2011
Revenue[1]	11/16	**13,036**	**12,412**
Purchases used in production		(6,624)	(6,086)
Staff costs		(3,239)	(3,086)
External services		(2,535)	(2,576)
Taxes, other than income tax		(171)	(158)
Net depreciation and amortization expenses		(457)	(461)
Net charges to provisions and impairment losses		(109)	(114)
Change in inventories		(9)	31
Other income from operations[2]	12	650	651
Other expenses from operations	12	(136)	(147)
Current operating profit	12/16	**406**	**466**
Other operating income	12		
Other operating expenses	12		
Operating profit		**406**	**466**
Financial income		20	22
Financial expenses		(44)	(46)
Cost of net debt	13	**(24)**	**(24)**
Other financial income	13	12	18
Other financial expenses	13	(6)	(15)
Income tax expenses	14	(137)	(163)
Income from associates		59	59
Net profit		**310**	**341**
Net profit attributable to minority interests		8	5
NET PROFIT ATTRIBUTABLE TO THE GROUP		**302**	**336**
Earnings per share (in euros)	15	9.23	10.28
Diluted earnings per share (in euros)	15	9.23	10.28
(1) Of which recorded outside of France (including export sales)		5,673	5,162
(2) Of which reversals of unutilized provisions / impairment losses		140	107

STATEMENT OF RECOGNIZED INCOME AND EXPENSE

In millions of euros	2012	2011
Net profit for the period	**310**	**341**
Non-recyclable items in net income		
Actuarial gains (losses) regarding employee benefits[1]	(48)	15
Tax on non-recyclable items in net income	14	(7)
Recyclable items in net income		
Exchange differences on controlled companies	(5)	15
Fair value restatements for financial instruments	4	(6)
Tax on recyclable items in net income	(1)	2
Share in associates	(1)	5
Net income recognized directly in equity	**(37)**	**24**
TOTAL RECOGNIZED INCOME AND EXPENSE	**273**	**365**
Attributable to the Group	261	361
Attributable to minority interests	12	4

(1) Actuarial gains (losses) recognized directly in equity, according to option allowed by revised IAS 19.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Share capital and share premium	Retained earnings	Translation reserve	Net profit for the period	Capital and reserves	Minority interests	Total
At December 31, 2010	**380**	**1,704**	**37**	**224**	**2,345**	**30**	**2,375**
Share capital increase	4				4		4
Prior-year profit allocation		224		(224)			
Dividends paid		(206)			(206)	(3)	(209)
Other transactions with shareholders		(13)	3		(10)	1	(9)
Net profit for the period				336	336	5	341
Income (expenses) recognized directly in equity		4	21		25	(1)	24
Net profit and income (expenses) recognized directly in equity		4	21	336	361	4	365
Change in scope of consolidation						2	2
At December 31, 2011	**384**	**1,713**	**61**	**336**	**2,494**	**34**	**2,528**
Share capital increase							
Prior-year profit allocation		336		(336)			
Dividends paid		(237)			(237)	(4)	(241)
Other transactions with shareholders							
Net profit for the period				302	302	8	310
Income (expenses) recognized directly in equity(1)		(35)	(6)		(41)	4	(37)
Net profit and income (expenses) recognized directly in equity		(35)	(6)	302	261	12	273
Change in consolidation principles(2)		(14)			(14)		(14)
Change in scope of consolidation						(2)	(2)
AT DECEMBER 31, 2012	**384**	**1,763**	**55**	**302**	**2,504**	**40**	**2,544**

(1) Detail:

	Group	Minority Interests	Total
Exchange differences	(6)		(6)
Fair value restatement on financial instruments	(1)	5	4
Actuarial gains (losses) regarding employee benefits	(48)		(48)
Deferred taxes based on these items	14	(1)	13
Total income (expenses) recognized directly in equity	**(41)**	**4**	**(37)**

(2) First implementation of revised IAS 19.

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	2012	2011
Net profit (including minority interests)	310	341
Adjustments for:		
– Income from associates	(59)	(59)
– Dividends received from associates	53	52
– Dividends received from unconsolidated companies	(4)	(3)
– Depreciation, amortization and non-current provisions	455	466
– Capital gains on disposal of assets	(32)	(69)
Sub-total	**723**	**728**
Cost of net debt	24	24
Income tax expenses	137	163
Cash from operations	**884**	**915**
Income tax paid	(181)	(96)
Changes in working capital related to operating activities	(153)	(41)
CASH FLOWS FROM OPERATING ACTIVITIES (a)	**550**	**778**
Purchase of tangible and intangible assets	(414)	(538)
Proceeds from sales of properties, plant and equipment	69	124
Net debt on tangible and intangible assets	(60)	21
Sub-total	**(405)**	**(393)**
Acquisitions and disposals of subsidiaries:		
– Acquisitions of subsidiaries	(62)	(87)
– Disposals of subsidiaries	3	5
– Net debt on acquisitions of subsidiaries	(27)	35
– Cash acquired	11	2
Sub-total	**(75)**	**(45)**
Other investing activities:		
– Dividends received from unconsolidated companies	4	3
– Changes of other financial assets	1	4
Sub-total	**5**	**7**
CASH FLOWS FROM INVESTING ACTIVITIES (b)	**(475)**	**(431)**
Change in equity (Group share)		4
Change in minority interests		
Purchases of shares from minority interests		(7)
Dividends paid to parent company shareholders	(237)	(206)
Dividends paid to minority interests	(4)	(3)
Net variation from borrowings	8	20
Interest income (expense)	(24)	(24)
Other financing activities		
CASH FLOWS FROM FINANCING ACTIVITIES (c)	**(257)**	**(216)**
Exchange differences and other non-cash variations (d)		(1)
NET CHANGE IN CASH AND CASH EQUIVALENTS (a+b+c+d)	**(182)**	**130**
Net cash at the beginning of the year	332	202
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (see note 9)	**150**	**332**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Notes

In millions of euros (M€) unless otherwise stated.

General information

The financial statements for year ended December 31, 2012 were approved by the Board of Directors and authorized for issue on February 22, 2013.

These statements could be amended by the General Meeting of Shareholders.

Colas (the Company) is a French public company incorporated in France (RCS Nanterre B552 025 314).

Head-office: 7, place René-Clair, Boulogne-Billancourt, France.

These consolidated financial statements are presented in millions of euros because that is the currency of the primary economic environment in which the Group operates.

DESCRIPTION OF GROUP ACTIVITIES

COLAS IS A WORLD LEADER IN THE CONSTRUCTION AND MAINTENANCE OF TRANSPORT INFRASTRUCTURE

Roads represent 82 % of Colas' activity, including:
• the construction and maintenance of roads, motorways, airports, ports, industrial and logistics platforms, urban development, reserved-lane public transport systems (tramways), recreational facilities, bike paths, civil engineering (large and small-scale projects), and as a complement to road construction, building (new construction, rehabilitation and demolition/deconstruction) in certain regions;
• upstream from the construction sector, major industrial activity involving the production and recycling of construction materials (aggregates, emulsions and binders, asphalt, ready-mix concrete, bitumen), from a dense international network of quarries, emulsion plants, asphalt plants, concrete plants and two bitumen production plants.

Colas also operates in Specialized Activities most of which are complementary to Road activities, that represent 18% of its total business:
• Waterproofing, siding and roofing, manufacture and sales of waterproofing membranes;
• Railways (design and engineering, construction, renewal and maintenance of infrastructure);
• Sales of refined oil products other than bitumen (base oils, paraffin wax, and fuels);
• Road safety, traffic management, manufacture, installation and maintenance of security equipment;
• Pipelines;

Colas is also a stakeholder in infrastructure concessions and management (PPP) companies, including motorways as well as city road networks and public transport.

SIGNIFICANT FACTS OF THE YEAR

• Revenue was up 5% in 2012 (+3% on a like for-like basis), including a 249-million-euro positive currency effect.

• Operating income totaled 406 million euros, compared to 466 million euros in 2011:
– profitability held up well in Mainland France's roads business, despite unfavorable weather during the first half year;
– results improved in central Europe, which reached the targeted breakeven point;
– a loss in the Sales of refined products, as crude oil price hikes could not entirely be passed on to the sales prices of certain products, in a crisis ridden refining sector;
– lower profitability in North America, particularly in the United States.

• Net profit attributable to the Group amounted to 302 million euros in 2012 (336 million euros in 2011),

• Highly successful commercial endeavors:
– public-private partnership contract involving the future Nîmes-Montpellier rail bypass for a period of twenty-five years, signed in June 2012 by a consortium in which Colas Rail and Colas Midi-Méditerranée are members;
– the extension of line 1 of the Algiers metro, secured by Colas Rail, as part of a consortium;
– renovation and maintenance contract of road network in central London for a period of eight years, secured by Colas Ltd as part of a consortium.

• Targeted external growth continued with the acquisition of Pullman Rail Ltd (maintenance and repair of rail fleet) in the United Kingdom, assets of the Group Rambaud (construction materials) in the west of France, roofing and cladding company Aguilar in Chile, a 50% stake in Dust-A-Side (mining services) in South Africa, and 50% of several construction materials companies in New Caledonia.

• A new organization for Colas Roads business in Mainland France (7 regional subsidiaries operating under a single brand name, Colas), up and running as of January 1, 2013.

SIGNIFICANT FACTS AND CHANGES SUBSEQUENT TO DECEMBER 31, 2012

None.

Note 1 – Accounting standards

Up to December 31, 2012, the Group applied the standards, interpretations, accounting principles and methods in the financial statements of fiscal year 2011 with the exception of mandatory changes enacted by the standards mentioned below, IFRS applicable to January 1, 2012 and the early application of the amendment to IAS 19 standard; these changes have no significant impact on the financial statements.

MAIN IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS IN FORCE WITHIN THE EUROPEAN UNION, APPLICATION REQUIRED OR APPLICABLE IN ADVANCE TO JANUARY 1, 2012

• Amendment IFRS 7: Disclosures on transfers of financial assets (mandatory standard to January 1, 2012). This amendment does not impact the current modalities for accounting for securitization transactions but specifies the information to be published.
• Amendment IAS 1: Presentation of the other comprehensive income items (OCI).
Amendment IAS 1, although not adopted by Europe in December 31, 2011, had been applied in advance to January 1, 2011 by the Group insofar as it was not in contradiction with texts already adopted. It entered into force in the European Union on June 6, 2012 and it is mandatory as of January 1, 2013.
• Amendment IAS 19: Employee benefits (standard published in the *Official Journal* of the European Union on June 6, 2012 and mandatory January 1, 2013, with early application permitted to January 1, 2012). This standard is applied in the consolidated accounts, by anticipation, for the year 2012. Insofar as the Group already counts equity actuarial gains related to the employee benefits for defined benefit plans, the implementation of this change in accounting principles had a non-significant impact on net position and the net result for the year 2011. The impact on equity for an amount of EUR (14) millions (net of deferred tax assets) corresponds mainly to the effect of a change in agreement pension plan in 2005, net of the part having been since a spread by outcome according to IAS 19 previously applied.

STANDARDS ADOPTED ON 29 DECEMBER 2012 AND MANDATORY AS OF JANUARY 1, 2013

• Amendments to IAS 12: Income tax – deferred taxes: recovery of underlying assets.
• Amendments to IFRS 1: First application of the international financial reporting standards – serious hyperinflation and abolition of the closed application dates for the early adopters.
• IFRS 13: Fair value measurement.

These standards will have no impact on the Group's financial statements.

STANDARDS ADOPTED ON 29 DECEMBER 2012 AND MANDATORY AS OF JANUARY 1, 2014

• IFRS 10: Consolidated financial statements.
• IFRS 11: Joint arrangements.
• IFRS 12: Disclosure of interests in other entities.
• IAS 27: Separate financial statements (modified version in 2011).
• IAS 28: Consolidated and separate financial statements (modified version in 2011).
The impact of these standards, which have not been anticipated by the Group in January 1, 2013, is being evaluated.

OTHER STANDARDS, AMENDMENTS AND CRITICAL INTERPRETATIONS PUBLISHED BY THE IASB, NOT YET APPROVED BY THE EUROPEAN UNION

• The IASB issued before December 31, 2012 the main standards and following amendments, which have not yet entered into force (January 1, 2015 likely application).
• IFRS 9: Financial instruments – classification and measurement of financial assets.
The impact of this standard is not estimable to date.

ACCOUNTING CHOICES / ESTIMATES OF CERTAIN ASSET MEASUREMENTS/ LIABILITIES / INCOMES AND EXPENSES

To prepare consolidated financial statements in accordance with the standards and interpretations, estimates and assumptions are sometimes made; they could relate to amounts presented in respect of the items of assets and liabilities, contingent liabilities at the date of preparation of the financial statements, and the amounts presented in the title of products and expenses for the year.

These estimates and assessments are evaluated continuously on the basis of past experience, as well as various other factors deemed reasonable that form the basis of the assessments of the accounting value of the assets and liabilities. Actual results may differ materially from these estimates based on different assumptions or conditions.

These relate for the most part to the assessment of the impairment tests of goodwill, employee benefits (career benefits), the fair value of unlisted financial instruments, deferred tax assets and provisions...

Finally, in the absence of standards or interpretations applicable to a specific transaction, another event or condition, the Group has made use of judgements to define and apply the accounting methods that will provide relevant information, giving an image faithful

and comparable from one period to the other so that the financial statements:
– present an accurate picture of the financial situation, financial performance and the cash flows of the Group;
– reflect the economic substance of the transactions;
– be neutral, cautious, and complete in all material respects.
If such is the case, detailed information is contained in the notes to the consolidated accounts.

Note 2 – Significant accounting principles and policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, and assets and liabilities arising from business combinations.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as of December 31 of each year. Control on these subsidiaries is achieved where the Company has the power to govern the financial and operating policies of the controlled company so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition or badwill) is credited to profit and loss in the period of acquisition.

Subsidiaries are consolidated as of the date on which the Group takes control of the said, and up to the date on which the said control is no longer exercised.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

INTEREST IN JOINT VENTURES

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

The assets, liabilities, income and expenses of joint ventures (companies controlled jointly with other partners) are incorporated in these financial statements using the proportionate consolidation method.

INVESTMENTS IN ASSOCIATES

An associate is a non-controlled entity over which the Group is in a position to exercise significant influence.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in currencies other than the euro are recorded at rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at rates prevailing on the balance sheet date.

Exchange differences arising are recorded in the income statement, except for borrowings in foreign currencies, which are hedging investments in a foreign entity.

TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN ENTITIES

On consolidation, assets and liabilities of the Group's international entities are translated at exchange rates prevailing on the balance sheet date; income and expense items are translated at average exchange rates for the period, which gives an approximate value of exchange rates prevailing at transaction dates without any significant variations. The list of main currency rates used is disclosed in note 22.

Exchange differences, if any, are classified as equity and transferred to the Group's translation reserve.

Such translation differences are recognized as income or expense in the period in which an operation is disposed of.

NON-CURRENT ASSETS

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment acquired separately are stated at cost less accumulated depreciation and any recognized impairment loss.

Tangible assets acquired through business combinations are stated at fair value at acquisition date.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following basis:

Office buildings	20 to 40 years
Industrial buildings	10 to 20 years
Plant and equipment	5 to 15 years
Cars, trucks, office equipment	3 to 10 years

Land is not depreciated, except for aggregate quarries for which depletion is provided using the units-of-production method up to a presumed maximum of forty years.

Borrowing costs

When the construction phase of a tangible asset is long, borrowing costs that are directly attributable to its acquisition or construction are recognized as an asset.

Finance leases

Assets acquired under finance lease contracts are recognized as assets, and depreciated as if they were purchased by the entity. The finance lease liability is accounted for in the balance sheet.

Investment property

The Group has not identified any investment property among its fixed assets.

INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets. They are separable and can be independently rented, sold, exchanged or transferred. They arise from contractual or legal rights, even if the rights are not separable. They are without physical substance.

Intangible assets acquired separately from a business are stated at cost.

Intangible assets acquired as part of a business combination are capitalized separately from goodwill only if their fair value can be measured reliably on initial recognition.

Start up and research costs are expensed as incurred.

Development costs can be recognized as assets only if the costs incurred can be reasonably recovered. Every cost recognized as an asset is amortized on the basis of the expected life of the sales related to the project.

Intangible assets are mainly comprised of software, patents and quarry rights. They are amortized on a straight line basis over their useful life.

GOODWILL

Goodwill represents the excess of cost of acquisition over the fair value of identifiable assets and liabilities of a subsidiary or joint venture at the date of acquisition.

The Group uses the "partial goodwill" method.

Goodwill is stated at cost less:
– accumulated amortization recognized before the first time application of the IFRSs,
– impairment depreciation recognized since January 1, 2004.

OTHER FINANCIAL ASSETS

Non-consolidated investments and other investments

These mainly comprise shares of unlisted companies; they are recognized at acquisition cost less an allowance for depreciation when considered necessary (there are no significant differences between cost and fair value for these shares).

Loans

Loans are stated at present value if their interest rates are far from the normal market conditions (example: non-interest bearing loans pursuant to legal obligations governing participation of employers in construction investments in France).

Financial receivables

The twenty-five years road rehabilitation and maintenance PFI (Private Finance Initiative) contract of the City of Portsmouth is stated according to the financial asset model, as recommended under IFRIC 12.

Works completed are recognized on the basis of the stage of completion, according to IAS 11.

Financial assets are initially recognized at the fair value of works completed, and then stated at amortized cost, according to IAS 39.

Financial assets represent the amount of works completed, plus cumulative interest, determined according to the effective interest rate method, and after deduction of payments received from the client.

Other financial assets

Other financial assets are stated at nominal value less any possible allowance for depreciation.

FOLLOW-UP OF NON-CURRENT ASSETS COSTS

Evaluation of carrying value of non-current assets is performed whenever events or changes in the economic circumstances indicate that the carrying value of the asset may exceed recoverable value.

For intangible assets with indefinite useful life and goodwill, an assessment of the utility value of these assets is systematically performed at least once a year, and whenever there is an indication of impairment.

To determine the value in use of intangible assets for which it is not possible to determine independent cash flow, the assets are grouped within the Cash-Generating Unit (CGU) to which they belong or consolidated to the Cash Generating Unit for which investment return is assessed.

Group CGUs correspond to its operational organization.

They comply with the following criteria: common management, synergies regarding human resources, equipment resources, technical matters and studies.

• Mainland France Roads CGU: road activities in Mainland France.
• Specialized Activities (excluding Railways) CGU: safety, signaling, pipelines, waterproofing.
• Railway CGU: rail activities.
• Roads Europe (excluding France) CGU: road activities in European countries where the Group operates.
• Roads North America CGU: road activities in the United States of America and Canada.
• Roads Rest of the world CGU: road activities in Africa, Indian Ocean, Asia, Australia, Middle East and in French overseas departments and territories.

The value in use is determined by the discounted cash flow method (DCF) which consists of the discount of future cash flow applying the average weighted capital costs, including the economic risk premium. Future cash flows are determined based on forecasts prepared by CGU management according to yearly budget procedures for the coming year, and the three-year plan for the two following years.

CURRENT ASSETS

INVENTORIES

Inventories are measured at the lowest of the following values: cost or net realizable value.

Inventory costs include all purchase costs and costs of conversion.

Costs of purchase include purchase price, import duties and other non-recoverable taxes, transport and handling costs.

Costs of conversion include costs that are directly or indirectly incurred in converting raw materials into finished goods.

For carried forward valuation, costs are assigned by using the first-in, first-out or weighted average cost formulas, according to the type of inventories.

Net realizable value is the estimated selling price less estimated costs of completion and estimated costs necessary to complete the sale.

TRADE RECEIVABLES

Trade receivables, which generally have 30-90 day terms, are recognized and carried at original invoice amount less allowance for any uncollectible amounts.

Trade receivables include "receivables to invoice" related to the works recognized by clients, and which have not yet been invoiced.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with original maturity of three months or less. Marketable securities are stated at their net realizable value. For the purpose of the cash flow statement, cash consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

EQUITY

The bought back shares are deducted from the equity attributable to equity holders of the parent. If Group companies hold their own shares, a complementary interest percentage is determined at the Group level.

PROVISIONS

NON-CURRENT PROVISIONS

These are provisions not linked to the normal operating cycle. They essentially comprise:

Employee benefits

• Pensions
The Group commitments with regard to pensions payable to employees on retirement are, generally, covered by the regular payment of contributions to retirement plans or pension funds (defined contribution plans).
Some defined benefit plans exist in the UK, Ireland and Canada. With the exception of Colas Rail Ltd, these defined benefit plans concern a limited number of employees because the Group decided, several years ago, to close these plans to new subscribers. These benefit plans are managed by independent funds.

• Retirement indemnities
Their cost is determined using the projected unit credit method. Actuarial gains and losses are recognized in equity.

• Length-of-service awards
Provisions are booked in respect of length-of-service awards, which Colas Group companies grant on an ongoing and systematic basis. An individual projection method is used to calculate these amounts, taking into consideration the average rate of employee revenue and average life expectancy, according to appropriate tables.
Actuarial gains and losses are posted in the income statement.

Provisions for litigation and legal matters

• Litigation and claims about works contracts
The amount of these provisions is determined based on the amount of customer's claim or on costs of repairs of damages as determined by official experts.

• **Provisions for tax, social welfare or administration audit**
Amounts claimed by authorities are recognized in the income statement when accepted and are provisioned when contested.

Provisions for warranties (long term)
These represent the valuation of the works to be performed when the term of the warranty exceeds the term of the operating cycle (one or two years), such as the ten-year warranty for specific building works.

Provisions for quarry reclamation (long term)
Reclamation cost after operating a quarry is calculated based on a detailed valuation (cost of labor, equipment, materials, the corresponding share of overhead required, etc.). Only the portion of the provision regarding costs due after twelve months following the balance sheet date is classified in non-current provisions.

CURRENT PROVISIONS

These are provisions linked to the normal operating cycle. The related expenses are generally paid within twelve months of the balance sheet date.

They mainly comprise:

Provisions for warranties (one or two years maximum)
Provisions for additional works related to contractual warranties are made in respect of individual estimates for each contract.

Provisions for closing down sites
This covers costs of cleaning up a site and removing equipment. These costs are measured individually based on the size of the site and distance from operating units.

Provisions for losses on completion
These relate to projects, which are not completed at balance sheet date. The measurement may include claims approved by clients, and is determined contract by contract, without compensation.

Provisions for quarry reclamation (short term)
This covers reclamation costs after operating a quarry, for the portion within twelve months after balance sheet date.

In compliance with IAS 37 on provisions, information regarding the most significant provisions is disclosed only to the extent that this disclosure will not harm the Group.

DEFERRED TAXES AND LONG-TERM TAX LIABILITIES

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences (source of future income tax expenses). All deferred tax liabilities are stated as deferred taxes, including consolidation adjustments.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that the parent company is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future (no disposal in foreseeable future).

If disposal of investments or distribution of dividends is probable in the foreseeable future or if the company is not controlled (associate), deferred tax liability is recognized.

FINANCIAL INSTRUMENTS

Several Group companies use financial hedging instruments to reduce the impact of exchange and interest rate fluctuations on their profit and loss accounts. The use of these instruments is described hereafter.

NATURE OF THE RISKS FOR THE GROUP

Risk management for foreign exchange rates
The level of risk is low because subsidiaries generate only a very small proportion of their revenue from export and because revenue is generated for the majority in the euro zone (61%). Revenue from foreign countries is chiefly generated by subsidiaries that issue invoices and book their expenses in local currency, therefore changes in exchange rates have no significant impact on revenue or on Group profitability other than the currency effect calculated based on changes of average exchange rates. Approximately one fifth of the Group's business is performed in North America, therefore the Group is sensitive to changes in the euro/US dollar and euro/Canadian dollar.
Occasionally, some currency contracts are hedged for exchange risks.
Borrowings and deposits are centralized in the same currency (euro, US dollar, Canadian dollar, etc.).
Generally, Group investments in foreign companies (subsidiaries, branches, joint ventures) are not hedged because these companies are not held to be sold.
Currency swap is mainly used to optimize Group cash by converting – without any foreign exchange risks – excess cash in one currency, lent to subsidiaries in their own local currency to substitute bank lines.

Business linked to SRD, Société de la Raffinerie de Dunkerque, is more subject to exchange risks because the activity involves the purchase and sales of products valued in dollars which are then purchased and sold in dollars and/or in euros. The risk is managed via a currency swap for dollar flows.

Risk management for interest rates

The Group profit and loss is not very sensitive to interest rate changes. Generally and on an average annual basis, the share of variable rate debts is equal to available cash under variable rates – only the seasonal nature of the Group's business requires short-term borrowings.

Some financial assets or liabilities can occasionally be hedged.

Raw materials risks

Colas can be sensitive to fluctuations in supply regularity and raw material costs, in particular for oil products (bitumen, fuel, heating oil, oils), in road construction, as well as for other raw materials such as steel, copper or aluminum in safety and signaling, waterproofing and railways activities. The raw materials with the strongest impact on the Group are bitumen and other oil products.

- Supply risks

Delays or disruption of supplies can generate additional direct and indirect expenses in roads and waterproofing activities. This risk can first be considered as non-systemic, except in the event of conflict and full-fledged disruption of oil supply, which can affect a country or more likely a region for a variable length of time. Early 2011, the refinery of Kemaman in Malaysia (Thai subsidiary Tipco) suffered stoppages in production due to a lack of appropriate crude oil and acceptable price conditions, which caused unforeseen additional expenses. This is why Colas created a Group bitumen management division several years ago and bitumen management divisions in some major geographical zones (North America), for the purpose of reinforcing supply capacities (quantity supply agreements, imports). Colas has also focused on developing storage capacity in Mainland France, in Europe, in French overseas departments, in the Indian Ocean and, on a larger scale, in North America. In parallel, the acquisition of SRD, Société de la Raffinerie de Dunkerque, which produces roughly 300,000 tons of bitumen per year, will help significantly optimize bitumen supply security for the road businesses in Mainland France and northern Europe, even if the risk of temporary or possible closures of refining units in Mainland France (Berre, Petit-Couronne) have increased bitumen supply risks.

- Risks linked to prices variation

Bitumen prices have been rocked by major purchase price variations over the last several years. Several factors help limit the risk of these fluctuations: number of contracts and average contract value, which often allow prices to be taken into consideration in the bid, revisions, and indexing clauses in France and elsewhere around the world. Thanks to awareness drives, Group employees often include price variation parameters in contractual negotiations. In some regions, Group companies can sign guaranteed price supply contracts for a given period of time. For major contracts, when the deal is signed, hedging policies are underwritten if needed. There is a share of business, remaining involving the sales of manufactured products to third parties, for which bitumen and/or oil product price increases are passed on if the competitive environment does so allow.

In light of the above, it is impossible to measure income statement sensitivity given the thousands of contracts performed in a variety of legal environments in terms of protection, and the difference in price increases between geographical areas.

Lastly, an indirect risk exists should the price of these products or services increase for the customer, because the latter could reduce the volume of orders.

- Risks linked to SRD Société de la Raffinerie de Dunkerque activity

Sales of refined products (sales to third parties of oil products other than bitumen produced by SRD) is sensitive to raw material price fluctuations. The net income of this activity is largely based on the difference between the sales price of the products it produces (oil, paraffin wax, bitumen and fuels) and the price of the raw materials processed by the refinery (atmospheric residue fuel, hydrocrackates and feedstocks). Depending on the economic environment, oil price hikes cannot always be fully passed on to customers, which was the case in 2012, resulting in an operating loss for this unit. To limit this risk, Colas seeks to diversify its raw material supply sources and to improve productivity at SRD via a series of actions to optimize the business (saving energy via a full switch to natural gas fueling in 2013, looking a better product mix).

On the other hand, a hedging policy was implemented to reduce the risk associated with the supply/production/sale cycle of SRD: the cycle is fast (purchase of raw materials in month A, used in production in A+1 month, and manufactured products are sold in A+1 month, A+2 months or A+3 months) and purchase and sale contracts are established to reduce this risk. A commitment committee is in charge of raw materials purchasing.

GROUP PRINCIPLES AND RULES FOR FINANCIAL HEDGING INSTRUMENTS

Financial hedging instruments used are only conventional instruments such as:
– forward currency trade, currency swaps, currency options, according to a hedging policy against foreign exchange risks;
– interest rate swaps, future rate agreements, purchase of caps and tunnels and rate options, according to a hedging policy against interest rate risks;
– purchase and sale of futures contracts, raw material swaps in the frame of hedging policy for raw materials.

The above instruments are characterized by the fact that they are only used for hedging, only undertaken with first rank French banks and foreign banks, and present no cash risk in the event of turnaround.
The Group follows the use of these instruments, the choice of trade off and, generally speaking, the exposure to exchange risks and interest rate risks with detailed, specific follow-up reporting to the management of the companies involved.

Cash flow hedge
Cash flow hedge consists of hedging cash flow arising from hedged instruments or forecast transactions.
When derivative instruments hedge cash flow arising from firm commitments or expected transactions, portions of profit and loss that are determined to be an effective hedge are recognized directly in equity.
The ineffective portion of the hedging instruments is reported immediately in profit and loss. Other residual profit or loss arising from the hedging instruments is also reported immediately in profit and loss.

Fair value hedge
Fair value hedges have the purpose of limiting the exposure to changes in the fair value of a recognized asset or liability.
When a derivative financial instrument covers exposure to changes in the fair value of receivables or debts occur, profit or loss arising from remeasuring the hedging instrument at fair value is recognized directly in net profit and loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized directly in net profit or loss.
Fair value of hedged items, according to the type of risk hedged, corresponds to the carrying amount, translated into euros at the exchange rate prevailing on the balance sheet date.

ACCOUNTING POLICIES FOR FINANCIAL INSTRUMENTS

The Group applies accounting methods as defined by IAS 39, i.e.:

Criteria for recognition of financial assets or liabilities
Hedging accounting is applied when derivative financial instruments compensate, partially or totally, for fair value or cash flow hedge changes of a hedged item. Effectiveness of hedges is regularly measured, at least quarterly.

Nevertheless, in specific cases (non-significant notional amounts, short hedging maturities, limited impact on profits or losses), financial instruments are voluntarily not recognized as hedging transactions, in order to simplify the Group administrative procedures. In these cases, variations of fair value of hedging instruments are recognized directly in net profit and loss.

Basis of valuation of financial assets and liabilities
Financial assets and liabilities are stated at cost or amortized cost.

Accounting of financial instruments stated at fair value
The Group uses very few financial instruments; derivative financial instruments are stated at fair value. Their fair value is determined with valuation methods, such as options valuation models and the value in use method (discounted cash flows). These models are based on assumptions regarding market figures.

Accounting of profit and loss generated by financial instruments
Financial assets and liabilities are initially stated at their fair value. Unrealized profit and losses are recognized according to the nature of the hedged item.
At balance sheet date, interest swap fair value is the amount expected to be received or paid by the Group to close down transactions. Fair value is measured on the basis of present interest rates and credit risks. Fair value of forward currency trades is market value at balance sheet date, i.e. present value of quotations or forward market rates.

INCOME STATEMENT

ORDINARY ACTIVITY INCOME

Income from operations is recognized when it is probable that future economic benefits will flow to the Company, and costs incurred regarding these transactions can be measured reliably.

Ordinary activity income comprises:

Sale of goods
Income is recognized when risks and rewards of ownership are transferred to the buyer.

Construction contracts and rendering of services
Revenue from construction contracts is recognized based on the “stage of completion” method.
The stage of completion is determined on the basis of works completed; expected loss on completion is directly recognized as an expense in the current period.

Other ordinary activity income
This consists of royalties received from the use of licenses and patents: income is recognized when the Company’s right to receive payment is established.

GOVERNMENT GRANTS

These are recognized as income when there is a reasonable assurance that they will be received, and the Company will comply with the conditions stipulated therein.

When the Government grant is a compensation for expenses, it is recognized as income over the period which bears the related costs.

Government grants related to assets are presented on the balance sheet as a deduction of the related asset.

SHARE IN NET PROFIT OF UNCONSOLIDATED JOINT VENTURES

This mainly comprises the share of the Group in the net results posted by the companies or partnerships producing asphalt mixes or binders operated in conjunction with other associates.

CURRENT OPERATING PROFIT

Current operating profit comes from main activities generating income, and all other activities which are not investing or financing activities.

Goodwill depreciation is included in results of operating activities.

OTHER NON-CURRENT INCOME AND EXPENSES

These concern a very small number of unusual, abnormal and uncommon income or expense — with very significant amounts — disclosed separately in the income statement to improve the understanding of current operational performance.

The nature of these items is described in note 12.

COST OF NET DEBT

Net financial expenses include financial expense and income, and borrowing costs.

INCOME TAX EXPENSES

Deferred taxes are determined in accordance with the balance sheet liability method, for all the taxable or deductible temporary differences, at balance sheet date.

Taxable or deductible temporary differences include every difference between the tax base of an asset or liability and its carrying amounts on the balance sheet, except for goodwill.

When, for a company, the net tax balance is an asset, that asset is recognized only to the extent that it is probable that taxable profit will be available against these deductible temporary differences.

Deferred tax assets or liabilities are measured on the basis of tax rates expected to be applied during the year of the reversal, based on tax rates which have been enacted or substantially enacted by the balance sheet date.

CASH FLOW STATEMENT

The cash flow statement is prepared based on the indirect method.

According to this method, net income is adjusted for the effect of non-cash transactions or the gap between operating cash input or output, past or future, and investing and financing activity cash flows.

Net Group cash, which is analyzed in the cash flow statement, is defined as the net balance of:
• cash-at-bank, cash-on-hand and short-term deposit eligible for the cash equivalent classification,
• outstanding bank overdrafts and short-term loans.
Cash generated from operations includes variations in provisions on current assets. It includes notably net profit from consolidated companies and income from associates, net of dividends received from them.

The classification applied for interest and dividends discloses the said in cash flow from financing activities. Interest paid during the year corresponds to interest disclosed in the income statement.

OTHER INFORMATION

COMPARABILITY OF CONSOLIDATED FINANCIAL STATEMENTS

Changes in scope of consolidation did not have any significant impact on the consolidated financial statements for 2012; they are comparable to the previous year’s financial statements.

EVENTS AFTER BALANCE SHEET DATE

None.

NATURE AND SCOPE OF RISKS AND UNCERTAINTIES

The main risks and uncertainties which could significantly impact the Group’s businesses are as follows:
– weather conditions, which have a direct impact on the way in which projects unfold worldwide, and in particular, in countries with harsh climates;

– the cost of raw materials depending mainly on oil cost (bitumen, fuel, heating fuel) used in Road activities and other raw materials such as steel or aluminum which are used in the safety and waterproofing activities. This risk is reduced by the fact that a large share of contracts benefit from price variation clauses and by the fact that many contracts cover small-scale projects that are completed in a short amount of time;

– the level of investment backed by the public sector and by the industrial and commercial private sectors;

– the impact of variations in exchange rates, especially the US dollar, even if the said risks are limited by the fact that more than 60% of revenue is accounted for in euros and by the fact that operations carried out on a local scale make it possible to post income and expenses in identical currency.

Note 3 – Non-current assets

3.1 – SYNTHESIS OF INVESTMENTS OF THE YEAR (OPERATIONAL AND FINANCIAL)

	2012	2011
Property, plant and equipment	395	527
Intangible assets and goodwill	19	11
Operating activities investments	**414**	**538**
Acquisitions of subsidiaries	62	87
Consolidated investments	**476**	**625**
Proceeds from sales of properties, plant and equipment	(69)	(124)
Disposals of subsidiaries	(3)	(5)
NET INVESTMENTS	**404**	**496**

3.2 – PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment	Assets in course of construction and advance payments	Total
Cost or valuation				
At December 31, 2010	**1,405**	**4,838**	**103**	**6,346**
Exchange differences	7	23		30
Transfers and other	20	62	(81)	1
Changes in scope of consolidation	33	13	(1)	45
Additions	61	377	89	527
Disposals	(69)	(239)		(308)
At December 31, 2011	**1,457**	**5,074**	**110**	**6,641**
Exchange differences	(1)	(8)		(9)
Transfers and other	7	84	(104)	(13)
Changes in scope of consolidation		8		8
Additions	44	268	83	395
Disposals	(18)	(228)		(246)
AT DECEMBER 31, 2012	**1,489**	**5,198**	**89**	**6,776**
Depreciation and impairment				
At December 31, 2010	**(536)**	**(3,372)**		**(3,908)**
Exchange differences	(1)	(16)		(17)
Transfers and other	1	7		8
Changes in scope of consolidation	1	(1)		
Net charge for the year	(53)	(398)		(451)
Disposals	40	211		251
At December 31, 2011	**(548)**	**(3,569)**		**(4,117)**
Exchange differences		6		6
Transfers and other	5	4		9
Changes in scope of consolidation	5	5		10
Net charge for the year	(52)	(390)		(442)
Disposals	9	205		214
AT DECEMBER 31, 2012	**(581)**	**(3,739)**		**(4,320)**
Carrying amount				
At December 31, 2010	**869**	**1,466**	**103**	**2,438**
Including quarry land	307			307
Including financial leases	5	46		51
At December 31, 2011	**909**	**1,505**	**110**	**2,524**
Including quarry land	343			343
Including financial leases	5	36		41
AT DECEMBER 31, 2012	**908**	**1,459**	**89**	**2,456**
Including quarry land	325			325
Including financial leases	4	38		42

At December 31, 2012, equipment has been ordered for an amount of 13 million euros (51 million euros at the end of 2011).

3.3 – INTANGIBLE ASSETS AND GOODWILL

	Concessions, patents, and other rights	Other	Total intangible assets	Goodwill
Cost or valuation				
At December 31, 2010	**113**	**64**	**177**	**496**
Exchange differences	(1)	2	1	2
Transfers	1	(2)	(1)	1
Changes in scope of consolidation	3	1	4	5
Additions	3	8	11	
Disposals	(2)	(1)	(3)	
At December 31, 2011	**117**	**72**	**189**	**504**
Exchange differences	(1)		(1)	
Transfers	12	(10)	2	(2)
Changes in scope of consolidation	9		9	36
Additions	14	5	19	
Disposals	(4)	(2)	(6)	
AT DECEMBER 31, 2012	**147**	**65**	**212**	**538**
Depreciation and impairment				
At December 31, 2010	**(56)**	**(34)**	**(90)**	**(51)**
Exchange differences		(1)	(1)	
Transfers	(1)	1		
Changes in scope of consolidation				
Net charge for the year	(6)	(4)	(10)	(3)
Disposals	2		2	
At December 31, 2011	**(61)**	**(38)**	**(99)**	**(54)**
Exchange differences				
Transfers				
Changes in scope of consolidation	5		5	2
Net charge for the year	(9)	(6)	(15)	(6)
Disposals	2	2	4	
AT DECEMBER 31, 2012	**(63)**	**(42)**	**(105)**	**(58)**
Carrying amount				
At December 31, 2010	57	30	87	445
At December 31, 2011	56	34	90	450
AT DECEMBER 31, 2012	**84**	**23**	**107**	**480**

Concessions, patents, and other rights: mainly mining rights, and to a lesser extent patents and software.

Development costs: they are mainly recognized as expenses during the year because they have a permanent and recurrent nature; few projects satisfy recognition criteria according to IAS 38.

IMPAIRMENT OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE AND GOODWILL

Impairment losses are recorded in profit from operations if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its value in use. If an indication shows impairment loss, an impairment test is performed, based on the method described under note 2. Such tests are performed at least once a year after the updating of budgets and three-year plans by management.

Details of assets with indefinite useful life and goodwill split by CGU and main assumptions used for impairment tests are as follows:

Cash Generating Units	Intangible assets with indefinite useful life	Goodwill	Growth rates	Discount rates	
				H1[1]	H2[1]
CGU Roads Mainland France	19	141	2%	5.76%	3.78%
CGU Specialized Activities (excluding Railways)		43	2%	5.76%	3.78%
CGU Railways		186	2%	5.76%	3.78%
CGU Roads Europe (excluding France)	4	12	2%	5.76%	3.78%
CGU Roads North America		46	2%	5.76%	3.78%
CGU Roads Rest of the world		52	2%	5.76%	3.78%
TOTAL	**23**	**480**			

(1) According to debt structure assumptions:
– H1: 1/3 debt – 2/3 equity.
– H2: 2/3 debt – 1/3 equity.

Sensitivity analyses were performed. Any reasonably possible change in key assumptions used did not reveal a situation that could lead to impairment of assets tested.

3.4 – INVESTMENTS IN ASSOCIATES

	Share in equity	Goodwill	Depreciation of Goodwill	Carrying amount
At December 31, 2010	**413**	**10**	**(1)**	**422**
Exchange differences	5			5
Transfers	1			1
Changes in scope of consolidation	1	1		2
Issue of share capital				
Net consolidated profit	59			59
Dividends paid	(52)			(52)
Impairment				
At December 31, 2011	**427**	**11**	**(1)**	**437**
Exchange differences	(2)			(2)
Transfers	1			1
Changes in scope of consolidation	11	3		14
Issue of share capital				
Net consolidated profit	59			59
Dividends paid	(53)			(53)
Impairment				
AT DECEMBER 31, 2012	**443**	**14**	**(1)**	**456**

MAIN ASSOCIATED COMPANIES

Company	Head office	% hold	Share in equity	Goodwill	Goodwill impairment	Net carrying amount
Cofiroute[1]	France	16.7%	358			358
Tipco Asphalt[2]	Thailand	32.1%	34	5		39
Mak Mecsek[3]	Hungary	30.0%	27			27
Other[4]			24	9	(1)	32
TOTAL			**443**	**14**	**(1)**	**456**

(1) Cofiroute operates a 1,200-kilometer highway concession in northwest France (Highways A10, A11, A13, A86, etc.). Although Colas holds a stake of less than 20% (16.7%), Cofiroute is consolidated using the equity method because Colas exercises a significant influence through its seat on the Board of Directors (Director: Hervé Le Bouc).
(2) Tipco Asphalt operates in the distribution and sale of bitumen business in South-East Asia.
(3) Mak Mecsek has been awarded a thirty-year PPP contract for the construction and operation of a new 80-km section of Motorways M6 (50 km) and M60 (30 km) in southwest Hungary.
(4) Individually, none of these entities has a significant character.

For three main associated entities, the amounts posted to the title of the main assets, liabilities, income and expenses are given below:

AT DECEMBER 31, 2012

Amounts at 100%	Cofiroute	Tipco Asphalt	Mak Mecsek
Non-current assets	5,802	133	910
Current assets	746	329	24
Total assets	**6,548**	**462**	**934**
Equity	2,150	105	89
Non-current liabilities	3,645	61	842
Current liabilities	753	296	3
Total liabilities	**6,548**	**462**	**934**
Revenue	1,337	940	82
Current operating profit	604	26	51
Net profit	294	16	11
Net profit attributable to the Group	**49**	**5**	**3**

AT DECEMBER 31, 2011

Amounts at 100%	Cofiroute	Tipco Asphalt	Mak Mecsek
Non-current assets	5,825	123	928
Current assets	655	387	20
Total assets	**6,480**	**510**	**948**
Equity	2,142	98	80
Non-current liabilities	3,665	78	864
Current liabilities	673	334	4
Total liabilities	**6,480**	**510**	**948**
Revenue	1,331	522	81
Current operating profit	602	41	51
Net profit	294	15	9
Net profit attributable to the Group	**49**	**5**	**3**

3.5 – OTHER NON-CURRENT FINANCIAL ASSETS

	Non-consolidated investments	Other financial assets	Total gross value	Allowance	Carrying amount
At December 31, 2010	**54**	**158**	**212**	**(38)**	**174**
Exchange differences		3	3		3
Transfers					
Changes in scope of consolidation	(5)		(5)	(1)	(6)
Acquisitions and other additions	53	16	69		69
Disposals	(3)	(20)	(23)		(23)
Net charge for the year				8	8
At December 31, 2011	**99**	**157**	**256**	**(31)**	**225**
Exchange differences		2	2		2
Transfers		(2)	(2)		(2)
Changes in scope of consolidation	(44)	4	(40)	(5)	(45)
Acquisitions and other additions	33	17	50		50
Disposals	(13)	(17)	(30)		(30)
Net charge for the year				4	4
AT DECEMBER 31, 2012	**75**	**161**	**236**	**(32)**	**204**

BREAKDOWN OF MAIN NON-CONSOLIDATED INVESTMENTS

	31/12/2012			31/12/2011
	Gross	Allowance	Net	Net
Asphalt concrete, binder and quarry companies	19	(4)	15	17
Non-controlled companies	28	(12)	16	14
Companies acquired at the end of the year(1)	18		18	46
Other investments(2)	10	(3)	7	9
TOTAL	**75**	**(19)**	**56**	**86**

(1) These companies, not consolidated because acquired at year-end, will be consolidated during the coming year. It mainly involves Carrières de Dumbèa and Aguilar.
(2) None of these investments are significant.

BREAKDOWN OF OTHER FINANCIAL ASSETS

	31/12/2012			31/12/2011
	Gross	Allowance	Net	Net
Loans(1)	60	(12)	48	42
Deposits	27	(1)	26	21
City of Portsmouth (Great Britain)(2)	74		74	76
Other financial receivables				
TOTAL	**161**	**(13)**	**148**	**139**

(1) Loans: mainly twenty-year non-interest bearing loans, pursuant to employers' legal obligations governing construction investments in France. These loans are stated at their net present value.
(2) Receivables from the City of Portsmouth (Great Britain), in compensation for the works completed in the framework of the road rehabilitation and maintenance PFI contract, signed in 2004 for twenty-five years (2004-2029). The receivable is valued according to IFRIC 12 (financial asset model).

BREAKDOWN OF NON-CURRENT FINANCIAL ASSETS BY NATURE

	Fair value measurement			
	Financial assets available for sale	Other financial assets	Loans and receivables	Total
December 31, 2011	–	86	139	225
2012 variations	–	(30)	9	(21)
DECEMBER 31, 2012	**–**	**56**	**148**	**204**

3.6 – DEFERRED TAXES AND NON-CURRENT TAX ASSETS

	Deferred taxes	Other long-term tax assets	Total
At December 31, 2010	**138**		**138**
Exchange differences	1		1
Transfers	9		9
Acquisitions of subsidiaries			
Net variations	7		7
At December 31, 2011	**155**		**155**
Exchange differences			
Transfers			
Acquisitions of subsidiaries			
Net variations	2		2
AT DECEMBER 31, 2012	**157**		**157**

Unrecognized tax assets (which are probably not reversible in the foreseeable future) amounted to 67 million euros on December 31, 2012 (59 million euros on December 31, 2011).

Deferred tax assets are mainly reversible after five years.

MAIN DEFERRED TAX BASES

	31/12/2012	31/12/2011
Assets		
Employee benefits	82	61
Tax losses	27	26
Financial instruments	10	10
Liabilities		
Regulatory provisions	(19)	(23)
Fixed assets (finance leases, goodwill allocated to assets)	(30)	(17)
Taxes on dividends	(6)	(6)
Financial instruments	(6)	(5)
Other temporary differences	1	(1)
NET DEFERRED TAX ASSETS (LIABILITIES)	**59**	**45**

Note 4 – Current assets

4.1 – INVENTORIES, TRADE AND OTHER RECEIVABLES

	31/12/2012			31/12/2011		
	Gross	Allowance	Net	Gross	Allowance	Net
INVENTORIES	**632**	**(24)**	**608**	**625**	**(23)**	**602**
Raw materials, supplies and finished goods						
TRADE RECEIVABLES	**2,991**	**(134)**	**2,857**	**2,955**	**(129)**	**2,826**
Invoiced and to invoice, warranty retention[(1)]						
TAX RECEIVABLES	**29**		**29**	**15**		**15**
Staff, social welfare bodies, State	245		245	241		241
Group receivables and other receivables	257	(20)	237	206	(13)	193
Prepayments	33		33	33		33
OTHER RECEIVABLES	**535**	**(20)**	**515**	**480**	**(13)**	**467**

(1) Maturity of trade receivables is as follows:

	Receivables not matured	Less than 6 months	6 months to 1 year	1 year and more	Total
Trade receivables (gross)	1,994	710	102	185	2,991
Allowance	(20)	(11)	(16)	(87)	(134)
TRADE RECEIVABLES (NET)	**1,974**	**699**	**86**	**98**	**2,857**
Reminder 2011	2,038	622	85	81	2,826

Credit risk: the Group considers that its exposition to credit risk regarding non-matured receivables is limited as regards the type of customers (States, public administrations, public and private companies, individuals).

4.2 – CASH AND CASH EQUIVALENTS

	31/12/2012			31/12/2011		
	Gross	Allowance	Net	Gross	Allowance	Net
Cash on hand	378		378	360		360
Bouygues Relais cash management company				25		25
Marketable securities	57		57	61		61
TOTAL	**435**		**435**	**446**		**446**

Short-term investments are deposited in French and foreign banks.

They are divided as follows:

	Euro	USD (1)	GBP (1)	Other (1)	Total
Cash on hand	82	33	78	185	378
Bouygues Relais cash management company					
Marketable securities	49			8	57
TOTAL AT DECEMBER 31, 2012	**131**	**33**	**78**	**193**	**435**
December 31, 2011	190	37	64	155	446

(1) Equivalent in euros

Cash and cash equivalents have an original maturity of three months or less or can easily be converted into cash.

Cash and cash equivalents disclosed in the cash flow statement consist of the following items:

	31/12/2012	31/12/2011
Cash and cash equivalents	435	446
Bank overdraft and short-term loans	(285)	(114)
TOTAL	**150**	**332**

Note 5 – Information on equity

COMPOSITION OF SHARE CAPITAL

Colas' share capital on December 31, 2012 amounts to 48,981,748.50 euros.

It is comprised of 32,654,499 shares at 1.50 euros each, ranking *pari passu* (although nominative shares owned for a period of more than two years by the same shareholder grant double voting rights).

YEAR VARIATIONS

(Amounts in euros)

	Number of shares	Share capital
At January 1, 2011	32,654,499	48,981,748.50
Variations 2012	–	–
AT DECEMBER 31, 2012	**32,654,499**	**48,981,748.50**

MAIN SHAREHOLDERS

Bouygues SA	31,543,222	96.60%
Other shareholders	1,111,277	3.40%

CAPITAL MANAGEMENT

The General Management's target is to maintain a level of capital and reserve to enable Colas to:
– ensure reasonable gearing,
– pay regular dividends to shareholders.

Among performance indicators used, some can be determined by reference to capital and reserves, but their use is neither preponderant nor systematic.

Otherwise, we remind you that capital and reserves are not submitted to any statutory restriction.

STOCK OPTIONS

None.

TRANSLATION RESERVE

The translation reserve was established at January 1, 2004 with the first time application of IFRS.
Main translation differences at December 31, 2012 relate to companies located in the following countries:

	31/12/2012	31/12/2011
United States	(6)	2
Canada	33	35
Great Britain	(8)	(11)
Slovakia	12	12
Czech Republic	8	7
Australia	8	8
Other countries	8	8
TOTAL TRANSLATION RESERVE	**55**	**61**

Note 6 – Provisions

6.1 – NON-CURRENT PROVISIONS

	Employee benefits	Litigation and legal matters	Customer warranties (long-term)	Site reclamation (long-term)	Others	Total
At December 31, 2010	**276**	**213**	**83**	**122**	**56**	**750**
Exchange differences	1	(1)	(1)			(1)
Transfers	(5)		3	(1)		(3)
Changes in scope of consolidation				16	(16)	
Actuarial gains/losses in equity	(15)					(15)
Allocation for the year	21	55	21	12	20	129
Reversals of utilized provisions	(16)	(20)	(11)	(6)	(9)	(62)
Reversals of unutilized provisions	(2)	(26)	(15)	(1)	(4)	(48)
At December 31, 2011	**260**	**221**	**80**	**142**	**47**	**750**
Exchange differences		1	1			2
Transfers		(2)	(4)	(2)	1	(7)
Changes in scope of consolidation	20			2	2	24
Actuarial gains/losses in equity	48					48
Allocation for the year	33	44	20	13	10	120
Reversals of utilized provisions	(13)	(22)	(11)	(7)	(12)	(65)
Reversals of unutilized provisions	(2)	(29)	(14)	(1)	(8)	(54)
AT DECEMBER 31, 2012	**346**	**213**	**72**	**147**	**40**	**818**

BREAKDOWN OF MAIN PROVISIONS

	31/12/2012	31/12/2011
Length-of-service awards	88	75
Retirement indemnities	190	135
Pensions	68	50
Employee benefits	**346**	**260**
Litigation with clients	78	83
Litigation with employees	15	14
Litigation with welfare bodies	73	74
Litigation with tax authorities	22	21
Litigation with other bodies	14	14
Other litigations	11	15
Litigation and legal matters	**213**	**221**
Decennial warranties	44	47
Civil engineering warranties	25	31
Performance warranties	3	2
Warranties	**72**	**80**

6.2 – CURRENT PROVISIONS

	Losses on completion	Works risks and costs of closing down sites	Customer warranties (short-term)	Site reclamation (short-term)	Other	Total
At December 31, 2010	**60**	**109**	**56**	**11**	**67**	**303**
Exchange differences						
Transfers	1	(2)	(2)	1		(2)
Changes in scope of consolidation			(1)			(1)
Allocation for the year	51	39	24	2	23	139
Reversals of utilized provisions	(32)	(26)	(14)	(3)	(21)	(96)
Reversals of unutilized provisions	(13)	(17)	(9)	(1)	(3)	(43)
At December 31, 2011	**67**	**103**	**54**	**10**	**66**	**300**
Exchange differences	1	1			(1)	1
Transfers		(3)	4	2	1	4
Changes in scope of consolidation			(1)			(1)
Allocation for the year	44	27	28	1	24	124
Reversals of utilized provisions	(36)	(17)	(13)	(1)	(27)	(94)
Reversals of unutilized provisions	(15)	(31)	(18)	(1)	(4)	(69)
AT DECEMBER 31, 2012	**61**	**80**	**54**	**11**	**59**	**265**

Note 7 – Deferred tax liabilities and non-current liabilities

	31/12/2012	31/12/2011
Deferred tax liabilities	98	110
Other long-term tax liabilities		
TOTAL NON-CURRENT TAXES	**98**	**110**

Deferred tax liabilities are essentially coming from temporary tax differences (allocations of goodwill, differences between accounting and fiscal depreciations…).

Note 8 – Current and non-current financial debts

CASH RISKS

At December 31, 2012, net cash totaled 150 million euros, in addition to 1,481 million euros of confirmed bank credit lines for over one year, undrawn to date. During the year, in particular, Colas early refinanced a five-year confirmed bank lines to 200 million euros.

Colas Group companies' confirmed bank loan contracts contain no significant financial clauses likely to lead to early termination and/or early repayment.

BANK LOANS AND BORROWING MATURITIES

	Maturity less than 1 year 2013	Maturity over one year						
		From 1 to 2 years 2014	From 2 to 3 years 2015	From 3 to 4 years 2016	From 4 to 5 years 2017	5 years and + 2018 and beyond	Total 2012	Total 2011
Bank loans (medium-long term)		58	28	21	46	81	234	214
Finance leases		6	5	4	3	2	20	24
Other financial debts (long term)						4	4	4
Sub-total	**50**	**64**	**33**	**25**	**49**	**87**	**258**	**242**
Short-term borrowings and overdrafts	285							
AT DECEMBER 31, 2012	**335**	**64**	**33**	**25**	**49**	**87**	**258**	
At December 31, 2011	162	40	39	23	19	121		242
Portion of long-term debt at less than one year							50	48

BREAKDOWN OF FINANCIAL DEBT BY TYPE OF CURRENCY

	Euro	USD(1)	GBP(1)	Other(1)	Total
Long-term December 2012	112	24	75	47	258
Short-term December 2012	185	22	8	120	335
Long-term December 2011	105	21	79	37	242
Short-term December 2011	24	23	10	105	162

(1) Equivalent in euros

CONFIRMED/DRAWN CREDIT LINES

	Confirmed credit lines – Maturity				Drawn credit lines – Maturity			
	Less than 1 year	1 to 5 years	Beyond	Total	Less than 1 year	1 to 5 years	Beyond	Total
Credit lines	69	1,652	87	1,808	50	171	87	308
Letters of credit								
TOTAL	**69**	**1,652**	**87**	**1,808**	**50**	**171**	**87**	**308**

BREAKDOWN OF FINANCIAL DEBT BY TYPE OF INTEREST RATE

Breakdown of current and non-current financial debt after accounting for backed interest rate hedging instruments that have not yet reached maturity as of the balance sheet date, and excluding bank overdrafts:
– fixed rate debt : 69% (2011: 65%),
– floating rate debt: 31% (2011: 35%).

Variable rate debt not backed by an interest rate swap can be divided by due date as follows:

Maturity						Total
Less than 1 year(1)	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years and above	
2013	2014	2015	2016	2017	2018 and +	
50	27	5	4	3	7	**96**

(1) Loans with rate fixed for more than one year.

Taking in consideration an interest swap for 30 million euros with 2016 maturity secured by Aximum and backed by a mid-term current account with Colas, fixed rate debts amounts to 78% (versus 75% in 2011).

INTEREST RATES RISKS

At December 31, 2012, a breakdown of financial assets and liabilities by nature of interest rate shows the following:

	Floating rates	Fixed rates	Total
Financial assets:			
– Cash and cash equivalents	435		435
Financial liabilities:			
– Borrowings(1)	(250)	(70)	(320)
– Bank overdrafts	(285)		(285)
Net position before cash management	**(100)**	**(70)**	**(170)**
Interest rates hedging	172	(172)	
Net position after cash management	**72**	**(242)**	**(170)**
Seasonality adjustment(2)	(584)		(584)
POSITION AFTER CASH MANAGEMENT AND SEASONALITY ADJUSTMENT	**(512)**	**(242)**	**(754)**

(1) Including (12) million euros for fair value of interest swap recorded through equity.
(2) Activity and activity related cash are subject to strong seasonal variations. This adjustment makes it possible to estimate average cash on the year which serves as a basis for the calculation of sensitivity of the financial costs to changes in interest rates. It corresponds to the difference between the average financial cash of the year (calculated on the basis of the average of the monthly average financial cash position) and the accounting net position at end of December, excluding debt at fixed rates and portfolio of interest rate swaps.

Consequently, an immediate increase of 1% in interest rates on the short-term net position above would cause an increase in financial expenses of 5 million euros in a full year.

Note 9 – Changes in net financial position

CHANGES IN NET FINANCIAL POSITION

	31/12/2012	31/12/2011
Cash and cash equivalents	435	446
Bank overdrafts and short-term loans	(285)	(114)
Net cash	**150**	**332**
Non-current debt	258	242
Current debt	50	48
Financial instruments	12	14
Gross debt	**320**	**304**
NET FINANCIAL POSITION	**(170)**	**28**

MAIN TRANSACTIONS

	2012	2011
Net debt at the beginning of the year	**28**	**(57)**
Financial acquisition/disposals(1)	(115)	(60)
Dividends paid	(241)	(209)
Changes in equity		(3)
Change in scope of consolidation, exchange differences and other	11	(17)
Cash surplus from operations	147	374
NET CASH (NET DEBT) AT THE END OF THE YEAR	**(170)**	**28**

(1) Of which 29 million euros for acquisitions of assets (13 million euros in 2011).

Note 10 – Other current liabilities

	31/12/2012	31/12/2011
Staff, social welfare, States	916	928
Deferred incomes	36	27
Other non-financial debts	676	720
TOTAL OTHER DEBTS	**1,628**	**1,675**

Note 11 – Income from ordinary activities

BREAKDOWN BY NATURE OF INCOME

	2012	2011
Sales of products	2,577	2,242
Rendering of services	374	338
Construction contracts	10,085	9,832
Other income from ordinary activities	–	–
TOTAL REVENUE	**13,036**	**12,412**

INFORMATION REGARDING CONSTRUCTION CONTRACTS

	2012	2011
Works to be invoiced	395	402
Retentions for warranties	97	98
Works invoiced in advance	(322)	(316)
Payments received in advance	(110)	(104)

Note 12 – Other operating income and expenses

DETAIL OF OTHER OPERATING INCOME AND EXPENSES

	2012	2011
Profits allocated or losses transferred regarding unconsolidated joint ventures	39	39
Proceeds on disposal of non-current assets	71	127
Reversal of unused provisions and depreciations	140	107
Other current income(1)	400	378
OTHER INCOME FROM OPERATIONS	**650**	**651**
Losses allocated or profits transferred regarding unconsolidated joint ventures	(21)	(18)
Net book value of non-current assets disposed	(40)	(60)
Other current expenses	(75)	(69)
OTHER EXPENSES FROM OPERATIONS	**(136)**	**(147)**

(1) Mainly expenses invoiced back to associates in joint ventures.

BREAKDOWN OF OTHER NON-CURRENT INCOME AND EXPENSES

Other non-current income	–	–
OTHER NON-CURRENT INCOME	**–**	**–**
Other non-current expenses	–	–
OTHER NON-CURRENT EXPENSES	**–**	**–**

INCOME STATEMENT BY FUNCTION

In addition to the income statement presented by nature, the income statement by function is disclosed hereunder:

	2012	2011
Revenue	13,036	12,412
Cost of sales	(11,444)	(10,857)
Gross profit	**1,592**	**1,555**
Research and development costs[1]	(28)	(28)
Administrative expenses	(1,158)	(1,061)
Current operating profit	**406**	**466**
Other operating items	–	–
Operating profit	**406**	**466**
Cost of net debt	(24)	(24)
Other financial income and expenses	6	3
Income tax expenses	(137)	(163)
Income from associates	59	59
NET PROFIT	**310**	**341**
Of which: attributable to minority interests	8	5
Of which: attributable to the Group	302	336

(1) In 2012, the Group applied a more restrictive definition of development costs; 2011 figures have been corrected accordingly.

Note 13 – Cost of net debt, other financial income and expenses

COST OF NET DEBT

	2012	2011
Interest income from cash	19	19
Income from short-term deposits	1	3
Interest income	**20**	**22**
Interest expense on cash	(20)	(22)
Interest on finance leases	(1)	(1)
Interest on financial debt	(23)	(23)
Interest expense	**(44)**	**(46)**
COST OF NET DEBT	**(24)**	**(24)**

OTHER FINANCIAL INCOME AND EXPENSES

	2012	2011
Dividends received from unconsolidated investments	4	3
Release of financial provisions	7	11
Proceeds on disposal of financial assets	1	2
Other income		2
Other financial income	**12**	**18**
Net charge on financial provisions	(3)	(4)
Net book value of financial assets disposed	(2)	
Other expenses	(1)	(11)
Other financial expenses	**(6)**	**(15)**
OTHER FINANCIAL INCOME AND EXPENSE	**6**	**3**

Note 14 – Income tax

BREAKDOWN

	2012	2011
Current income tax	(118)	(164)
Deferred income tax	(4)	9
Tax adjustments or exemptions	(8)	4
Withholding taxes on dividends	(3)	(4)
Tax expense	**(133)**	**(155)**
Tax provisions allocations/reversals	(4)	(8)
INCOME TAX EXPENSES	**(137)**	**(163)**

RECONCILIATION BETWEEN THEORETICAL TAX AND ACTUAL TAX EXPENSE

Differences between theoretical tax expenses, determined at the French statutory tax rate, and effective income tax are as follows:

	2012	2011
Theoretical income tax	(134)	(153)
Impact of different tax rates of subsidiaries operating in other jurisdictions	19	24
Recognition of deferred tax assets not previously recognized		
Unrecognized deferred tax assets[1]	(6)	(11)
Income taxes which are not linked to income	(15)	(7)
Effect of permanent differences	(1)	(16)
INCOME TAX REPORTED IN INCOME STATEMENT	**(137)**	**(163)**

(1) Not reversible in a foreseeable future.

Note 15 – Earnings and dividends per share

Basic earnings per share are determined by dividing net profit attributable to the Group by the total number of shares outstanding at December 31, less the number of bought back shares expected to be written off.

	2012	2011
Net profit (attributable to the Group) in euros	301,538,000	335,789,000
Number of issued shares	32,654,499	32,654,499
BASIC EARNINGS PER SHARE (in euros)	**9.23**	**10.28**

Diluted earnings per share is determined by dividing net profit attributable to the Group by the total number of shares outstanding at December 2012, plus the number of outstanding stock options.

Because there are no outstanding stock options, diluted earnings per share are identical to basic earnings per share.

DILUTED EARNINGS PER SHARE (in euros)	**9.23**	**10.28**

In euros	Per share	Total
Dividends decided and paid in 2012	7.26	237,071,662.74
Dividends submitted to approval of the General meeting of shareholders on April 16, 2013 (not recognized as liabilities at December 31, 2012)	7.26	237,071,662.74

Note 16 – Segment reporting

IFRS 8 requires operating segment definition based on internal reporting reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and to assess its performance.

DETERMINATION OF GROUP'S SEGMENTS

The Group's operating activities are organized as follows:
- **Roads Mainland France** includes road activities in Mainland France;
- **Roads North America** includes road activities in the United States and Canada;
- **Roads Europe** includes road activities in Europe (excluding France);
- **Roads Rest of the world** includes road activities in Africa, North Africa, Indian Ocean, French overseas departments and territories, Asia/Australia and Middle-East;
- **Specialized Activities** include specialized activities for France and elsewhere around the world: Waterproofing, Railways, Safety and Signaling, Pipelines, and since 2012, the Sales of refined oil products other than bitumen (base oils, paraffin and fuels)(1);
- **Holding** company includes the Head Office of Colas.

RECONCILIATION

Internal reporting and accounting figures are identical; consequently no reconciliation schedule has been disclosed.

BUSINESS SEGMENT INFORMATION

INCOME STATEMENT BY BUSINESS SEGMENT

	Roads Mainland France	Roads North America	Roads Europe	Roads Rest of the world	Specialized Activities	Holding company	Consolidated
Year 2012							
Works	4,624	2,008	1,223	945	1,651	8	10,459
Sales of products	563	575	256	541	624	18	2,577
Income from ordinary activities	**5,187**	**2,583**	**1,479**	**1,486**	**2,275**	**26**	**13,036**
Income before depreciation	346	212	82	118	83	22	863
Depreciation	(177)	(106)	(47)	(57)	(60)	(10)	(457)
Current operating profit	**169**	**106**	**35**	**61**	**23**	**12**	**406**
Other operating income and expenses							
Operating profit	**169**	**106**	**35**	**61**	**23**	**12**	**406**
Cost of net debt	(3)	(4)	(4)	(7)	(6)		(24)
Other financial income and expenses	4		2	1	(1)		6
Income tax expenses	(62)	(33)	(8)	(20)	(4)	(10)	(137)
Income from associates	1		4	5		49	59
NET PROFIT	**109**	**69**	**29**	**40**	**12**	**51**	**310**
Year 2011							
Works	4,585	1,880	1,191	873	1,634	7	10,170
Sales of products	558	468	287	422	507		2,242
Income from ordinary activities	**5,143**	**2,348**	**1,478**	**1,295**	**2,141**	**7**	**12,412**
Income before depreciation	349	243	60	122	91	62	927
Depreciation	(186)	(94)	(53)	(57)	(59)	(12)	(461)
Current operating profit	**163**	**149**	**7**	**65**	**32**	**50**	**466**
Other operating income and expenses							
Operating profit	**163**	**149**	**7**	**65**	**32**	**50**	**466**
Cost of net debt	(2)	(3)	(9)	(7)	(7)	4	(24)
Other financial income and expenses	2					1	3
Income tax expenses	(56)	(49)	(13)	(19)	(18)	(8)	(163)
Income from associates	2		3	5		49	59
NET PROFIT	**109**	**97**	**(12)**	**44**	**7**	**96**	**341**

(1) Comparative information for 2011 has been amended (in 2011, this activity was included in the Holding activity).

ASSETS, LIABILITIES BY BUSINESS SEGMENTS

	Roads Mainland France	Roads North America	Roads Europe	Roads Rest of the world	Specialized Activities	Holding company	Consolidated
At December 31, 2012							
Segment assets	2,452	1,266	1,062	1,172	1,612	761	8,325
Segment liabilities	2,019	630	792	771	1,201	368	5,781
Current investments(1)	(144)	(99)	(22)	(37)	(76)	(27)	(405)
At December 31, 2011							
Segment assets	2,263	1,276	1,166	1,272	1,510	768	8,255
Segment liabilities	1,809	627	923	886	1,115	367	5,727
Current investments(1)	(147)	(106)	(15)	(54)	(93)	22	(393)

(1) Net investments in tangible and intangible assets

INFORMATION REGARDING MAIN CLIENTS

	France	International	Total
States, public companies and local authorities	58%	70%	63%
Private companies and individuals	42%	30%	37%

No client individually exceeds 10% of the revenue.

GEOGRAPHICAL SEGMENT INFORMATION

Due to the manner in which the Group's operations are organized, the information by geographical segments disclosed hereafter is very similar to the information posted above in the business segment section.

The differences are as follows:
– Figures for French overseas departments are posted in France in the geographical segment section, but they are included in the Roads – Rest of the world in the business segment section,
– Specialized activities performed in international territories (safety, waterproofing, pipelines, railways, and sales of refined products) are posted according to their geographical location.

REVENUE BY GEOGRAPHICAL SEGMENTS

	France	Europe (excl. France)	North America	Rest of the world	Consolidated
Year 2012					
Roads	**5,627**	**1,484**	**2,583**	**1,041**	**10,735**
Safety and signaling	322	20	1	6	349
Pipelines	206	1			207
Railways	352	225		67	644
Waterproofing	599	22	4	19	644
Sales of refined products	249	176	3	3	431
Specialized Activities	**1,728**	**444**	**8**	**95**	**2,275**
Holding	**8**	**17**		**1**	**26**
TOTAL	**7,363**	**1,945**	**2,591**	**1,137**	**13,036**
Year 2011					
Roads	**5,556**	**1,484**	**2,348**	**876**	**10,264**
Safety and signaling	299	26		2	327
Pipelines	215	21			236
Railways	356	184		43	583
Waterproofing	625	20	2	12	659
Sales of refined products	194	125	6	11	336
Specialized Activities	**1,689**	**376**	**8**	**68**	**2,141**
Holding	**5**			**2**	**7**
TOTAL	**7,250**	**1,860**	**2,356**	**946**	**12,412**

ASSETS AND LIABILITIES BY GEOGRAPHICAL SEGMENT

	France	Europe (excl. France)	North America	Rest of the world	Consolidated
At December 31, 2012					
Non-current assets	2,307	529	714	310	3,860
Current assets	2,577	758	552	578	4,465
Total assets	**4,884**	**1,287**	**1,266**	**888**	**8,325**
Non-current liabilities	746	205	147	76	1,174
Current liabilities	2,863	738	483	523	4,607
Total liabilities	**3,609**	**943**	**630**	**599**	**5,781**
NET ASSETS	**1,275**	**344**	**636**	**289**	**2,544**
At December 31, 2011					
Non-current assets	2,256	572	719	334	3,881
Current assets	2,372	825	558	619	4,374
Total assets	**4,628**	**1,397**	**1,277**	**953**	**8,255**
Non-current liabilities	626	268	142	66	1,102
Current liabilities	2,725	824	486	590	4,625
Total liabilities	**3,351**	**1,092**	**628**	**656**	**5,727**
NET ASSETS	**1,277**	**305**	**649**	**297**	**2,528**

Note 17 – Financial instruments

We disclose, hereafter, the total of all notional amounts outstanding at December 31, 2012 for each type of financial instrument, with breakdown by maturity for interest transactions, and by currency for currency trade.

HEDGING OF INTEREST RATE RISKS

Interest rate swap			**Maturity**	**Total**	**Total**
	2013	**2014 to 2017**	**Beyond**	**31/12/2012**	**31/12/2011**
On financial assets				–	–
On financial liabilities	9	226	96	331	237

To ensure that the City of Portsmouth, Great Britain is able to pay a fixed monthly fee for the duration of the twenty-five years of the road rehabilitation and maintenance contract, an interest rate swap has been set up.

This swap is a floating rate receiver, fixed rate payer. Its par value is perfectly in line with the draw down and repayment schedule of the non-recourse loan, in order to back the debt fixed cost onto the monthly fee received. At December 31, 2012, that swap amounted to 70 million euros (57 million GBP).

Colas has contracted cyclical fixed-rate payer swaps to hedge seasonal profile of its debt. The amount of this swap is an average of 141 million euros.

HEDGING FOR EXCHANGE RISKS

Group companies generate only a small proportion of their revenue from exports.

Revenue from foreign countries is chiefly generated by subsidiaries that issue invoices and book their expenses in local currency. Occasionally, some currency contracts are hedged for exchange risks.

	GBP(1)	**USD(1)**	**Others(1)**	**31/12/2012**	**31/12/2011**
Forward purchases		67	3	70	10
Forward sales	4	51	32	87	100
Currency swap				–	–
Currency options				–	–

(1) Equivalent in euros.

HEDGING FOR COMMODITIES RISKS

	Brent/WTI	Fuels	31/12/2012	31/12/2011
Forward purchases		3	3	5
Forward sales	8		8	12
Swaps			–	–
Options	6		6	5

The Brent contract forward sales correspond to hedging for activity at SRD, Société de la Raffinerie de Dunkerque.

At December 31, 2012, the amount of these hedging represents an amount of 95,000 barrels of Brent sold forward for a notional (volume x price at closing) of 8 million euros. The fair value of this stock of hedging instruments at December 31, 2012 has a negligible impact on other income and expenses accounted for the Group (cash flow hedge).

FAIR VALUE OF HEDGING FINANCIAL INSTRUMENTS

At December 31, 2012, the net present market value of hedging financial instruments amounted to (34) million euros, including accrued interests not yet due. This amount mainly comprises the net present value of interest rate swap for Group debt hedging.

Breakdown of the market value by nature of hedging is as follows:
– transactions regarding fair value hedge: (21) million euros;
– transactions regarding cash flow hedge: (13) million euros;
– trading transactions: (0) million euros.
All portfolio transactions are carried out for purposes of hedging.

The impact of the market value of the interest rate swap set up for the contract with the City of Portsmouth (Great Britain), i.e. (21) million euros, including accrued interests not yet due is fully offset by the market value of the embedded derivative instrument regarding the fixed fee paid by the client, i.e. 21 million euros.

The total of valuation of financial instruments after deduction of embedded derivative financial instrument to fixed contractual fee paid by the City of Portsmouth is (12) million euros, including accrued interests not yet due.

In case of +1% transfer in interest rate yield curve (and respectively –1%, with a minimum level at 0%), the market value of hedging financial instruments would change from (34) million euros to (17) million euros (respectively (45) million euros), including accrued interests not yet due.

An average unfavorable change of 1% against all other currencies, the market value of hedging financial instruments would change from (34) million euros to (35) million euros, including accrued interests not yet due.

An average unfavorable change of 10% in commodities prices, the market value of hedging financial instruments would change from (34) million euros to (35) million euros, including accrued interests not yet due.

Measurement has been made by an independent service provider, according to market practices.

Note 18 – Off-balance sheet commitments and finance leases disclosures

WARRANTY COMMITMENTS

Maturity	Less than 1 year	From 1 to 5 years	More than 5 years	Total 31/12/2012	Total 31/12/2011
Commitments given					
Endorsements and warranties	36	25	3	64	74
Commitments received					
Contractual commitments	–	–	–	–	–
Assets given as securities					
Mortgages and securities	14	83	13	110	104

The presentation of the commitments above includes all significant commitments, according to all currently applicable accounting rules.

OPERATING LEASE COMMITMENTS

Maturity	Less than 1 year	From 1 to 5 years	More than 5 years	Total 31/12/2012	Total 31/12/2011
Commitments given/received	45	103	70	218	182

Minimum lease payments up to contracts renewal date (or first cancel date) pertain to operating lease contracts for operating businesses (land, building, equipment, etc.).

OTHER COMMITMENTS GIVEN

In 2012, the Company issued guarantees under Section 17 of Ireland's Companies (Amendment) Act, 1986 of Ireland on behalf of Colas Teoranta, Road Maintenance Services Ltd, Colas Building Products Ltd, Cold Chon (Galway) Ltd, Colfix (Dublin) Ltd, Road Binders Ltd, Chemoran Ltd and Atlantic Bitumen Company Ltd.

DISCLOSURE ON FINANCE LEASES IN BALANCE SHEET

Maturity	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Future minimum lease payments	11	19	2	32
Finance charge	(1)	(2)		(3)
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	**10**	**17**	**2**	**29**
Reminder at December 31, 2011	9	21	3	33

Note 19 – Workforce and employee benefits

AVERAGE GROUP WORKFORCE

	2012	2011
Managers and engineers	7,893	7,697
Foremen, technicians, supervisors and office staff	16,173	15,960
Workers	42,423	42,545
TOTAL AVERAGE GROUP WORKFORCE	**66,489**	**66,202**

EMPLOYEE BENEFITS: DEFINED CONTRIBUTION PLANS

	2012	2011
Amounts recognized as expense	**823**	**801**

These expenses comprise contributions to:
– social security, welfare;
– retirement pension funds (State and supplementary);
– unemployment insurance schemes.

EMPLOYEE BENEFITS: DEFINED BENEFIT PLANS

	Retirement indemnities		Pensions[1]	
	2012	**2011**	**2012**	**2011**
Current service costs	2	(1)	(5)	(1)
Interest costs	5	7	14	11
Expected return on plan assets			(12)	(11)
Past service costs		2		(1)
NET EXPENSES	**7**	**8**	**(3)**	**(2)**
Present value of obligations	190	157	334	325
Fair value of plan assets			(266)	(277)
Unrecognized past service costs		(22)		2
NET RECOGNIZED LIABILITIES	**190**	**135**	**68**	**50**

(1) These pension schemes are managed by independent funds.

VARIATIONS OF BALANCE SHEET NET LIABILITIES

	Retirement indemnities		Pensions	
	2012	**2011**	**2012**	**2011**
At January 1	**135**	**144**	**50**	**55**
Exchange differences			1	1
Transfers				(6)
Acquisitions of subsidiaries				
Change in accounting principles[1]	22		(2)	
Actuarial gains/losses in equity	26	(17)	22	2
Net expenses	7	8	(3)	(2)
AT DECEMBER 31	**190**	**135**	**68**	**50**

(1) Application of IAS 19 revised to January 1, 2012.

MAIN ACTUARIAL ASSUMPTIONS FOR DETERMINATION OF RETIREMENT INDEMNITIES AND LENGTH OF SERVICE AWARDS

The effect of changes in assumptions determined at 2012 balance sheet date has been recognized directly through equity, according to Group accounting policies (IAS 19 revised).

	2012	**2011**
Discount rates IBoxx € Corporate A10 [1]	3.30%	5.46%
Survival tables	Insee 2006-2008	Insee 2006-2008
Average retirement age for managers and executives	65 years	65 years
Average retirement age for other employees and workers	63 years	63 years
Projected salaries increase	3.00%	4.00%

(1) A drop of 0.5% of the discount rate would lead to an increase in commitments of 10 million euros.
According to Group accounting principles, such an actuarial gain/loss would be recognized as other income and expenses.

EQUITY COMPENSATION BENEFITS

In 2012, options giving subscription rights for new Bouygues shares have been granted by Bouygues SA to certain Colas and Group subsidiary employees. The amount of these benefits is not significant.

Note 20 – Related party disclosures

RELATED PARTIES IDENTITY

Parties with ownership interest: Bouygues and its subsidiaries and associates companies.
Joint ventures: Carrières Roy and certain non-significant joint ventures.
Associates: Cofiroute, Tipco Asphalt, Mak and other non-significant associates.
Other related parties: Colas Foundation, and other non-consolidated companies.

DETAILS OF RELATED PARTY DISCLOSURES

	Expenses		Income		Receivables		Payables	
	2012	2011	2012	2011	2012	2011	2012	2011
Parties with ownership interest	54	56	83	114	31	50	211	17
Joint ventures	23	18	57	38	20	15	13	11
Associates	9	7	65	74	5	4	5	3
Other related parties	57	20	167	15	17	6	10	3
TOTAL	**143**	**101**	**372**	**241**	**73**	**75**	**239**	**34**
Maturity < 1 year					73	75	237	32
Maturity > 1 year					–	–	2	2

COMPENSATION OF SENIOR EXECUTIVES OF THE GROUP

Senior executives are members of the executive committee at December 31, 2012.

In 2012, it comprises six members: the Chairman & Chief Executive Officer and five salaried members, including four salaried Directors.

Reminder 2011: the executive committee comprised seven members (the Chairman & Chief Executive Officer and six salaried members, including four salaried Directors).

	2012	2011
Direct compensation	6.5	6.8
Post-employment benefits	0.5	0.4
Directors' fees	0.1	0.1
Equity compensation benefits	–	–
TOTAL	**7.1**	**7.3**

POST-EMPLOYMENT BENEFITS

Chairman & Chief Executive Officer: a supplementary pension plan amounting to 0.92% of reference salary for each year of service with a ceiling that is eight times that of French Social Security. The supplementary pension scheme has been externalized to an insurance company.

Other senior executives: Company's contribution regarding defined pension contribution plan (4% of employees' global wages).

EQUITY COMPENSATION BENEFITS

The amount of the benefit linked to Bouygues shares 2012 attribution is not material.

DIRECTORS' FEES

Directors' fees allocated to Directors in 2012 amounted to 248,500 euros.

Note 21 – Auditors' Fees

We disclose hereunder the fees charged by the Auditors and members of their network who carry out the legal audit of Colas consolidated accounts and subsidiaries subject to global integration.

	Mazars		KPMG	
	2012	**2011**	**2012**	**2011**
Colas parent company's legal Auditors				
– Colas	0.2	0.2	0.2	0.2
– Subsidiaries	1.9	1.9	2.5	2.2
– Secondary assignments				
Sub-total	**2.1**	**2.1**	**2.7**	**2.4**
Other assignments: law, tax, welfare	0.1		0.7	0.7
TOTAL	**2.2**	**2.1**	**3.4**	**3.1**

Note 22 – Main exchange rates used for translation

Convention: 1 euro = x local monetary units.

Country	Currency	Rate 31/12/2012	Average rate 2012	Rate 31/12/2011	Average rate 2011
Europe					
Croatia	Croatian kuna	7.5575	7.5261	7.5370	7.4492
Denmark	Danish kroner	7.4610	7.4452	7.4342	7.4496
Great Britain	British pound	0.8161	0.8119	0.8353	0.8713
Hungary	Forint	292.30	288.21	314.58	280.67
Poland	Zloty	4.0740	4.1677	4.4580	4.1380
Czech Republic	Czech Republic koruny	25.151	25.140	25.787	24.600
Romania	New leu	4.4445	4.4574	4.3233	4.2399
Switzerland	Swiss franc	1.2072	1.2044	1.2156	1.2318
North America					
United States	US dollar	1.3194	1.2932	1.2939	1.4000
Canada	Canadian dollar	1.3137	1.2906	1.3215	1.3805
Other					
Australia	Australian dollar	1.2712	1.2447	1.2723	1.3435
Morocco	Dirham	11.1465	11.1001	11.1095	11.2605
Thailand	Baht	40.3470	40.0571	40.9910	42.7719

Note 23 – Scope of consolidation

CHANGES IN SCOPE OF CONSOLIDATION

Number of consolidated companies	2012	2011
Full consolidation	502	528
Proportional consolidation	97	86
Equity method	20	19
TOTAL	**619**	**633**

MAIN NEW INVESTMENTS OF THE YEAR

France: Groupe Servant (acquired late 2011, consolidated for the first time in 2012).
International: Pullman Rail (Great Britain), Dust-A-Side (South Africa), Claude Chagnon Group (Canada).

MAIN DISPOSALS OF COMPANIES

SCCF Iasi (Rumania), Signalinea (Croatia), Thai Crushing Plant (Thailand).

CHANGE IN CONSOLIDATION METHOD

No significant changes.

IMPACT AND ACCOUNTING OF YEAR'S ACQUISITIONS

We have disclosed hereafter the changes in scope of consolidation before acquisition and after allocation of identifiable assets and liabilities to different balance sheet items.

IMPACT ON BALANCE SHEET

	Amounts before acquisition	Goodwill allocation(1)	Fair value of items acquired	2011 allocation modified in 2012(2)
Tangible assets	18	23	41	(20)
Intangible assets				13
Goodwill		32	32	7
Investments in associates	14	1	15	
Current assets	33		33	
TOTAL ASSETS	**65**	**56**	**121**	**–**
Equity attributable to Group	36	53	89	
Minority interests				
Tax liabilities		3	3	
Other non-current liabilities	8		8	
Current liabilities	21		21	
TOTAL EQUITY AND LIABILITIES	**65**	**56**	**121**	**–**
Impact on revenue	**70**			

(1) Temporary allocation potentially amendable within one year following acquisition date.
(2) Amendment in 2012 (within one-year period) of temporary allocations made in 2011.

Investment price in consolidated companies acquired during the year totaled 43 million euros, to which is added 46 million euros for the purchase of companies acquired in 2011 but consolidated in 2012. The fair value of acquired assets and liabilities totals 89 million euros and corresponds to the acquisition price.

LIST OF MAIN CONSOLIDATED COMPANIES

The following companies are fully consolidated except in case of specific disclosure (PC: proportional consolidation EM: equity method).

Companies	Head office	% of stake	
		2012	2011
France			
Colas Centre-Ouest	Nantes, France	99.9	99.9
Colas Île-de-France - Normandie	Magny-les-Hameaux, France	99.9	99.9
Colas Nord-Picardie	Villeneuve-d'Ascq, France	99.9	99.9
Colas Est	Nancy, France	99.9	99.9
Colas Rhône-Alpes - Auvergne	Lyon, France	99.9	99.9
Colas Midi-Méditerranée	Aix-en-Provence, France	99.9	99.9
Colas Sud-Ouest	Mérignac, France	99.9	99.9
Aximum	Chatou, France	99.9	99.9
Spac	Clichy, France	99.9	99.9
Sacer Atlantique	Nantes, France	99.9	99.9
Sacer Paris - Nord-Est	Magny-les-Hameaux, France	99.9	99.9
Sacer Sud-Est	Lyon, France	99.9	99.9
Screg Ouest	Nantes, France	99.9	99.9
Screg Île-de-France - Normandie	Guyancourt, France	99.9	99.9
Screg Nord-Picardie	Villeneuve-d'Ascq, France	99.9	99.9
Screg Est	Nancy, France	99.9	99.9
Screg Sud-Est	Lyon, France	99.9	99.9
Screg Sud-Ouest	Mérignac, France	99.9	99.9
Smac	Boulogne-Billancourt, France	99.9	99.9
Colas Rail	Maisons-Laffitte, France	99.9	99.9
GTOI	Le Port – Reunion Island	99.9	99.9
Colas Mayotte	Mamoudzou - Mayotte	100.0	100.0
Colas Martinique	Le Lamentin – Martinique	99.9	99.9
Gouyer	Le Lamentin – Martinique	99.9	99.9
Sogetra	Baie-Mahault – Guadeloupe	99.9	99.9
SBEG	Cayenne – French Guiana	99.9	99.9
Carrières Roy (PC)	Saint-Varent, France	49.9	49.9
Cofiroute (EM)	Sèvres, France	16.7	16.7
Société de la Raffinerie de Dunkerque	Dunkirk, France	100.0	100.0
French overseas territories			
Colas de Nouvelle-Calédonie	Noumea, New Caledonia	99.7	99.7
Europe (excluding France)			
Colas GmbH	Gratkorn, Austria	100.0	100.0
Colas Belgium	Brussels, Belgium	99.9	99.9
Cesta Varazdin	Varazdin, Croatia	100.0	100.0
Colas Danmark A/S	Virum, Denmark	100.0	100.0
Colas Ltd	Rowfant, Great Britain	100.0	100.0
Colas Hungaria	Budapest, Hungary	100.0	100.0
Colas Polska	Sroda Wlkp, Poland	100.0	100.0
Colas CZ	Prague, Czech Republic	99.1	99.1
Colas Teoranta	Dublin, Ireland	100.0	100.0
Colas SA	Lausanne, Switzerland	99.2	99.2
North America			
ColasCanada Inc.	Montreal, Quebec, Canada	100.0	100.0
Colas Inc.	Morristown, New Jersey, United States	100.0	100.0

Companies	Head office	% of stake	
		2012	2011
Africa – Indian Ocean			
Colas Afrique	Cotonou, Benin	100.0	100.0
Colas Djibouti	Djibouti, Republic of Djibouti	100.0	100.0
Colas Gabon	Libreville, Gabon	89.9	89.9
Colas Madagascar	Antananarivo, Madagascar	100.0	100.0
Colas (Maurice) Ltée	Petite Rivière, Mauritius	100.0	100.0
Gamma Materials (PC)	Beau Bassin, Mauritius	49.9	49.9
Colas du Maroc	Casablanca, Morocco	100.0	100.0
Grands Travaux Routiers	Rabat, Morocco	67.9	67.7
Asia			
Wasco	Jakarta, Indonesia	55.1	55.1
Raycol Asphalt Co. Ltd (PC)	Rayong, Thailand	50.0	50.0
Thai Slurry Seal Co. Ltd	Bangkok, Thailand	50.0	50.0
Tipco Asphalt (EM)	Bangkok, Thailand	32.1	32.1
Hincol (PC)	Mumbai, India	30.0	30.0
Colas Australia	Sydney, Australia	93.8	93.8

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Fiscal year ended December 31, 2012)

To the Shareholders,

In accordance with the assignment entrusted to us by your Shareholders' Meeting, we hereby present to you our report for the fiscal year ended December 31, 2012 on:

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

The consolidated 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.

1 – OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit so as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit consists in examining, by sampling or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. It also involves assessing the accounting principles used, significant estimates made, and the overall presentation of the financial statements. We believe that the information we have collected provides a sufficient and appropriate basis for our opinion expressed below.

In our opinion, the consolidated financial statements for the period give a true and fair view of the financial position, assets and liabilities, and results of the Group constituted by the persons and entities included in the consolidation, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2 – JUSTIFICATION OF OUR ASSESSMENTS

As required by article L. 823-9 of the French Commercial Code relating to the justification of audit assessments, we bring to your attention the following matters:

- Colas performs impairment tests at least once per year on goodwill as well as assets with indefinite useful economic lives and also assesses whether there is any indication that non-current assets may be impaired, in accordance with the methodology described in the section of note 2 entitled "Non-current assets – Monitoring the value of fixed assets" and in note 3.3 "Goodwill and other intangible assets", both included in the notes to the consolidated financial statements. We have examined how these impairment tests are performed and the assumptions used. We have also verified that the above-mentioned notes provide the appropriate disclosures;
- Colas recognizes the profit or loss of its construction projects on the basis described in note 2 to the consolidated financial statements, in the section "Income statement – 1. Current operating profit". Based on the information provided to us, we have assessed the assumptions used by the Company in estimating the final profit or loss on project completion and have reviewed the calculations made.

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

3 – SPECIFIC VERIFICATION

We have also verified, in accordance with professional standards applicable in France and as required by law, the information contained in the Report of the Board of Directors.

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

Paris-La Défense and Courbevoie, February 22, 2013

The Statutory Auditors

KPMG Audit *A division of KPMG SA*	MAZARS	
François Plat *Partner*	Guillaume Potel *Partner*	Gaël Lamant *Partner*

COLAS FINANCIAL STATEMENTS

AT DECEMBER 31, 2012

BALANCE SHEET AT DECEMBER 31

In millions of euros	Notes	2012	2011
Intangible assets		18.0	17.4
Property, plant and equipment		171.6	157.1
Holdings in subsidiaries and affiliates		1,338.2	1,294.8
Loans and advances to subsidiaries and affiliates		258.2	315.0
Other non-current financial assets		2.4	2.1
Non-current assets	3	**1,788.4**	**1,786.4**
Inventories		66.2	80.9
Trade receivables		118.6	114.2
Group and associates		137.3	138.9
Other receivables and prepayments		20.8	17.5
Cash and cash equivalents		0.7	31.6
Current assets	4	**343.6**	**383.1**
TOTAL ASSETS		**2,132.0**	**2,169.5**
Share capital		49.0	49.0
Share premium and reserves		963.3	875.8
Net profit for the year		252.8	324.6
Tax-driven provisions		12.5	11.3
Equity	5	**1,277.6**	**1,260.7**
Provisions for contingencies and losses	6	**41.4**	**39.7**
Financial debt		–	–
Advance payments		–	–
Trade payables		99.8	107.2
Group and associates		441.2	668.5
Other non-financial debt, accruals and deferred income	9	62.9	78.4
Bank overdrafts and short-term loans		209.1	15.0
Liabilities		**813.0**	**869.1**
TOTAL EQUITY AND LIABILITIES		**2,132.0**	**2,169.5**

INCOME STATEMENT

In millions of euros	Notes	2012	2011
Revenue	10	**871.3**	**757.4**
Raw materials and consumables used		(614.0)	(506.9)
External services		(162.1)	(151.0)
Staff costs		(64.9)	(60.7)
Taxes other than income tax		(10.9)	(9.2)
Depreciation, amortization and depletion		(9.9)	(10.8)
Net provision allocations		(1.2)	5.3
Other operating income		73.4	84.9
Other operating expenses		(1.7)	(2.1)
Share of profits from joint ventures		0.6	1.1
Operating profit		**80.6**	**108.0**
Financial income		257.5	321.0
Financial expense		(55.5)	(109.6)
Interest income (expense)	11	**202.0**	**211.4**
Profit from operations		**282.6**	**319.4**
Exceptional income		3.7	60.1
Exceptional expense		(9.7)	(26.5)
Exceptional (expense)	12	**(6.0)**	**33.6**
Employee profit sharing scheme		(1.2)	(1.7)
Income taxes	13	(22.6)	(26.7)
NET PROFIT FOR THE YEAR		**252.8**	**324.6**

NOTES TO THE FINANCIAL STATEMENTS OF COLAS

CONTENTS

Notes

The figures in the notes to the financial statements are presented in millions of euros (€m) unless otherwise stated.

Note 1 – Information about the Company

The financial statements of Colas for the year ended December 31, 2012 were approved by the Board of Directors and authorized for issue on February 22, 2013.

Colas is a French public *société anonyme* company incorporated in France.

Its main activities are described in note 10.

Note 2 – Summary of accounting policies

PREPARATION OF THE FINANCIAL STATEMENTS

Colas' financial statements have been prepared in accordance with current French legal and regulatory provisions.

FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currency are recognized at the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date.

INTANGIBLE ASSETS

Intangible assets are recognized at acquisition cost.

Start-up and research costs are expensed as incurred.

Intangible assets consist chiefly of patents and brands.

Business goodwill is not amortized; an impairment charge may be recognized if economic circumstances so require.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at cost less accumulated depreciation and any recognized impairment loss.

Depreciation is charged so as to write off the cost of assets or components of assets with different estimated useful lives, over their estimated useful lives, using the straight-line method. Land is not depreciated.

Office buildings	20 to 40 years
Industrial buildings	10 to 20 years
Plant and equipment	5 to 10 years
Other property and equipment (cars, trucks and office equipment)	3 to 10 years

NON-CURRENT FINANCIAL ASSETS

Equity interests are stated on the balance sheet at acquisition cost less any impairment deemed necessary, determined based on their value-in-use.

Acquisition costs have been carried as non-current assets since 2006.

Other non-current financial assets are carried at face value net of any impairment.

INVENTORIES

Inventories are measured at the lower of their cost and net realizable value.

Inventory costs include all purchase costs and costs of conversion.

Costs of purchase include the purchase price, import duties and other non-recoverable taxes, transport and handling costs incurred to bring the inventories to their current location.

Costs of conversion include all costs that are directly or indirectly incurred in converting raw materials into finished goods.

For future valuations costs are assigned using the "first in, first out" or weighted average cost formulas, according to the type of inventories.

Net realizable value is the estimated selling price less estimated costs of completion and estimated costs necessary to complete the sale.

TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables, which generally have 30-90 day terms, are recognized and carried at their original invoice amount less an allowance for any uncollectible amounts.

Trade receivables include unbilled revenue on work performed for which customers have not yet been invoiced.

PREPAID EXPENSES AND ACCRUED INCOME

These include among other items prepaid expenses and deferred tax assets recoverable in future accounting periods.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with a maturity on inception of three months or less.

Short-term deposits are stated at cost less accumulated impairment, if their net realizable value is lower than cost.

PROVISIONS FOR CONTINGENCIES AND LOSSES

Provisions are constituted when Colas has a current (legal or implicit) obligation arising from a past or current event and a cash disbursement is likely to be required to settle the obligation.

PENSIONS AND EMPLOYEE BENEFITS

Commitments with regard to pensions payable to employees on retirement are covered by the regular payment of contributions to pension funds that are independent from the Company.

- **Retirement indemnities**

The cost of this employee benefit is determined using the "projected unit credit" actuarial method.
Actuarial gains or losses are only recognized as income or expenses when their total exceeds 10% of the total commitment (the "corridor" method).
Actuarial gains or losses are apportioned over the employees' average residual working life.

- **Length-of-service awards**

Provisions are booked in respect of length-of-service awards, which the Company grants on an ongoing and systematic basis. An individual projection method is used to calculate these amounts taking into consideration staff turnover and average life expectancy, according to mortality tables.

The main actuarial assumptions used to calculate vested pension benefits are:

	2012	2011
Discount rate (IBoxx € corporate)	3.30%	5.46%
Average staff turnover rate	Insee 2006-2008	Insee 2006-2008
Executive retirement age	65 years	65 years
Retirement age of clerical, technical and supervisory staff and site workers	63 years	63 years
Future salary increases	3%	4%

REVENUE

Revenue represents the aggregate amount of sales generated and works and services provided.

Revenue from construction activities is recognized according to the "percentage of completion" method:
– on the basis of work completed for contracts of less than one year;
– on the basis of the latest estimate of the total contract price multiplied by the percentage completion for long-term contracts.

CAPITAL GAINS OR LOSSES ON DISPOSAL OF ASSETS

In accordance with the recommendations made in the chart of accounts of the French Public Works sector, the capital gains on recurring disposals of equipment and installations have been recognized under operating profit.

INCOME TAX

Deferred taxes are determined in accordance with the balance sheet liability method for all the taxable or deductible temporary differences at the balance sheet date.

Taxable or deductible temporary differences include:
– all differences between the tax base of an asset or liability and its carrying amount in the balance sheet;
– carry-forwards of tax losses and unused tax credits.

When the net deferred tax balance is a tax asset, that asset is recognized only to the extent that it is highly probable that taxable profit will be available against these deductible temporary differences in future accounting periods.

Deferred tax assets or liabilities are measured on the basis of tax rates expected to be applied during the year in which the asset will be realized or the liability settled based on tax rates that have been enacted or substantially enacted at the balance sheet date.

CONSOLIDATION

As a member of the Bouygues Group, our Company's results are included in the Bouygues Group's consolidated financial statements.

Note 3 – Non-current assets

	January 1, 2012	Acquisitions	Disposals and reductions	Charges and reversals	December 31, 2012
Intangible assets					
Gross	24.6	1.4			26.0
Amortization and impairment	(7.2)			(0.8)	(8.0)
Net	**17.4**	**1.4**		**(0.8)**	**18.0**
Tangible assets					
Gross	249.8	25.4	(5.8)		269.4
Depreciation and impairment	(92.7)			(5.1)	(97.8)
Net	**157.1**	**25.4**	**(5.8)**	**(5.1)**	**171.6**
Holdings in subsidiaries and affiliates					
Gross	1,421.6	68.8	(7.7)		1,482.7
Impairment	(126.8)			(17.7)	(144.5)
Net	**1,294.8**	**68.8**	**(7.7)**	**(17.7)**	**1,338.2**
Loans/advances to subsidiaries and affiliates					
Gross	363.4	263.9	(322.8)		304.5
Impairment	(48.4)			2.1	(46.3)
Net	**315.0**	**263.9**	**(322.8)**	**2.1**	**258.2**
Other non-current financial assets					
Gross	2.1	0.4	(0.1)		2.4
Impairment					
Net	**2.1**	**0.4**	**(0.1)**		**2.4**
TOTAL NON-CURRENT ASSETS	**1,786.4**	**359.9**	**(336.4)**	**(21.5)**	**1,788.4**

Note 4 – Current assets

	Gross	Impairment	2012 Net	2011 Net
Inventories	**68.1**	**(1.9)**	**66.2**	**80.9**
Trade receivables	**124.8**	**(6.2)**	**118.6**	**114.2**
Group and associates	**147.5**	**(10.2)**	**137.3**	**138.9**
Advances and down payments	0.2		0.2	0.8
Other receivables	12.5		12.5	9.0
Prepaid expenses	0.4		0.4	0.4
Accrued income	0.8		0.8	0.6
Deferred tax assets	6.9		6.9	6.7
Other receivables and regularization accounts	**20.8**		**20.8**	**17.5**
Marketable securities				
Bouygues Relais cash management company				20.0
Cash and cash equivalents	0.7		0.7	11.6
Marketable securities, cash and cash equivalents	**0.7**		**0.7**	**31.6**
TOTAL CURRENT ASSETS	**361.9**	**(18.3)**	**343.6**	**383.1**

Note 5 – Equity

COMPOSITION OF THE SHARE CAPITAL

Colas had share capital of 48,981,748.50 euros at December 31, 2012.

It comprised 32,654,499 shares of 1.50 euros at par value, with all shares having the same rights (however, double voting rights are allocated to shares registered in the name of the same shareholder for more than two years).

YEAR VARIATIONS

	Number of shares	Amounts in euros
At January 1, 2012	32,654,499	49,981,748.50
AT DECEMBER 31, 2012	**32,654,499**	**48,981,748.50**

MAIN SHAREHOLDERS

Bouygues SA	31,543,222	96.60%
Other shareholders	1,111,277	3.40%

CHANGE IN EQUITY

	January 1, 2012	Appropriation by AGM (1)	Capital increase	Other changes	December 31, 2012
Share capital	**49.0**				**49.0**
Share premium account	405.9				405.9
Revaluation reserve	2.7				2.7
Legal reserve	4.8				4.8
Blocked reserve	0.7				0.7
Other reserves	13.5				13.5
Retained earnings	448.2	87.5			535.7
Share premium and reserves	**875.8**	**87.5**			**963.3**
Net profit for the year	324.6	(324.6)		252.8	252.8
Tax-driven provisions	11.3			1.2	12.5
TOTAL EQUITY	**1,260.7**	**(237.1)**		**254.0**	**1,277.6**

(1) Distribution of a dividend of 7.26 euros per share amounting to a total of 237,071,662.74 euros.

Note 6 – Provisions for contingencies and losses

	January 1, 2012	Increases	Provisions used	Provisions cancelled	December 31, 2012
Litigation and claims	3.8	0.3	(0.1)		4.0
Tax reassessments	0.1		(0.1)		
Risks related to foreign operations	2.0	1.0			3.0
Employee benefits	23.7	1.7	(0.4)		25.0
Risks related to subsidiaries and affiliates	9.1	7.8	(7.7)		9.2
Other provisions for contingencies	0.3		(0.1)		0.2
Provisions for losses	0.7		(0.4)	(0.3)	
PROVISIONS FOR CONTINGENCIES AND LOSSES	**39.7**	**10.8**	**(8.8)**	**(0.3)**	**41.4**

Note 7 – Breakdown of accounts involving related companies

	Assets	Liabilities	Income statement
Non-current financial assets	1,596.4	–	–
Receivables	197.2	–	–
Cash and cash equivalents	–	–	
Financial debt	–	–	–
Non-financial debt	–	453.0	–
Bank overdrafts	–	195.0	–
Financial income	–	–	249.2
Financial expense	–	–	(47.8)
TOTAL	**1,793.6**	**648.0**	**201.4**

Note 8 – Receivables and payables by maturity at the balance sheet date

	Net amount	Less than 1 year	1 to 5 years	More than 5 years
Receivables related to non-current assets	260.6	76.4	182.5	1.7
Receivables related to current assets	276.8	276.8		
Cash and cash equivalents	0.7	0.7		
RECEIVABLES	**538.1**	**353.9**	**182.5**	**1.7**
Financial debt				
Non-financial debt	603.9	603.9		
Bank overdrafts and short-term loans	209.1	209.1		
PAYABLES	**813.0**	**813.0**		

Note 9 – Other non-financial debt, accruals and deferred income

	2012	2011
Tax and social security liabilities	32.6	47.7
Liabilities in respect of fixed assets	4.9	3.6
Other liabilities	16.7	17.1
Deferred income and other regularization accounts	8.7	10.0
TOTAL	**62.9**	**78.4**

Note 10 – Breakdown of revenue

	France	International	2012	2011
Works[1]		2.6	2.6	4.6
Sale of products[2]	432.9	223.2	656.1	552.1
Provision of services[3]	127.0	85.6	212.6	200.7
REVENUE	**559.9**	**311.4**	**871.3**	**757.4**

(1) Project in Romania.
(2) Sales of oil products by SRD (Société de la Raffinerie de Dunkerque).
(3) Provisions of services to subsidiaries and affiliates.

Note 11 – Financial income (expense)

	2012	2011
Dividends received from subsidiaries and affiliates	218.5	243.8
Net interest income (expense)	(0.4)	(1.6)
Other financial provision (charges) reversals	(17.1)	8.8
Net gain on disposal of marketable securities		
Translation adjustment	1.0	(1.7)
Losses on advances to subsidiaries and affiliates		(37.9)
NET FINANCIAL INCOME (EXPENSE)	**202.0**	**211.4**

Note 12 – Exceptional income (expense)

	2012	2011
Capital gain (loss) on the disposal of fixed assets (non-recurring disposals: land, buildings, non-current financial assets)	(4.8)	33.8
Other income (expense) on management transactions (net)		0.7
Exceptional provision (charges) reversals	(1.2)	(0.9)
EXCEPTIONAL GAIN (LOSS)	**(6.0)**	**33.6**

Note 13 – Income taxes

BREAKDOWN OF TAX EXPENSE

	2012	2011
Current tax charge for the year	(21.3)	(29.0)
Tax supplements or reductions for prior years	(1.5)	1.6
Deferred tax	0.2	0.7
INCOME TAXES	**(22.6)**	**(26.7)**

BREAKDOWN OF TAX CHARGE BETWEEN CURRENT PROFIT AND EXCEPTIONAL PROFIT

	Profit before tax	Tax due	Net profit after tax
Current profit (after profit sharing)	281.4	(16.9)	264.5
Exceptional income (expense)	(6.0)	(5.7)	(11.7)
TOTAL	**275.4**	**(22.6)**	**252.8**

BREAKDOWN OF DEFERRED TAX

	Temporary differences
Non-current assets	(7.9)
Current assets	3.1
Provisions for contingencies and losses, temporarily not deductible	24.8
Debt	
Tax losses available for carry forward	
Total deferred tax bases	**20.0**
Tax rate	34.43%
DEFERRED TAX AT FISCAL YEAR END	**6.9**
Deferred tax at the beginning of the year	6.7
Deferred tax (income) expense	**0.2**

Colas is a member of the tax consolidation group of Bouygues SA.

Note 14 – Impact of derogatory tax-driven provisions on profit

Net profit for the year	252.8
Amounts charged for the year to tax-driven provisions	2.0
Reversals for year of tax-driven provisions	(0.8)
Impact on tax	0.4
NET PROFIT EXCLUDING THE IMPACT OF TAX-DRIVEN PROVISIONS ON PROFIT	**254.4**

Note 15 – Off-balance sheet commitments

FINANCE LEASE

None.

OTHER COMMITMENTS

	Guarantees	Letters of intent	Total
Subsidiaries and affiliates	91.6		91.6
Other related companies	8.0	0.8	8.8
Third parties	1.5		1.5
Commitments given	**101.1**	**0.8**	**101.9**
Commitments received	**–**	**–**	**–**

The Company issued a guarantee for 2012 pursuant to article 17 of the Companies (Amendment) Act 1986 of Ireland in favor of the following companies: Colas Teoranta, Road Maintenance Services Ltd, Colas Building Products Ltd, Cold Chon (Galway) Ltd, Colfix (Dublin) Ltd, Road Binders Ltd, Chemoran Ltd and Atlantic Bitumen Company Ltd.

COLLATERAL GRANTED IN RESPECT OF DEBTS

None.

Note 16 – Workforce and remuneration of executive bodies

AVERAGE WORKFORCE

	2012	2011
Managers and engineers	251	265
Clerical and technical	96	76
Site workers	–	–
TOTAL	347	341

ADVANCE PAYMENTS AND LOANS GRANTED TO EMPLOYEES

None.

COMPENSATION AWARDED TO MEMBERS OF THE EXECUTIVE BODIES

Total gross compensation (including benefits in kind but excluding variable compensation) paid by the Bouygues Group and re-billed to Colas in respect of his duties as a Group senior executive in 2012 to Mr Hervé Le Bouc, Chairman and Chief Executive Officer, amounted to 924,600 euros. Gross variable compensation for 2012 established in relation to quantitative and qualitative targets to be paid in 2013 will be 460,000 euros (1,380,000 euros in 2011). He received an amount of 17,750 euros in Directors' fees from Colas in 2012.

Mr Hervé Le Bouc benefits from a supplementary pension plan as a member of the General Management Committee of Bouygues which represents 0.92% of yearly compensation per year of seniority in the said plan with a ceiling amounting to eight times that of French Social Security. This supplementary pension plan has not been posted as a provision since this plan consists of an insurance contract subscribed with an external organization and is governed by the procedure for regulated agreements.

The amount of Directors' fees paid by Colas and its subsidiaries to the Directors of Colas in 2012 amounted to 248,500 euros (including the amount paid to the Chairman and Chief Executive Officer).

Note 17 – Fees paid to the Statutory Suditors

	Mazars		KPMG	
	2012	2011	2012	2011
Statutory audit and certification of annual financial statements	0.2	0.2	0.2	0.2
Other fees	–	–	0.5	0.7
TOTAL	0.2	0.2	0.7	0.9

Note 18 – Subsidiaries and affiliates

	Share capital	Other equity	% held	Value of securities		Loans and advances granted	Guarantees provided	Revenue 2012	Net income 2012	Dividends received in 2012
				Gross	Net					
1. Subsidiaries France										
Colas Centre-Ouest	3.3	12.9	99.9	3.4	3.4	35.0		344.6	(3.1)	–
Colas Île-de-France-Normandie	19.7	26.7	99.9	19.7	19.7			589.2	6.7	5.5
Colas Nord-Picardie	2.9	16.1	99.9	2.9	2.9			232.3	3.6	2.8
Colas Est	10.4	17.7	99.9	10.2	10.2	24.0		347.7	2.6	2.0
Colas Rhône-Alpes – Auvergne	12.9	69.9	99.9	36.1	36.1	9.0		434.3	9.1	8.5
Colas Midi-Méditerranée	6.9	45.4	99.9	6.1	6.1	5.0		435.6	18.5	12.5
Colas Sud-Ouest	6.9	17.5	99.9	5.8	5.8	15.0		406.5	3.5	1.4
Screg Ouest	11.7	7.0	99.9	21.0	21.0	15.0		282.7	(1.4)	–
Screg Île-de-France – Normandie	8.8	19.3	99.9	24.7	24.7			340.3	4.2	3.6
Screg Nord-Picardie	12.1	17.6	99.9	19.7	19.7			189.4	3.3	3.0
Screg Est	13.4	21.3	99.9	30.8	30.8	19.1		344.3	1.4	2.1
Screg Sud-Est	8.3	21.0	99.9	23.7	23.7			340.3	4.9	4.7
Screg Sud-Ouest	9.0	21.1	99.9	20.2	20.2			328.9	5.4	3.5
Sacer Atlantique	4.4	(2.0)	99.9	4.4	4.4	20.3		254.8	(1.2)	–
Sacer Paris Nord-Est	4.8	11.9	99.9	4.9	4.9			204.4	3.2	2.6
Sacer Sud-Est	5.1	13.0	99.9	5.2	5.2			254.1	3.6	2.8
Aximum	49.1	(16.4)	99.9	50.1	50.1	40.3		389.1	6.4	–
Spac	5.1	(1.2)	99.9	14.3	14.3	19.3		208.2	(7.4)	–
Smac	4.3	33.7	99.9	9.9	9.9			652.9	10.5	8.0
Colas Rail	105.3	51.4	100.0	331.4	331.4	50.0		656.5	8.8	–
Société de la Raffinerie de Dunkerque	40.7	1.5	100.0	21.2	21.2	0.1		82.4	1.6	1.9
GTOI	0.8	17.7	100.0	1.4	1.4			174.5	1.6	3.4
Colas Réunion Industries	4.0	17.8	100.0	30.3	30.3			–	1.5	–
SBEG	7.5	12.5	100.0	7.6	7.6	12.2		19.7	1.0	1.2
Gouyer	2.0	1.5	96.9	48.0	28.5	8.0		3.5	(2.4)	–
Sogetra	0.1	3.3	100.0	3.5	3.5	3.7		39.4	1.5	–
Other French subsidiaires				10.8	9.6	57.3	34.8	–	–	2.6
Total subsidiaries France				**767.3**	**746.6**	**333.3**	**34.8**			**72.1**
2. Affiliates – France										
Cofiroute	158.3	1,991.9	16.6	10.9	10.9			–	–	48.0
Other affiliates – France				9.6	9.6	9.7		–	–	–
Total affiliates – France				**20.5**	**20.5**	**9.7**				**48.0**
3. Foreign subsidiaries and affiliates										
Foreign subsidiaries				592.4	477.3	41.6	56.8	–	–	98.4
Foreign affiliates				102.5	93.8	10.9	–	–	–	–
TOTAL				**1,482.7**	**1,338.2**	**395.5**	**91.6**			**218.5**

Note 19 – List of subsidiaries, affiliates and marketable securities

Name	Number of securities	Book value in thousands of euros
Colas Centre-Ouest	3,299,994	3,354
Colas Île-de-France – Normandie	19,739,194	19,726
Colas Nord-Picardie	2,849,994	2,897
Colas Est	10,393,970	10,193
Colas Rhône-Alpes – Auvergne	12,925,960	36,061
Colas Midi-Méditerranée	6,899,994	6,123
Colas Sud-Ouest	6,938,747	5,848
Société de la Raffinerie de Dunkerque (SRD)	2,670,000	21,163
Aximum	49,071,094	50,129
Screg Ouest	11,674,994	21,007
Screg Île-de-France – Normandie	8,799,994	24,697
Screg Nord-Picardie	12,108,494	19,739
Screg Est	13,439,994	30,795
Screg Sud-Est	8,353,938	23,678
Screg Sud-Ouest	8,999,994	20,227
Sacer Atlantique	4,349,994	4,421
Sacer Paris Nord-Est	4,799,992	4,878
Sacer Sud-Est	5,099,994	5,183
Spac	5,099,994	14,330
Smac	4,299,994	9,930
Sobib	3,924,050	3,907
Adelac	859,050	8,590
Colas Rail	105,312,756	331,285
Grands Travaux de l'Océan Indien (GTOI)	799,964	1,381
Colas Réunion Industries	5,000	30,300
Société des Bitumes et Émulsions Guyanaises (SBEG)	7,500,000	7,644
Sogetra	146,895	3,492
Gouyer	124,436	28,533
Cofiroute	676,401	10,937
Colas Mayotte	18,548,640	927
Entreprise de Travaux Publics et de Concassage (ETPC)	79,999	200
Société Parisienne d'Études d'Informatique et de Gestion	790,345	944
Colasie	624,225	634
Colas Environnement et Recyclage	160,000	312
Mars	340	816
SCI Les Scop	1,000	1,029
SCI 43/45 rue R.-Witchiz	500	225
SCI 18, rue Nouvelle	500	772
SCI La Mouche	1,000	227
Other stakes in French companies	–	565
Other stakes in foreign companies	–	571,058
Total subsidiaries		**1,338,157**
Other securities held in French companies		6
Other securities held in foreign companies		–
Total other non-current financial assets		**6**
Certificates of deposit		–
SICAV mutual funds		–
Total marketable securities		**0**
TOTAL SUBSIDIARIES, AFFILIATES AND MARKETABLE SECURITIES		**1,338,163**

RESULTS OF THE COMPANY FOR THE LAST FIVE FISCAL YEARS

in thousands of euros	2008	2009	2010	2011	2012
Share capital at the end of the fiscal year					
Share capital	48,820	48,903	48,937	48,982	48,982
Number of shares issued	32,546,671	32,601,789	32,624,790	32,654,499	32,654,499
Number of bonds convertible into shares	None	None	None	None	None
Operations and results for the fiscal year					
Revenue excluding tax	739,587	573,294	576,703	757,399	871,316
Profit before tax, depreciation, amortization and provisions	385,752	405,952	378,508	349,625	304,786
Income taxes	28,903	30,095	13,385	26,735	22,623
Profit sharing for the fiscal year	1,766	1,729	1,405	1,668	1,219
Profit after tax, depreciation, amortization and provisions	327,745	329,061	267,456	324,627	252,765
Distributed profit	284,783	220,062	205,536	237,072	237,072 (1)
Earnings per share (in euros)					
Profit after tax but before depreciation. amortization and provisions	10.96	11.53	11.19	9.89	8.64
Profit after tax, depreciation, amortization and provisions	10.07	10.09	8.20	9.94	7.74
Dividend per share	8.75	6.75	6.30	7.26	7.26 (1)
Workforce					
Average workforce	311	317	311	341	347
Total payroll	45,671	45,327	44,352	47,554	47,527
Amounts paid in respect of social benefits (social security, etc.)	15,002	13,524	15,393	13,147	17,340

(1) 2012 dividend: subject to the approval of the Shareholders' Meeting of April 16, 2013.

REPORT OF THE STATUTORY AUDITORS ON THE PARENT COMPANY FINANCIAL STATEMENTS

(Fiscal year ended December 31, 2012)

To the Shareholders,

In accordance with the assignment entrusted to us by your Shareholders' Meeting, we hereby present to you our report for the fiscal year ended December 31, 2012 on:

- the audit of the accompanying parent company financial statements of Colas SA;
- the justification of our assessments; and
- the specific verifications and disclosures required by law.

The parent company 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.

1 – OPINION ON THE PARENT COMPANY FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit so as to obtain reasonable assurance that the parent company financial statements are free from material misstatement. An audit consists in examining, by sampling or other selection methods, evidence supporting the amounts and disclosures in the parent company financial statements. It also involves assessing the accounting principles used, significant estimates made, and the overall presentation of the financial statements. We believe that the information we have collected provides a sufficient and appropriate basis for our opinion expressed below.

In our opinion, the parent company financial statements give a true and fair view of the Company's financial position, its assets and liabilities at December 31, 2012, and the results of its operations for the year then ended, in accordance with accounting principles generally accepted in France.

2 – JUSTIFICATION OF OUR ASSESSMENTS

As required by article L. 823-9 of the French Commercial Code relating to the justification of audit assessments, we bring to your attention the following matters:

As disclosed in note 2 to the parent company financial statements, shares in subsidiaries and affiliates held by Colas SA are recognized at their acquisition cost less any impairment deemed necessary and determined on the basis of their value in use. In the course of our work, we obtained assurance as to the coherence and consistency of the assumptions and calculation methods used.

These assessments were made as part of our audit of the parent company financial statements taken as a whole and therefore contributed to the formation of the audit opinion expressed in the first part of this report.

3 – SPECIFIC VERIFICATIONS AND DISCLOSURES

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

We have no matters to report regarding the fair presentation and consistency with the parent company financial statements of the information given in the Report of the Board of Directors and in the documents addressed to shareholders concerned with the financial position and the parent company financial statements.

Regarding the disclosures provided in application of the provisions of article L. 225-102-1 of the French Commercial Code on the compensation and benefits paid to company officers and on the commitments made to them, we have verified that this information is consistent with the financial statements or the data used to prepare these financial statements and, if applicable, with the information collected by your Company from the companies that control, or are controlled by, your Company. Based on these procedures, it is our opinion that these disclosures are accurate and fairly presented.

In accordance with French law, we have ascertained that the appropriate disclosures have been provided in the Report of the Board of Directors with regards to the acquisition of shareholdings and controlling interests as well as the identity of shareholders and of holders of voting rights.

Paris-La Défense and Courbevoie, February 22, 2013

The Statutory Auditors

KPMG Audit
A division of KPMG SA

François Plat
Partner

MAZARS

Guillaume Potel
Partner

Gaël Lamant
Partner

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

(Fiscal year ended December 31, 2012)

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the principal terms and conditions of those agreements and commitments brought to our attention, or that we may have discovered in the course of our audit. We are not required to express an opinion on their usefulness and appropriateness or ascertain whether any other such agreements and commitments exist. It is your responsibility, in accordance with article R. 225-31 of the French Commercial Code, to evaluate the benefits resulting from the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R. 225-31 of the French Commercial Code relating to the implementation during the year of agreements and commitments previously approved by the Shareholders' Meeting.

We have carried out the procedures we considered necessary in accordance with the professional guidelines of the *Compagnie nationale des Commissaires aux comptes* (CNCC, the French national institute of Statutory Auditors) relating to this engagement. These procedures involved verifying that the information provided to us was consistent with its supporting documentation.

AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS AUTHORIZED DURING THE YEAR

In application of article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments previously authorized by your Board of Directors.

a) Colas Rail Ltd pension fund

The defined benefit pension fund of Colas Rail Ltd, a Colas Rail subsidiary, is underfunded. For this reason, the Trustees of the fund were compelled to review the guarantees to be provided by the companies investing in the fund using a financial rating system. In order to avoid issuing a Colas parent company guarantee, as requested by the Trustees, it was proposed that Colas Rail would issue a new parent company guarantee covering the obligations of its subsidiary Colas Rail Ltd, replacing the pre-existing one, and that Colas SA would make the payment of the amount owed by Colas Rail (35-million euro loan) subordinate to the payment of Colas Rail's principal debt (in respect of its parent company guarantee) owed to the Trustees.

This debt subordination is presumed to expire in three years if Colas Rail Ltd, alone or with the assistance of the Colas Rail parent company, obtains a better rating.

This debt subordination takes the form of:
- a quadripartite agreement between Colas Rail Ltd, Colas Rail, the Trustees, and Colas subordinating the 35 million euros due to Colas SA to the payment of Colas Rail's principal debt to the Trustees;
- a loan agreement officially substantiating Colas Rail's existing 35 million euro debt to Colas SA, including a reference to the subordination obligations under the quadripartite agreement.

At its meeting of February 27, 2012, the Board of Directors authorized the signing of these agreements.

Persons concerned: Hervé Le Bouc, Thierry Montouché, and Christian de Pins.

b) Joint and several guarantee provided by the Consortium in connection with the Nîmes–Montpellier rail bypass

As part of the project for the construction of a high-speed rail line between the cities of Nîmes and Montpellier, a consortium including certain Colas companies will be entering into a design-build contract with Oc'Via, the main project company, with a firm phase in the amount of 1,134,678,000 euros and a conditional phase estimated at 29,572,000 euros.

The design-build contract stipulates that the Consortium must provide to the project company the joint and several guarantee issued by Colas SA, Bouygues Construction, Alstom Transport, and Spie Batignolles. The purpose of this guarantee is to cover all of the Consortium's obligations to the project company.

At its meeting of June 21, 2012, the Board of Directors authorized the signing of this joint and several guarantee offered to the project company Oc'Via by Colas SA, for the entire duration of the Consortium's obligations.

Persons concerned: Hervé Le Bouc, Olivier Bouygues, Thierry Genestar, Jean-François Guillemin, Bouygues SA represented by Philippe Marien, Thierry Montouché, and Gilles Zancanaro.

c) Joint and several guarantee relating to French water laws in connection with the Nîmes–Montpellier rail bypass

In connection with the project for the construction of the high-speed rail line between the cities of Nîmes and Montpellier, the Consortium has sought exceptional access to financing, before the necessary authorizations would be received under French water laws. This exceptional access to credit required the establishment of guarantees for the benefit of the financial participants, who would take out the contractor's water law guarantees in their name, for an amount not to exceed 140 million euros.

At its meeting of June 21, 2012, the Board of Directors authorized the signing by Colas SA of the following guarantees:

• for the benefit of the commercial lenders:
– a corporate guarantee in an amount covering 80% of the amounts due to the commercial lenders as of the date of the first drawdown against the senior credit facilities. This guarantee will need to be converted into a standby letter of credit no less than thirty working days before the cut-off date for obtaining the authorization under French water laws;
– a standby letter of credit covering 20% of the amounts due;

• for the benefit of the European Investment Bank: a standby letter of credit covering the amounts due as of the date of the first drawdown against the senior credit facilities;

• for the benefit of Caisse des Dépôts et Consignations: a standby letter of credit covering the amounts due as of the date of the first drawdown against the senior credit facilities.

Persons concerned: Hervé Le Bouc, Olivier Bouygues, Thierry Genestar, Jean-François Guillemin, Bouygues SA represented by Philippe Marien, Thierry Montouché, and Gilles Zancanaro.

d) Intercreditor agreement in connection with the Nîmes–Montpellier rail bypass

In connection with the project for the construction of the high-speed rail line between Nîmes and Montpellier, the project company must enter into an agreement with the various financial participants governing the terms and conditions applicable to all credit facilities as well as an intercreditor agreement relating in particular to voting rules and the order of priority for payment of the project company's creditors.

The main aim of the intercreditor agreement is to define the rights and privileges of each creditor category vis-à-vis the borrower as well as between the creditors themselves. A specific mechanism established under this agreement seeks to protect the banks against the risk of any change in interest rates and allows partners and some guarantors the possibility to issue supplemental guarantees to cover the costs of any termination of hedging instruments during the period of coverage.

At its meeting of June 21, 2012, the Board of Directors authorized the signing by Colas SA of this intercreditor agreement.

Persons concerned: Hervé Le Bouc, Olivier Bouygues, Thierry Genestar, Jean-François Guillemin, Bouygues SA represented by Philippe Marien, Thierry Montouché, and Gilles Zancanaro.

(e) Indemnity agreements between the various guarantors in respect of the design-build contract for the Nîmes–Montpellier rail bypass

At its meeting of June 21, 2012 and in connection with the project for the construction of the high-speed rail line between Nîmes and Montpellier, the Board of Directors authorized the signing of two indemnity agreements with Bouygues Construction, Alstom Transport and Spie Batignolles:

• the first of these agreements sets forth the procedures for indemnification by the party or parties liable under the Consortium's joint and several guarantee and the joint and several guarantee relating to French water laws, in order to ensure that these parties are not exposed to obligations in excess of their share;

• the second agreement sets forth the procedures for indemnification in the event that the liability of one or several of the parties would be triggered under the supplemental guarantees set up to cover the costs of the termination of hedging instruments.

Persons concerned: Hervé Le Bouc, Olivier Bouygues, Thierry Genestar, Jean-François Guillemin, Bouygues SA represented by Philippe Marien, Thierry Montouché, and Gilles Zancanaro.

f) Assistance provided to the Group-level bitumen division

At its meeting of August 27, 2012, in response to recent developments in the oil markets and in the refining industry, the Board of Directors authorized the signing of a consultancy agreement with Christian Balmes for assistance provided to Colas' Group-level bitumen supply division uniquely for fiscal year 2012 in the amount of 40,000 euros.

Person concerned: Christian Balmes.

g) Shared services agreement

At its meeting of November 13, 2012, the Board of Directors authorized the renewal for a period of one year of the shared services agreement signed between Bouygues SA and Colas SA, under which Bouygues provides services to the various sub-groups of Colas, in particular in the fields of management, human resources, information technology and finance.

The renewal of this agreement had no impact on the 2012 financial statements. Its effects will be reflected in the 2013 financial statements.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner, and Bouygues represented by Philippe Marien.

h) Cash management agreement

At its meeting of November 13, 2012, the Board of Directors authorized a rider to the agreement concluded with Bouygues Relais relating to cash management. At this same meeting, the Board of Directors authorized the continuation of this agreement upon its expiration, for an additional term of one year (the new expiration date is therefore March 1, 2014).

Previously, at its meeting of August 27, 2012, the Board of Directors had authorized an increase in the maximum authorized amount under this agreement from 750 million euros to 850 million euros.

In this regard, Colas SA had an obligation to Bouygues Relais in the amount of 195 million euros as of December 31, 2012. In addition, transactions carried out in fiscal year 2012 generated a net expense of 3,234,494 euros.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner, and Bouygues SA represented by Philippe Marien.

i) Agreement for the use of aircraft

At its meeting of November 13, 2012, the Board of Directors authorized the conclusion of a new agreement relating to the use of aircraft, with SNC Airby (a Bouygues SA subsidiary) and SCDM, for the 2013 fiscal year.

This agreement stipulates that a Global 5000 jet shall be made available to Colas, and if this aircraft is unavailable, a Challenger 605, or an equivalent aircraft, for an hourly rate of 7,000 euros, excluding VAT. The price includes the provision of the plane, and all other related services. Invoices shall be sent as the aircraft is used.

The renewal of this agreement had no impact on the 2012 financial statements. Its effects will be reflected in the 2013 financial statements.

Persons concerned: Hervé Le Bouc, François Bertière, Olivier Bouygues, Colette Lewiner, and Bouygues SA represented by Philippe Marien.

j) Supplemental defined benefit pension plan

At its meeting of November 13, 2012, the Board of Directors authorized the continuation, for fiscal year 2013, of the agreement relating to the supplemental defined benefit pension plan of which Mr. Hervé Le Bouc is beneficiary as Chairman and Chief Executive Officer of Colas SA.

This agreement covers a supplemental defined benefit pension plan for Mr. Hervé Le Bouc that includes the following:

- the amount of the additional annuity is 0.92% of the reference salary per year of membership in the plan, subject to a maximum of eight times the annual social security ceiling in France;
- contributions by the Company made to the fund constituted by the insurer vary depending on the rights acquired by the beneficiary and the expected returns of the amounts invested.

The renewal of this agreement had no impact on the 2012 financial statements. Its effects will be reflected in the 2013 financial statements.

Person concerned: Hervé Le Bouc.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS APPROVED DURING PREVIOUS FISCAL YEARS THAT REMAINED IN FORCE DURING THE YEAR

In application of article R. 225-30 of the French Commercial Code, we have been informed that the agreements and commitments described below, which were approved by the Shareholders' Meeting in previous fiscal years, remained in force during the year.

a) Cash management agreement

At its meeting of November 14, 2011, the Board of Directors authorized a rider to the agreement with Bouygues Relais relating to cash management with a maximum amount of 750 million euros. This agreement, with effect from March 1, 2011, was due to expire on March 1, 2012.

Persons concerned: François Bertière, Hervé Le Bouc, Olivier Bouygues, Jean-François Guillemin, and Bouygues SA represented by Philippe Marien.

b) Tax consolidation agreement

The tax consolidation agreement between Colas SA and Bouygues SA, renewed on December 15, 2011, continued to apply in 2012. In fact, this agreement is subject to automatic renewal for a period of five fiscal years, thus from January 1, 2012 to December 31, 2016.

This agreement governs the apportionment of tax expenses within the consolidated group constituted by the parent company Bouygues SA, pursuant to article 223-A of the French General Tax Code, attributing tax expenses to Colas SA that it is jointly liable to pay. As part of the agreement, Colas SA authorized Bouygues SA to become solely liable to pay the corporate income tax of Colas SA, with regard to determining the taxable profit of the Group as a whole.

Persons concerned: François Bertière, Hervé Le Bouc, Olivier Bouygues, Jean-François Guillemin, Colette Lewiner, and Bouygues SA represented by Philippe Marien.

c) Shared services agreement

At its meeting of November 14, 2011, the Board of Directors authorized the renewal for a period of one year of the shared services agreement signed between Bouygues SA and Colas SA, under which Bouygues provides services to the various sub-groups of Colas, in particular in the fields of management, human resources, information technology and finance.

The corresponding expenses recognized by Colas SA during the year ended December 31, 2012 amounted to 16,967,201 euros excluding VAT.

Persons concerned: François Bertière, Hervé Le Bouc, Olivier Bouygues, Jean-François Guillemin, and Bouygues SA represented by Philippe Marien.

d) Agreement for the use of aircraft

At its meeting of November 14, 2011, the Board of Directors authorized the conclusion of a new agreement relating to the use of aircraft, with SNC Airby (a Bouygues SA subsidiary) and SCDM, for the 2012 fiscal year.

The terms and conditions of this agreement are described above.

The corresponding expenses recognized by Colas SA during the year ended December 31, 2012 amounted to 1,092,362 euros excluding VAT.

Persons concerned: François Bertière, Hervé Le Bouc, Olivier Bouygues, Colette Lewiner, and Bouygues SA represented by Philippe Marien.

e) Supplemental defined benefit pension plan

At its meeting of November 14, 2011, the Board of Directors authorized the continuation, for fiscal year 2012, of the agreement relating to the supplemental defined benefit pension plan of which Mr. Hervé Le Bouc is beneficiary as Chairman and Chief Executive Officer of Colas SA, whose characteristics are presented above.

The amount of the contribution paid by Colas SA in respect of the agreement in force for fiscal year 2012 was 376,964 euros excluding VAT.

Person concerned: Hervé Le Bouc.

f) Supplemental defined contribution pension plan

At its meeting of February 21, 2007, the Board of Directors authorized the application of an agreement relating to a defined contribution pension plan, of which two Directors having the status of employees are beneficiaries.

The employer's contribution to this plan amounted to 4% of the total compensation paid to the respective employees (fixed and variable compensation). The corresponding amount of the expense for 2012 recognized in the accounts of Colas SA was 52,563 euros.

Persons concerned: Thierry Genestar and Thierry Montouché.

Paris-La Défense and Courbevoie, February 22, 2013

The Statutory Auditors

KPMG Audit	MAZARS	
A division of KPMG SA		
François Plat	Guillaume Potel	Gaël Lamant
Partner	*Partner*	*Partner*

REPORT OF THE STATUTORY AUDITORS

ON THE EQUITY TRANSACTIONS DESCRIBED IN RESOLUTIONS 18, 19, 20, 21, 22 AND 24 SUBMITTED FOR THE APPROVAL OF THE COMBINED SHAREHOLDERS' MEETING OF APRIL 16, 2013

(Fiscal year ended December 31, 2012)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and as required by the French Commercial Code, we hereby present to you our report on the transactions submitted for your approval.

1 – SHARE CAPITAL REDUCTION (18TH RESOLUTION)

In accordance with the procedures provided for in article L. 225-209 of the French Commercial Code in the event of a reduction in share capital by way of the retirement of shares purchased, we hereby report on our assessment of the reasons for and conditions of the proposed reduction in share capital.

Shareholders are requested to confer all necessary powers on the Board of Directors, for a period of eighteen months as from the date of this Shareholders' Meeting, to retire, up to a maximum of 0.92% of the number of shares making up the share capital, the shares purchased by your Company pursuant to the authorization to purchase its own shares in application of the provisions of the above-mentioned article.

We have carried out the procedures we considered necessary in accordance with the professional guidelines of the *Compagnie nationale des Commissaires aux comptes* (CNCC, the French national institute of Statutory Auditors) relating to this engagement. Our procedures consisted, in particular, in verifying the fairness of the reasons for and the terms and conditions of the proposed reduction in share capital, which does not interfere with the equal treatment of shareholders.

We have no comments to make on the reasons for and conditions of the proposed reduction in share capital.

2 – ISSUE OF SHARES AND/OR INVESTMENT SECURITIES WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS (19TH, 20TH, 21ST AND 22ND RESOLUTIONS)

In accordance with the procedures provided for in articles L. 225-135 *et seq.* and L. 228-92 of the French Commercial Code, we hereby report to you on the proposed delegation to the Board of Directors of the authority to proceed with a number of issues of shares and/or investment securities, transactions which are being submitted for your approval.

On the basis of its report, your Board of Directors proposes that:

• it be delegated the authority, with the option to subdelegate this authority as provided by law, for a period of twenty-six months, to decide upon the following transactions, setting the final terms and conditions of these issues and, if applicable, excluding your preferential subscription rights:
– the issue, with preferential subscription rights, of shares or investment securities giving access to shares in the Company (19th resolution);
– the issue, without preferential subscription rights, of shares or investment securities giving access to shares in the Company (20th resolution);
– the issue, without preferential subscription rights, of shares or investment securities giving access to the shares in the Company, by way of an offering provided for under item II of article L. 411-2 of the French Monetary and Financial Code (21st resolution);

• it be authorized, in connection with the implementation of the delegations provided for in the 19th, 20th and 21st resolutions, to determine the characteristics, amount and conditions of any issue, as well as those of the securities issued.

The number of securities to be created in connection with the implementation of the delegations provided for in the 19th, 20th and 21st resolutions may be increased as provided by article L. 225-135-1 of the French Commercial Code if you adopt the 22nd resolution.

The aggregate nominal value represented by any capital increases that may be carried out as a result of the issue of shares and/or investment securities giving access to shares in the Company under the 19th, 20th, 21st and 22nd resolutions, whether immediately or over time, shall not exceed 15 million euros.

It is the responsibility of your Board of Directors to prepare a report in accordance with article R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion as to the fair presentation of the quantitative information extracted from the financial statements, on the proposed exclusion of preferential subscription rights, and on certain other information pertaining to the issues as presented in this report.

We have carried out the procedures we considered necessary in accordance with the professional guidelines of the *Compagnie nationale des Commissaires aux comptes* (CNCC, the French national institute of statutory auditors) relating to this engagement. Our work consisted in verifying the content of the Board of Directors' report as it relates to these transactions and the methods used to determine the issue price of equity securities to be issued.

Subject to our review in due course of the terms and conditions of the proposed issues, we have no comments to make on the methods used to determine the issue price of the equity securities to be issued as presented in the Board of Directors' report.

Given that the definitive conditions of issuance have yet to be determined, we do not express any opinion on the conditions under which the issues will take place.

In accordance with article R. 225-116 of the French Commercial Code, we will provide a supplemental report, where necessary, upon the use of these delegations by your Board of Directors.

3 – ISSUE OF SHARES GIVING ACCESS TO THE SHARE CAPITAL RESERVED FOR EMPLOYEES AND COMPANY OFFICERS (24TH RESOLUTION)

In accordance with the procedures provided for in Articles L. 225-135 *et seq.* of the French Commercial Code, we hereby report to you on the proposed delegation of authority to the Board of Directors to decide on a share capital increase by way of the issue, with preferential subscription rights, of ordinary shares reserved for employees and company officers participating in a company savings plan or any other qualifying plan pursuant to legal and regulatory provisions, whether of the Company or of any affiliated companies within the meaning of article L. 225-180 of the French Commercial Code, a transaction which is being submitted for your approval.

Any capital increase that may be carried out as a result of this issue may not exceed 10% of the Company's share capital as of the date of the use of this authorization, with the understanding that this amount shall be offset against the ceiling set forth in the 19th resolution.

This capital increase is being submitted for your approval in application of the provisions of article L. 225-129-6 of the French Commercial Code and article L. 3332-18 *et seq.* of the French Labor Code.

On the basis of its report, your Board of Directors proposes that it be delegated the authority, for a period of twenty-six months, to decide upon a capital increase of this type and that your preferential rights to subscribe for the ordinary shares to be issued be excluded. If applicable, it shall be responsible for determining the final issue terms and conditions for this transaction.

It is the responsibility of your Board of Directors to prepare a report in accordance with articles R. 225-113 and R. 225-114 of the French Commercial Code. Our role is to express an opinion as to the fair presentation of the quantitative information extracted from the financial statements, on the proposed exclusion of preferential subscription rights, and on certain other information pertaining to this issue as presented in this report.

We have carried out the procedures we considered necessary in accordance with the professional guidelines of the *Compagnie nationale des Commissaires aux comptes* (CNCC, the French national institute of statutory auditors) relating to this engagement. These procedures consisted in verifying the content of the Board of Directors' report relating to this transaction and the conditions governing the issue price of shares to be issued.

We have the following comment to make on the Chairman's report: this report refers to the provisions of article L. 3332-20 of the French Labor Code, without specifying the method to be adopted, where applicable, from the two options provided in this article.

Subject to our review in due course of the terms and conditions of the proposed capital increase, we have no comments to make on the methods used to determine the issue price of the ordinary shares to be issued as presented in the Board of Directors' report.

Given that the definitive conditions of the capital increase have yet to be determined, we do not express any opinion either on these conditions or, as a consequence, on the proposal to exclude preferential subscription rights submitted for your approval.

In accordance with article R. 225-116 of the French Commercial Code, we shall issue a supplemental report, where necessary, upon the use of this delegation by your Board of Directors.

Paris-La Défense and Courbevoie, February 22, 2013

The Statutory Auditors

KPMG Audit	MAZARS	
A division of KPMG SA		
François Plat	Guillaume Potel	Gaël Lamant
Partner	*Partner*	*Partner*

INDEPENDENT VERIFIER'S STATEMENT ATTESTING TO DISCLOSURE AND LIMITED ASSURANCE REPORT ON SELECTED CORPORATE SOCIAL RESPONSIBILITY REPORTING

(Fiscal year ended December 31, 2012)

At your request and in our capacity as the Independent Verifier of Colas SA, we hereby present to you our report on the consolidated social and environmental data included in the Report of the Board of Directors for the year ended December 31, 2012, prepared in accordance with the provisions of article L. 225-102-1 of the French Commercial Code.

RESPONSIBILITY OF THE BOARD OF DIRECTORS

It is the responsibility of the Board of Directors to prepare a report on the Group's management including the social and environmental information required under article R. 225-105-1 of the French Commercial Code (the "Indicators") and to specify the guidelines used (the "Guidelines"), which may be obtained from the Company's registered office, are summarized in the sections I – Social information and II – Environmental information, and consist mainly of the following documents:
• for environmental information, the reporting guide for CSR indicators issued by Colas in May 2012, and
• for social information, Bouygues' methodological guide to its social reporting system (2012 version).

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulators, the code of ethics for our profession, and the provisions of article L. 822-11 of the French Commercial Code. We have also set up a quality control system that includes policies and documented procedures to ensure compliance with rules of professional conduct, professional standards, and applicable laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT AUDITOR

Based on the procedures performed, it is our responsibility to:
• certify that the required disclosures have been included in the Report of the Board of Directors or, if any have been omitted, that an explanation as provided for in the third paragraph of article R. 225-105 of the French Commercial Code and in Decree n°2012-557 of April 24, 2012 has been given (Statement attesting to disclosure);
• express an opinion of limited assurance that the Indicators are fairly presented, in all material respects, in accordance with the Guidelines (Limited assurance report).
It should be noted that, as this is the first fiscal year for which such an audit has been requested, our report only pertains to information reported to us in respect of the 2012 fiscal year.

1. STATEMENT ATTESTING TO DISCLOSURE

We performed our procedures in accordance with professional standards applicable in France.
• We compared the Indicators included in the Report of the Board of Directors with the list of information required under article R. 225-105-1 of the French Commercial Code.
• We examined the Indicators reported to ensure coverage of the consolidated scope of operations, corresponding at a minimum to the Company and its subsidiaries within the meaning of article L. 223-1 of the French Commercial Code and controlled companies within the meaning of article L. 233-3 of this same code. The scope and method of consolidation for the Indicators are specified in the introductory material preceding each section (I – Social information and II – Environmental information), supplemented, where applicable, by comments specific to certain indicators (e.g., partnership or sponsorship actions, see chapter B2).
• Where certain consolidated information was omitted, we verified that explanations were provided in accordance with the provisions of Decree n°2012-557 of April 24, 2012, in particular for most of the social information reported for certain French entities as well as information relating to energy and raw material consumption (see chapters C2 and C3).
On the basis of these procedures, we certify that the required disclosures are included in the Report of the Board of Directors.

2. LIMITED ASSURANCE REPORT

NATURE AND SCOPE OF OUR PROCEDURES

We conducted our procedures in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and with professional standards applicable in France. We carried out the procedures listed below in order to provide limited assurance that the Indicators contain no material misstatement that would lead us to conclude that they were not fairly presented, in all material respects, in accordance with the Guidelines. Obtaining a higher level of assurance would have required more extensive work.

We performed the following procedures:
• we assessed the Guidelines with respect to their relevance, completeness, objectivity, understandability and reliability, taking into consideration best practices in the industry, if applicable;
• we verified that the Group has implemented, if applicable, procedures for data collection, compilation, processing and quality control to ensure the completeness and consistency of the Indicators. We reviewed the internal control and risk management procedures involved in the preparation of the Indicators. We conducted interviews with individuals in charge of social and environmental reporting;
• we prepared a ranking of the consolidated data to be tested(1) and determined the nature and scope of the tests to be performed, taking into account their importance with respect to the social and environmental impact of the Group's operations and its specific characteristics as well as the Group's social responsibility commitments.
With regard to the consolidated quantitative information that we considered as most important:
– we carried out analytical procedures, at the level of the consolidating entity, and verified, on a test basis, the calculations as well as the consolidation of reported information used to measure these Indicators;
– for a representative sample of three subsidiaries selected by us(2) based on their line of business, their contribution to the Group's consolidated information, their location, and a risk analysis, we performed the following procedures:
· we conducted interviews to verify the proper application of the Guidelines,
· we performed tests of details, on a sample basis, consisting in the verification of the calculations made and their reconciliation with data from supporting documents.
The sample thus selected represented 8% on average of the consolidating entity's operations.
With regard to the consolidated qualitative data that we considered as most important, we conducted interviews and examined the related documentary sources in order to corroborate this information and ascertain its fair presentation. With regard to fair trade practices, we conducted interviews at the level of the consolidating entity and the selected subsidiaries;
• for the other published consolidated Indicators, we assessed their fair presentation and consistency with reference to our knowledge of the Company and, where necessary, by conducting interviews or examining documentary sources;
• finally, we assessed the relevance of any explanations relating to the absence of certain elements of information.

COMMENTS ON THE GUIDELINES AND THE INDICATORS

We have the following comments to make on the Guidelines used:
• the Guidelines recommend a specific scope and method of consolidation for each theme and may involve a scope extended beyond that of controlled companies as defined, in the narrow sense, by articles L. 233-1 and L. 233-3 of the French Commercial Code;
• the methodological limitations of certain Indicators whose reliability is still subject to verification were specified by Colas in comments relating to the Indicators in question;
• specific social reporting guidelines could be prepared by Colas, especially for its international operations;
• the formal documentation of reporting procedures and controls on data could be improved at reporting and control levels (Group and subsidiaries).

CONCLUSION

Based on our procedures, we did not identify any material misstatement that would call into question the assessment that the Indicators are fairly presented, in all material respects, in accordance with the Guidelines.

Paris-La Défense, February 22, 2013

The Independent Verifier

ERNST & YOUNG et Associés
Environment and Sustainable Development Department

Éric Mugnier
Partner

(1) These consolidated data are as follows: in the area of social information, workforce by geographic region, gender and age (A1), workplace health and safety, work-related accidents and occupational illnesses (D1 and D3), training policies and hours (E1 and E2); in the area of environmental information, the Group's environmental organization and its procedures for obtaining environmental certification (A1), waste recycling (B2), energy and raw material consumption (C2 and C3), greenhouse gas emissions (D1), provisions and guarantees for environmental risks (A4); and in the area of social responsibility commitments, relations with local residents (A2 and B1), fair trade practices (D), as well as subcontractors and suppliers (C).
(2) The subsidiaries Colas Midi-Méditerranée (France), Sintra (Canada) and Colas Hungaria (Central Europe).

RESOLUTIONS

ORDINARY MEETING RESOLUTIONS

First resolution

APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS

The Shareholders' Meeting, after the reading of the Board of Directors' management report and the Statutory Auditors' general report, approves the Company's financial statements for fiscal year 2012 — which include the balance sheet, the income statement and the notes, which show a profit of 252,765,329.91 euros — in addition to the transactions reflected in these statements and summarized in these reports.

The Shareholders' Meeting grants full discharge to the Directors for their management.

The Shareholders' Meeting recognizes that the expenses specified in articles 39-4 and 223 *quater* of the French General Tax Code, which are subject to corporate income tax, totaled 15,010 euros for fiscal year 2012.

Second resolution

APPROVAL OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders' Meeting, after the reading of the Board of Directors' management report and the Statutory Auditors' general report, approves the annual consolidated financial statements for fiscal year 2012 — which include the balance sheet, the income statement and the notes, and which show a net profit attributable to the Group of 301,538,000 euros — in addition to the transactions reflected in these financial statements and summarized in these reports.

Third resolution

EARNINGS AND EARNINGS APPROPRIATION

The Shareholders' Meeting approves the Board of Directors' proposal to appropriate earnings as follows:

Earnings for the year:	**252,765,329.91**
Plus prior unappropriated earnings:	535,706,264.30
Total unappropriated earnings:	**788,471,594.21**
- to the legal reserve:	–
- dividend payout:	237,071,662.74
- balance of unappropriated earnings:	551,399,931.47

The dividend of 7.26 euros per share shall be paid by Colas, the issuing company, as of April 29, 2013. For shareholders subject to income tax in France, this dividend per share is eligible for a 40% tax rebate pursuant to article 243 *bis* of the French General Tax Code.

The Shareholders' Meeting decides that this dividend is to be paid in cash.

As required by law, we remind you that the following dividends were paid during the past three fiscal years on shares with a par value of 1.50 euros:

Year	Dividend
2009	€6.75
2010	€6.30
2011	€7.26

Fourth resolution

APPROVAL OF THE AGREEMENTS AND TRANSACTIONS SPECIFIED IN ARTICLES L. 225-38 *ET SEQ.* OF THE FRENCH COMMERCIAL CODE

The Shareholders' Meeting, on the basis of the Statutory Auditors' special report concerning the agreements and transactions specified in articles L. 225-38 *et seq.* of the French Commercial Code, approves all such agreements and transactions mentioned in this report.

Fifth resolution

REAPPOINTMENT OF A DIRECTOR

The Shareholders' Meeting renews Mr. Hervé Le Bouc's appointment to the Board for a term of two years that shall expire upon the Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2014.

Sixth resolution

REAPPOINTMENT OF A DIRECTOR

The Shareholders' Meeting renews Mrs. Colette Lewiner's appointment to the Board for a term of two years that shall expire upon the Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2014.

Seventh resolution

REAPPOINTMENT OF A DIRECTOR

The Shareholders' Meeting renews Mr. Christian Balmes's appointment to the Board for a term of two years that shall expire upon the Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2014.

Eighth resolution

REAPPOINTMENT OF A DIRECTOR

The Shareholders' Meeting renews Mr. François Bertière's appointment to the Board for a term of two years that shall expire upon the Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2014.

Ninth resolution

REAPPOINTMENT OF A DIRECTOR

The Shareholders' Meeting renews Mr. Olivier Bouygues's appointment to the Board for a term of two years that shall expire upon the Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2014.

Tenth resolution

REAPPOINTMENT OF A DIRECTOR

The Shareholders' Meeting renews Mr. Thierry Genestar's appointment to the Board for a term of two years that shall expire upon the Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2014.

Eleventh resolution

REAPPOINTMENT OF A DIRECTOR

The Shareholders' Meeting renews Mr. Jacques Leost's appointment to the Board for a term of two years that shall expire upon the Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2014.

Twelfth resolution

REAPPOINTMENT OF A DIRECTOR

The Shareholders' Meeting renews Mr. Thierry Montouché's appointment to the Board for a term of two years that shall expire upon the Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2014.

Thirteenth resolution

REAPPOINTMENT OF A DIRECTOR

The Shareholders' Meeting renews the appointment of Bouygues SA to the Board for a term of two years that shall expire upon the Annual Shareholders' Meeting to be called to approve the financial statements for fiscal year 2014.

Fourteenth resolution

AUTHORIZATION TO BE GRANTED TO THE BOARD OF DIRECTORS TO ALLOW THE COMPANY TO CARRY OUT TRANSACTIONS IN ITS OWN SHARES

Pursuant to articles L. 255-209 *et seq*. of the French Commercial Code, the Shareholders' Meeting, which meets the quorum and majority requirements for Annual Shareholders' Meetings and pursuant to the provisions of the European regulation of December 22, 2003 no. 2273/2003 and title IV of book II of the general regulations of the AMF *(Autorité des Marchés Financiers)*:

- authorizes the Board of Directors to purchase shares subject to a maximum of 298,420 shares. The Board shall at all times comply with the maximum ownership threshold defined in article L. 225-210 of the French Commercial Code;
- decides that the main objectives of this program shall be (i) the eventual retirement of the shares bought back, provided this has been authorized by an Extraordinary Shareholders' Meeting, and (ii) to ensure, where necessary, the liquidity of shares held by Group employees under a Company Savings Plan, with the understanding that the achievement of these objectives shall need to comply with applicable laws and regulations;
- decides that the acquisition, sale or transfer by the Company of its own shares may be carried out by any means and that the Board of Directors may buy back shares, on one or more occasions, through market or off market transactions, over-the-counter trades or otherwise, notably by way of block purchases, including the use of derivatives, and at any time, in particular during a public offering period, within the limits prescribed by applicable regulations. However, the Board of Directors shall need to ensure that the volatility of the Company's shares is not increased through its actions. The portion of the program that may be carried out through block trades is not limited and may correspond to the entire program;

- decides that the Board of Directors may retire all or a portion of the shares bought back under terms and conditions and to the extent permitted by law and the Shareholders' Meeting;
- decides that, given the current breakdown of share capital, the Board of Directors may acquire shares at a maximum price per share of 200 euros, excluding acquisition costs. For information and pursuant to the provisions of article R. 225-151 of the French Commercial Code, the maximum cumulative amount of funds dedicated to this share buyback program, assuming a maximum purchase price of 200 euros per share, would be 59,684,000 euros (on the basis of 298,420 shares, i.e. 0.91% of the total number of shares);
- decides that, in the event of transactions in the Company's shares during the validity period of this authorization, the maximum price per share indicated shall be adjusted by a multiplying coefficient equal to the ratio between the number of shares making up the Company's share capital before and after the transaction;
- grants this authorization for a period of eighteen months as of the date of this Meeting;
- takes due note that this power of attorney supersedes any earlier corresponding delegation;
- the Board of Directors shall be granted full powers to carry out this authorization and in particular to evaluate the appropriateness of initiating a share buyback program and to determine the terms thereof, in accordance with applicable legal and regulatory provisions. To this end, the Board of Directors may carry out any transactions, place any and all buy and sell orders, enter into any and all agreements, fulfill all formalities and agreements, notably with respect to maintaining registers of purchases and sales of shares, carry out all formalities and declarations with respect to the AMF and any other organization, and generally take any and all other actions required in the implementation of this authorization. The Board of Directors may delegate said powers in accordance with applicable legal and regulatory provisions.

Fifteenth resolution

APPOINTMENT OF A PRINCIPAL STATUTORY AUDITOR

The Shareholders' Meeting appoints as principal Statutory Auditor for six fiscal years KPMG Audit IS SAS, a *société par actions simplifiée* with registered share capital of 200,000 euros, headquartered at 3, cours du Triangle, Immeuble Le Palatin, 92939 Paris-La Défense Cedex, registered with the Nanterre RCS under the number 512 802 653, to replace KPMG SA, whose appointment expires at the end of this Meeting. The term of this appointment shall expire at the end of the Shareholders' Meeting convened to approve the financial statements for fiscal year 2018.

Sixteenth resolution

APPOINTMENT OF A SECONDARY STATUTORY AUDITOR

The Shareholders' Meeting appoints as Secondary Statutory Auditor for six fiscal years KPMG Audit ID SAS, a *société par actions simplifiée* with registered share capital of 200,000 euros, headquartered at 3 cours du Triangle, Immeuble Le Palatin, 92939 Paris La Défense Cedex, registered with the Nanterre RCS under the number 512 802 489, to replace Mr. François Caubrière, whose appointment expires at the end of this Meeting. The term of this appointment shall expire at the end of the Shareholders' Meeting convened to approve the financial statements for fiscal year 2018.

Seventeenth resolution

POWERS TO CARRY OUT LEGAL REQUIREMENTS

The Shareholders' Meeting shall grant the bearer of a copy or extract of the minutes of this Meeting full powers to file any documents or comply with any legal requirements that may be necessary.

EXTRAORDINARY MEETING RESOLUTIONS

Eighteenth resolution

AUTHORIZATION GIVEN TO THE BOARD OF DIRECTORS TO REDUCE SHARE CAPITAL BY RETIRING COMPANY SHARES THAT THE COMPANY OWNS

After the reading of the Board of Directors' report and the Statutory Auditors' special report, the Shareholders' Meeting, which meets the quorum and majority requirements for Extraordinary Shareholders' Meetings:
• authorizes the Board of Directors, pursuant to article L. 225-209 of the French Commercial Code, to retire or subdelegate the retirement of, at its sole discretion and in one or more transactions, all or a portion of the Company's shares the Company holds as the result of the share-buyback authorizations granted by the Shareholders' Meeting to the Board of Directors, subject to a maximum of 0.92% of the number of shares constituting the Company's share capital;
• grants this authorization for a period of eighteen months as of this Shareholders' Meeting;
• grants full powers to the Board of Directors, including the option to subdelegate such powers, to carry out any share capital decrease(s) resulting from the retirement of shares pursuant to this authorization and to amend the by-laws accordingly;
• takes due note that this delegation of authority supersedes any corresponding earlier delegation.

Nineteenth resolution

DELEGATION OF POWERS GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL, WITH MAINTAINED PREFERENTIAL SUBSCRIPTION RIGHTS, BY THE ISSUE OF SHARES OR INVESTMENT SECURITIES CONFERRING ENTITLEMENT TO COMPANY SHARES

The Shareholders' Meeting, which meets the quorum and majority requirements for Extraordinary Shareholders' Meetings, having examined the report prepared by the Board of Directors and the special report submitted by the Statutory Auditors and pursuant to the provisions of articles L. 225-129-2, L. 225-129-4, and L. 228-92 of the French Commercial Code:
1. delegates its authority to the Board of Directors to increase the Company's share capital, with the option to sub-delegate this authority as provided by law, on one or more occasions, in such amounts, at such times, and under such conditions that it may deem fit, through the issue, with preferential subscription rights for existing shareholders, on the French market and/or any foreign market, whether denominated in euros, any foreign currency, or any other accounting unit based on a basket of currencies, of (i) ordinary shares in the Company and (ii) any other type of investment securities, whether issued against payment or not, giving immediate and/or future access by any means, at any time or on a predetermined date, to ordinary shares in the Company, whether existing or to be issued, which may be subscribed for either in cash or by offsetting receivables;
2. decides, should the Board of Directors use this delegation of authority, to set the ceilings for the aggregate nominal values represented by authorized issuances as follows:
   (a) the aggregate nominal value represented by all capital increases that may be carried out under this delegation of authority is set to 15 million euros;
   (b) the aggregate nominal value represented by all capital increases that may be carried out under this delegation of authority together with those given by the 20th, 21st, 22nd and 24th resolutions is set to 15 million euros (the "overall ceiling");
   (c) to the two ceilings specified above shall be added, where applicable, the aggregate nominal value of any additional shares to be issued, as provided by legislative and regulatory provisions and, where applicable, by contractual requirements providing for other cases of adjustment, to protect the rights of holders of investment securities giving access to the Company's share capital, of holders of options to subscribe for or purchase newly issued shares, or of beneficiaries of bonus share allocations;
3. decides that the investment securities giving access to ordinary shares in the Company thus issued may comprise debt securities, other securities issued together with this type of instrument, or allow the issue thereof as intermediate securities. In particular, these securities may be subordinated or unsubordinated, dated or undated, and may be denominated in euros, any foreign currency, or any other accounting unit based on a basket of currencies;
4. decides that the bonds giving access to ordinary shares in the Company thus issued may bear interest at a fixed and/or variable rate or may involve the capitalization of interest, may be subject to redemption prior to maturity, with or without a premium, which may be amortized, and that the securities may also be the focus of a share repurchase program or a tender or exchange offer by the Company;
5. decides, should the Board of Directors use the authority thus delegated, that:
   (a) shareholders shall have preferential rights to subscribe, in proportion to the amount of their existing holdings and in respect of their pro rata entitlements, for ordinary shares and any other investment securities issued under this resolution;
   (b) the Board of Directors shall also have the option to grant to shareholders a subscription right in respect of excess applications that may be reduced by decision of the Board of Directors, to be exercised in proportion to their rights and based on the number of shares or other securities for which they have applied;

(c) rights issues launched by the Company may consist in offers to subscribe for shares but may also involve the allocation of bonus shares to existing shareholders;
(d) in the event of the bonus allocation of standalone subscription warrants, the Board of Directors shall be entitled to decide whether or not fractional rights shall be negotiable and whether or not the corresponding securities may be sold;
(e) if subscriptions in respect of pro rata entitlements and, if applicable, subscriptions in respect of excess applications by qualifying shareholders that may be reduced by decision of the Board of Directors, do not absorb the entirety of an issue of ordinary shares or investment securities decided under this resolution, the Board of Directors may use, in the order it shall determine, any of the following options:
– limiting the capital increase to the amount of subscriptions received, provided this represents at least three quarters of the issuance decided;
– freely allocating all or a portion of the securities for which subscriptions have not been received;
– offering to the general public all or a portion of the securities for which subscriptions have not been received, on the French and/or international and/or any foreign market;
(f) the Board of Directors shall determine the terms and conditions, specific characteristics, and amount of any issuance and of the securities issued. In particular, it shall determine the type of securities to be issued and shall set, based on the information contained in its management report, their subscription price, with or without premium, the procedures for paying up the securities, the date, possibly with retroactive effect, from which they shall have dividend rights, or the terms under which the investment securities issued under this resolution shall give access to ordinary shares in the Company, as well as the conditions under which beneficiaries' entitlement to investment securities giving access to ordinary shares shall be temporarily suspended;
(g) the Board of Directors shall have all powers, with the option to sub-delegate said powers as provided by law, to implement this delegation and in particular by executing any agreement for this purpose, especially in order to ensure the successful completion of any capital increase, to proceed with the issuances referenced above, on one or more occasions, in such amounts and at such times as it may deem fit, on the French market and/or, where applicable, any other foreign market, and/or the international market (and also, where appropriate, to suspend any issuance), to record the completion of each capital increase and amend the Company's by-laws accordingly, as well as to carry out any formalities, file any declarations, and obtain any authorizations found to be necessary for carrying out the issuances and ensuring their successful completion;

6. takes note that this delegation entails the automatic waiver by shareholders, in favor of the holders of investment securities issued, of their preferential rights to subscribe for the Company shares to which these investment securities may confer entitlement;

7. determines that this delegation of authority shall be valid for a period of twenty-six months as of the date of this Meeting and that it supersedes, where applicable in respect of the unused amounts, any prior delegation of authority having the same purpose.

Twentieth resolution

DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY WAY OF A PUBLIC OFFERING, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, OF SHARES OR INVESTMENT SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL

The Shareholders' Meeting, which fulfills the quorum and majority requirements for Extraordinary Shareholders' Meetings, having examined the report of the Board of Directors and the special report of the Statutory Auditors, and pursuant to the provisions of articles L. 225-129-2, L. 225-129-4, L. 225-135, L. 225-136 and L. 228-92 of the French Commercial Code, hereby:

1. delegates its authority to the Board of Directors to increase the Company's share capital, with the option to sub-delegate this authority as provided by law, on one or more occasions, in such amounts and at such times that it may deem fit, through the issue by way of a public offering, without preferential subscription rights for existing shareholders, on the French and/or any foreign market, whether denominated in euros, any foreign currency, or any other accounting unit based on a basket of currencies, of (i) ordinary shares in the Company as well as (ii) any other type of investment securities giving immediate and/or future access by any means to ordinary shares in the Company, whether existing or to be issued, which may be subscribed for either in cash or by offsetting receivables;

2. decides, should the Board of Directors use this delegation of authority, to set the ceilings for the aggregate nominal values represented by authorized issuances as follows:
(a) the maximum aggregate nominal value represented by all capital increases that may be carried out under this delegation of authority is set to 15 million euros, with the understanding that this amount is to be offset against the overall ceiling set forth in the 19th resolution (paragraph 2.b);
(b) to this ceiling shall be added, where applicable, the aggregate nominal value of any additional shares to be issued, as provided by legislative and regulatory provisions and, where applicable, by contractual requirements providing for other cases of adjustment, to protect the rights of holders of investment securities giving access to the Company's share capital, of holders of options to subscribe for or purchase newly issued shares, or of beneficiaries of bonus share allocations;

3. decides that the investment securities giving access to ordinary shares in the Company thus issued may comprise debt securities, other securities issued together with this type of instrument, or allow the issue thereof as intermediate securities. In particular, these securities may be subordinated or unsubordinated, dated or undated, and may be denominated in euros, any foreign currency, or any other accounting unit based on a basket of currencies;

4. decides that the bonds giving access to ordinary shares of the Company thus issued may bear interest at a fixed and/or variable rate or may involve the capitalization of interest, may be subject to redemption prior to maturity, with or without a premium, which may be amortized, and that the securities may also be the focus of a share repurchase program or a tender or exchange offer by the Company;

5. decides to exclude the preferential rights of shareholders to subscribe for any securities that may be issued under this delegation of authority, and to give the Board of Directors the power to grant a priority right to shareholders, in respect of their pro rata entitlements and/or in respect of excess applications that may be reduced by decision of the Board of Directors, to subscribe for these securities pursuant to the provisions of article L. 225-135 of the French Commercial Code. If subscriptions, including where applicable those of existing shareholders, do not absorb the entirety of an issue of securities, the Board of Directors may limit the amount of the capital increase as provided by law;

6. takes note that this delegation of authority entails the waiver by shareholders of their preferential rights to subscribe for the ordinary shares in the Company to which the investment securities that would be issued under this delegation of authority may confer entitlement;

7. decides that the Board of Directors shall determine the terms and conditions, specific characteristics, and amount of any issuance and of the securities issued. In particular, it shall determine the type of securities to be issued and shall set, based on the information contained in its management report, their subscription price, with or without premium, the date, possibly with retroactive effect, from which they shall have dividend rights, as well as, where applicable, the period during which or the terms under which the investment securities issued under this resolution shall give access to ordinary shares in the Company, in accordance with legislation in force, as well as the conditions under which beneficiaries' entitlement to investment securities giving access to ordinary shares shall be temporarily suspended, pursuant to applicable legal provisions. It should be noted that the issue price of ordinary shares and investment securities shall be such that the amount immediately collected by the Company plus, where applicable, any amount that may be collected by the Company at a later date shall, for each ordinary share issued, be at least equal to the minimum amount provided by regulations in force at the time when this delegation of authority is used, i.e. as of the date of this Meeting and pursuant to the provisions of article R. 225-119 of the French Commercial Code, to the weighted average of the share price over the three trading days preceding its determination less, where applicable, a discount not to exceed 5%;

8. decides that the Board of Directors shall have all powers, with the option to sub-delegate said powers as provided by law, to implement this delegation and in particular by executing any agreement for this purpose, especially in order to ensure the successful completion of any capital increase, to proceed with the issuances referenced above, on one or more occasions, in such amounts and at such times as it may deem fit, on the French market and/or, where applicable, any foreign market and/or the international market (and also, where appropriate, to suspend any issuance), to record the completion of each capital increase and amend the Company's by-laws accordingly, as well as to carry out any formalities, file any declarations, and obtain any authorizations found to be necessary for carrying out the issuances and ensuring their successful completion;

9. determines that this delegation of authority shall be valid for a period of twenty-six months as of the date of this Meeting and that it supersedes, where applicable in respect of the unused amounts, any prior delegation of authority having the same purpose.

Twenty-first resolution

DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS FOR THE PURPOSE OF ISSUING, BY WAY OF AN OFFERING PROVIDED FOR IN PARAGRAPH II OF ARTICLE L. 411-2 OF THE FRENCH MONETARY AND FINANCIAL CODE, SHARES AND INVESTMENT SECURITIES GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS

The Shareholders' Meeting, which fulfills the quorum and majority requirements for Extraordinary Shareholders' Meetings, having examined the report of the Board of Directors and the special report of the Statutory Auditors, and pursuant to the provisions of articles L. 225-129-2, L. 225-129-4, L. 225-135, L. 225-136 and L. 228-92 of the French Commercial Code, hereby:

1. delegates its authority to the Board of Directors to increase the Company's share capital, with the option to sub-delegate this authority as provided by law, on one or more occasions, in such amounts and at such times that it may deem fit, through the issue by way of one or more offerings provided for in paragraph II of article L. 411-2 of the French Monetary and Financial Code, without preferential subscription rights for existing shareholders, on the French and/or any foreign market, whether denominated in euros, any foreign currency, or any other accounting unit based on a basket of currencies, of (i) ordinary shares in the Company as well as (ii) any other type of investment securities giving immediate and/or future access by any means to ordinary shares in the Company, whether existing or to be issued, which may be subscribed for either in cash or by offsetting receivables;

2. decides, should the Board of Directors use this delegation of authority, to set the ceilings for the aggregate nominal values represented by authorized issuances as follows:

(a) the aggregate nominal value represented by any capital increases that may be carried out, whether immediately or over time, under this resolution may not exceed either 20% of the share capital over a period of twelve months or 15 million euros, with the understanding that the aggregate nominal value represented by these capital increases shall be offset against the overall ceiling set forth in the 19th resolution;

(b) to this amount shall be added, where applicable, the aggregate nominal value of any additional shares to be issued, as provided by legislative and regulatory provisions and, where applicable, by contractual requirements providing for other cases of adjustment, to protect the rights of holders of investment securities giving access to the Company's share capital, of holders of options to subscribe for or purchase newly issued shares, or of beneficiaries of bonus share allocations;

3. decides that the investment securities giving access to ordinary shares in the Company issued under this resolution may comprise debt securities, other securities issued together with this type of instrument, or allow the issue thereof as intermediate securities. In particular, these securities may be subordinated or unsubordinated, dated or undated, and may be denominated in euros, any foreign currency, or any other accounting unit based on a basket of currencies;

4. decides that the bonds giving access to ordinary shares of the Company thus issued may bear interest at a fixed and/or variable rate or may involve the capitalization of interest, may be subject to redemption prior to maturity, with or without a premium, which may be amortized, and that the securities may also be the focus of a share repurchase program or a tender or exchange offer by the Company;

5. decides to exclude the preferential rights of shareholders to subscribe for the ordinary shares and/or investment securities to be issued under this delegation of authority;

6. takes note that this delegation of authority entails the waiver by shareholders of their preferential rights to subscribe for the ordinary shares in the Company to which the investment securities that would be issued under this delegation of authority may confer entitlement;

7. decides that the Board of Directors shall determine the terms and conditions, specific characteristics, and amount of any issuance and of the securities issued. In particular, it shall determine the type of securities to be issued and shall set, based on the information contained in its management report, their subscription price, with or without premium, the date, possibly with retroactive effect, from which they shall have dividend rights, as well as, where applicable, the period during which or the terms under which the investment securities issued under this resolution shall give access to ordinary shares in the Company, in accordance with legislation in force, as well as the conditions under which beneficiaries' entitlement to investment securities giving access to ordinary shares in the Company shall be temporarily suspended, pursuant to applicable legal provisions. It should be noted that the issue price of ordinary shares and investment securities shall be such that the amount immediately collected by the Company plus, where applicable, any amount that may be collected by the Company at a later date shall, for each ordinary share issued, be at least equal to the minimum amount provided by regulations in force at the time when this delegation of authority is used, i.e., as of the date of this Meeting and pursuant to the provisions of article R. 225-119 of the French Commercial Code, to the weighted average of the share price over the three trading days preceding its determination less, where applicable, a discount not to exceed 5%;

8. decides that the Board of Directors shall have all powers, with the option to sub-delegate said powers as provided by law, to implement this delegation and in particular by executing any agreement for this purpose, especially in order to ensure the successful completion of any capital increase, to proceed with the issuances referenced above, on one or more occasions, in such amounts and at such times as it may deem fit, on the French market and/or, where applicable, any foreign market and/or the international market (and also, where appropriate, to suspend any issuance), to record the completion of each capital increase, and amend the Company's by-laws accordingly, as well as to carry out any formalities, file any declarations, and obtain any authorizations found to be necessary for carrying out the issuances and ensuring their successful completion;

9. determines that this delegation of authority shall be valid for a period of twenty-six months as of the date of this Meeting and that it supersedes, where applicable in respect of the unused portion, any prior delegation of authority having the same purpose.

Twenty-second resolution

AUTHORIZATION TO BE GIVEN TO THE BOARD OF DIRECTORS TO RAISE THE NUMBER OF NEW SHARES TO BE ISSUED IN THE EVENT OF A CAPITAL INCREASE WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS

The Shareholders' Meeting, which fulfills the quorum and majority requirements for Extraordinary Shareholders' Meetings, having examined the report of the Board of Directors and the special report of the Statutory Auditors, and pursuant to the provisions of the French Commercial Code, in particular its articles L. 225-135-1 and R. 225-118, hereby:

1. authorizes the Board of Directors, should it use the delegations of authority given under the 19th, 20th and 21st resolutions above, to raise the number of new shares to be issued in connection with any increase in the Company's share capital, with or without preferential subscription rights, for a period of thirty days as of the closing date of the subscription period, in an amount not to exceed 15% of the amount originally issued, and at the same price as that applied for the original issue;

2. decides that this authorization shall not raise the maximum aggregate nominal value represented by capital increases that may be carried out, as determined individually under the 19th, 20th and 21st resolutions. Consequently, the maximum aggregate nominal value represented by capital increases that may be carried out under this delegation of authority shall be offset against the ceiling for capital increases set for each delegation of authority given above by this Shareholders' Meeting;
3. grants the Board of Directors full powers to implement this delegation of authority in accordance with applicable legal and regulatory provisions;
4. determines that this delegation of authority shall be valid for a period of twenty-six months as of the date of this Meeting and that it supersedes, where applicable in respect of the unused portion, any prior delegation of authority having the same purpose.

Twenty-third resolution

DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL THROUGH THE CAPITALIZATION OF SHARE PREMIUMS, RESERVES OR EARNINGS

The Shareholders' Meeting, which fulfills the quorum and majority requirements provided for in article L. 225-98 of the French Commercial Code, having examined the report of the Board of Directors and pursuant to the provisions of articles L. 225-129-2, L. 225-129-4 and L. 225-130 of the French Commercial Code, hereby:
1. delegates its authority to the Board of Directors to increase the Company's share capital, with the option to sub-delegate this authority as provided by law, on one or more occasions, in such amounts and at such times that it may deem fit, through the successive or simultaneous capitalization of share premiums, reserves, earnings, or any other items as permitted by law and the by-laws, in the form of the allocation of bonus shares or an increase in the par value of existing shares, or by way of a combination of these two methods;
2. decides that the aggregate nominal value represented by any capital increases that may be carried out under this resolution may not exceed 1,000,000,000 euros (1 billion euros), with the understanding that to this ceiling shall be added, where applicable, the aggregate nominal value of any additional shares to be issued, as provided by legislative and regulatory provisions and, where applicable, by contractual requirements providing for other cases of adjustment, to protect the rights of holders of investment securities giving access to the Company's share capital, of holders of options to subscribe for or purchase newly issued shares, or of beneficiaries of bonus share allocations. The ceiling specified under this delegation of authority is separate and distinct from the overall ceiling set forth in the 19th resolution;
3. decides, should the Board of Directors use this delegation of authority, pursuant to the provisions of article L. 225-130 of the French Commercial Code, that in the event of a capital increase in the form of an allocation of bonus shares, fractional rights shall be neither negotiable nor transferable, and that the corresponding shares shall be sold, with the resulting proceeds to be allocated among the holders of these rights within the period stipulated by applicable regulations;
4. decides that the Board of Directors shall have all powers, with the option to sub-delegate these powers to any other person authorized by law, to implement this delegation of authority, and generally, to take any action and complete all formalities required for the successful completion of each capital increase, to record its completion, and amend the by-laws accordingly;
5. determines that this delegation of authority shall be valid for a period of twenty-six months as of the date of this Meeting and that it supersedes, where applicable in respect of the unused amounts, any prior delegation of authority having the same purpose.

Twenty-fourth resolution

DELEGATION OF AUTHORITY TO BE GIVEN TO THE BOARD OF DIRECTORS TO CARRY OUT CAPITAL INCREASES RESERVED FOR EMPLOYEES AND COMPANY OFFICERS PURSUANT TO THE PROVISIONS OF ARTICLE L. 225-138 OF THE FRENCH COMMERCIAL CODE AND ARTICLE L. 3332-18 *ET SEQ.* OF THE FRENCH LABOR CODE

The Shareholders' Meeting, which fulfills the quorum and majority requirements for Extraordinary Shareholders' Meetings, having examined the report of the Board of Directors and the special report of the Statutory Auditors, and pursuant to the provisions of the French Commercial Code, in particular its articles L. 225-129-2 and L. 225-138, and to the provisions of article L. 3332-18 *et seq.* of the French Labor Code, hereby:
• delegates its authority to the Board of Directors to proceed with the issue, on one or more occasions, at such times as it may deem fit, pursuant to the provisions of articles L. 225-138 and L. 225-138-1 of the French Commercial Code and article L. 3332-18 of the French Labor Code, of shares in the Company or any other securities giving access to the Company's share capital, without preferential subscription rights, reserved for employees and company officers of the Company and of any other affiliated entities within the meaning of article L. 225-180 of the French Commercial Code who have enrolled in a company savings plan, a Group savings plan, or a multi-employer defined benefit plan, in an amount not to exceed 10% of the Company's share capital as of the date of use of this delegation of authority; the aggregate nominal value represented by any capital increases carried out under this delegation of authority shall be offset against the overall ceiling set forth in the 19th resolution;

• decides that the subscription price to be paid by beneficiaries of the shares or other securities giving access to the Company's share capital shall be set by the Board of Directors, with the understanding that this subscription price may neither be greater than the average share price over the twenty trading days preceding the date of the decision determining the opening date of the subscription period, nor more than 20% lower than this average, nor more than 30% lower when the vesting period specified for the plan in question, pursuant to articles L. 3332-25 and L. 3332-26 of the French Labor Code, is ten years or more; however, the Shareholders' Meeting expressly authorizes the Board of Directors to reduce or eliminate the above-mentioned discount, if it deems fit, subject to legal and regulatory limits, in order to take into consideration, *inter alia,* locally applicable legal, accounting, tax and social security regimes;
• determines that this delegation of authority shall be valid for a period of twenty-six months as of the date of this Meeting;
• delegates the authority to the Board of Directors, including the option to sub-delegate this authority as provided by law, to implement this delegation, and in particular to:
– set the amounts of each issue, determine the dates and terms and conditions of issue and the type of investment securities to be created, notably by determining whether beneficiaries shall subscribe for shares directly or via an FCP-type mutual fund or via any other vehicle or entity as provided by applicable laws and, in general, take all necessary or useful measures and conclude all agreements to ensure the successful completion of the planned issues, at all times and in all actions in accordance with applicable laws and regulations;
– record the completion of each capital increase and amend the by-laws accordingly and more generally,
– enter into any agreements, take any measures, and complete any formalities that may be required;
• takes note that this delegation of authority supersedes, where applicable in respect of the unused amounts, any prior delegation of authority having the same purpose.

Twenty-fifth resolution

POWERS TO CARRY OUT ALL NECESSARY FORMALITIES

The Shareholders' Meeting grants full powers to the bearer of an original, copy or extract of the minutes of this Meeting to carry out all legal or administrative formalities and to make all filings and publish all notices required by applicable laws.

CERTIFICATION OF ANNUAL FINANCIAL REPORT

I hereby declare that to the best of my knowledge the accounts and statements presented herewith have been drawn up in full compliance with all applicable accounting standards and provide an accurate view of the assets, financial situation and profits of the Company and the consolidated companies, and that the business report included in pages 1 to 51 and 61 to 68 of this document provides an accurate image of business trends, profits and the financial situation of the Company and all consolidated companies as well as a description of the main risks and uncertainties to which the latter are exposed.

Boulogne-Billancourt,
March 8, 2013

Hervé Le Bouc
Chairman and Chief Executive Officer

DESIGN AND PRODUCTION
HAVAS WORLDWIDE **PARIS**

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COLAS
7, place René-Clair
92653 Boulogne-Billancourt Cedex – France
Tel.: + 33 1 47 61 75 00 – Fax: + 33 1 47 61 76 00
www.colas.com

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